

FOSHAN ELECTRICAL AND LIGHTING CO., LTD.

The 2015 Annual Report

March 2016

Section I Important Statements, Contents & Terms

The Board of Directors, the Supervisory Committee as well as directors, supervisors and senior management staff of Foshan Electrical and Lighting Co., Ltd. (hereinafter referred to as the “Company”) warrant that this Report is factual, accurate and complete without any false information, misleading statements or material omissions. And they shall be jointly and severally liable for that.

He Yong, company principal, Liu Xingming, chief of the accounting work, and Tang Qionglan, chief of the accounting organ (chief of accounting), hereby confirm that the financial report carried in this Report is factual, accurate and complete.

All directors attended the board meeting for reviewing this Report.

GP Certified Public Accountants LLP has issued a standard auditor’s report with unqualified opinion for the Company.

The accounting data and financial report in this Report have all been audited by GP Certified Public Accountants LLP. This Report is prepared in both Chinese and English. Should there be any understanding discrepancy between the two versions, the Chinese version shall prevail.

The future plans and some other forward-looking statements involved in this Report shall not be considered as virtual promises of the Company to investors. And investors are kindly reminded to pay attention to possible risks.

The Company has described in detail in this Report the risk of market competition, the risk of rising operating costs and the risk of falling prices of inventories. Please refer to “Possible risks” in “Outlook of the Company’s future development” in “Section IV Discussion & Analysis by Management” of this Report.

The Company’s preliminary plan for profit distribution upon review and approval at the board meeting: Based on the total shares of 1,272,132,868, a cash dividend of RMB 0.125 yuan (tax included) will be distributed to all shareholders for every 10 shares that they hold. No bonus shares will be granted and no capital reserve will be turned into share capital.

Contents

Section I Important Statements, Contents & Terms	2
Section II Company Profile & Financial Highlights	5
Section III Business Highlights	10
Section IV Discussion & Analysis by the Management	14
Section V Significant Events	36
Section VI Share Changes & Particulars about the Shareholders	59
Section VII Preference Shares	70
Section VIII Directors, Supervisors, Senior Management Staff & Employees	71
Section IX Corporate Governance	86
Section X Financial Report	98
Section XI Documents Available for Reference	207

Terms

Term		Specific contents
The Company, Company, FSL		Foshan Electrical and Lighting Co., Ltd.
GRAM		Guangdong Rising Assets Management Co., Ltd.
Electronics Group		Guangdong Electronics Information Industry Group Ltd.
Shenzhen Rising Investment		Shenzhen Rising Investment Development Co., Ltd.
Hong Kong Rising Investment		Hong Kong Rising Investment Development Limited
CSRC		China Securities Regulatory Commission
SZSE		Shenzhen Stock Exchange
Shareholders' General Meeting		Shareholders' General Meeting of Foshan Electrical and Lighting Co., Ltd.
Board of Directors		Board of Directors of Foshan Electrical and Lighting Co., Ltd.
Supervisory Committee		Supervisory Committee of Foshan Electrical and Lighting Co., Ltd.
Annual report auditor, GP		GP Certified Public Accountants LLP
Yuan, ten thousand, million, billion		RMB Yuan, RMB Ten Thousand, RMB million, RMB billion

Section II Company Profile & Financial Highlights

I. Basic information of the Company

Stock abbr.	FSL / FSL B	Stock code	000541/200541
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	佛山电器照明股份有限公司		
Abbr. of Company name in Chinese	佛山照明		
Company name in English (if any)	FOSHAN ELECTRICAL AND LIGHTING CO., LTD.		
Abbr. of Company name in English (if any)	FSL		
Legal representative	He Yong		
Registered address	No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province, P.R.China		
Zip code	528000		
Office address	No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province, P.R.China		
Zip code	528000		
Company website	www.chinafsl.com		
Email address	gzfsligh@pub.foshan.gd.cn		

II. Contact information

	Company Secretary	Securities Affairs Representative
Name	Lin Yihui	Huang Yufen
Contact address	No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province, P.R.China	No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province, P.R.China
Tel.	(0757) 82966062 82810239	(0757) 82966028
Fax	(0757) 82816276	(0757) 82816276
E-mail	fsl-yh@126.com	fslhyf@163.com

III. About information disclosure and where this Report is placed

Newspapers designated by the Company for information disclosure	China Securities Journal, Securities Times, Securities Daily, Ta Kung Pao (HK)
---	--

Internet website designated by CSRC for disclosing this Report	http://www.cninfo.com.cn
Where this Report is placed	Company Secretary Office, FSL Office Building, No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province, P.R.China

IV. Changes in the registered information

Organizational code	91440000190352575W
Changes in main business since listing (if any)	No changes
Changes of controlling shareholder (if any)	On 9 Sept. 2015, OSRAM Germany, the controlling shareholder of the Company's biggest shareholder—Hong Kong Wah Shing Holding Company Limited (formerly known as “Osram Holding Co., Ltd.”; hereinafter referred to as “Hong Kong Wah Shing”), signed The Equity Transfer Agreement with Guangdong Electronics Information Industry Group Ltd. (“Electronics Group”). According to the Agreement, OSRAM Germany transferred the 100% equity interests of Hong Kong Wah Shing to Electronics Group on 4 Dec. 2015. After the equity transfer, Electronics Group became the sole shareholder of Hong Kong Wah Shing and the indirect biggest shareholder of the Company, indirectly holding 171,360,391 A-shares in the Company; and OSRAM Germany no longer held shares in the Company directly or indirectly. Meanwhile, Electronics Group and its acting-in-concert parties Shenzhen Rising Investment Development Co., Ltd. (“Shenzhen Rising Investment”) and Hong Kong Rising Investment Development Limited (“Hong Kong Rising Investment”) bought in another 99,894,475 A-shares and another 23,165,684 B-shares of the Company from the secondary market. The said three companies combined hold 294,420,550 A-shares and B-shares in the Company, accounting for 23.144% of the total shares of the Company. Therefore, Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment are the controlling shareholder of the Company.

V. Other information

The CPAs firm hired by the Company

Name	GP Certified Public Accountants LLP
Office address	10/F, Guangdong Holdings Tower, 555 DongFeng Road East, Guangzhou, Guangdong Province, P.R.China
Signing accountants	Wang Shaohua & Hong Wenwei

Sponsor engaged by the Company to conduct sustained supervision during the reporting period

Applicable Inapplicable

Financial consultant engaged by the Company to conduct sustained supervision during the reporting period

Applicable Inapplicable

VI. Accounting and financial highlights

Does the Company adjust retrospectively or restate the accounting data of previous years due to changes in the accounting policy or correction of accounting errors?

Yes No

	2015	2014	Increase/decrease of current year over last year	2013
Operating revenues (RMB Yuan)	2,876,659,100.63	3,068,641,200.17	-6.26%	2,526,679,810.53
Net profits attributable to shareholders of the Company (RMB Yuan)	53,405,593.12	266,125,048.97	-79.93%	251,831,356.38
Net profits attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	150,093,497.33	306,310,907.76	-51.00%	247,092,182.53
Net cash flows from operating activities (RMB Yuan)	188,325,189.43	305,638,745.34	-38.38%	204,756,881.88
Basic EPS (RMB Yuan/share)	0.0420	0.2092	-79.92%	0.1980
Diluted EPS (RMB Yuan/share)	0.0420	0.2092	-79.92%	0.1980
Weighted average ROE (%)	1.27%	9.08%	-7.81%	8.69%
	As at 31 Dec. 2015	As at 31 Dec. 2014	Increase/decrease of current year-end than last year-end	As at 31 Dec. 2013
Total assets (RMB Yuan)	6,048,296,432.78	3,736,704,336.40	61.86%	3,373,781,552.85
Net assets attributable to shareholders of the Company (RMB Yuan)	5,023,546,888.12	3,044,585,720.58	65.00%	2,890,581,921.74

VII. Differences of the accounting data under the domestic and the overseas accounting standards

1. Differences of the net profits and the net assets disclosed in the financial reports prepared under the international and the Chinese accounting standards

Applicable Inapplicable

No such differences for the reporting period

2. Differences of the net profits and the net assets disclosed in the financial reports prepared under the overseas and the Chinese accounting standards

Applicable Inapplicable

No such differences for the reporting period

VIII. Financial highlights by quarter

Unit: RMB Yuan

	Q1	Q2	Q3	Q4
Operating revenues	767,330,509.62	757,032,276.87	708,115,195.93	644,181,118.21
Net profit attributable to shareholders of the Company	99,482,670.12	776,089.19	-26,823,845.62	-20,029,320.57
Net profit attributable to shareholders of the Company after extraordinary gains and losses	81,758,984.51	10,053,025.94	37,030,978.71	21,250,508.17
Net cash flows from operating activities	67,138,040.36	32,136,307.34	47,899,905.70	41,150,936.03

Any material difference between the financial indicators above or their summations and those which have been disclosed in quarterly or semi-annual reports?

Yes No

IX. Extraordinary gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Item	2015	2014	2013	Note
Gains/losses on disposal of non-current assets (including offset part of asset impairment provisions)	-8,172,702.85	-1,287,703.94	9,418,476.76	
Government grants recognized in current period, except for those acquired in ordinary course of business or granted at certain quotas or amounts according to government's unified standards	4,780,007.27	2,174,021.86	1,031,790.96	
Capital occupation charges on non-financial enterprises that are recorded into current gains and losses			1,981,349.56	
Gains due to that investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than enjoyable fair value of identifiable net assets of		-17,112.47		

investees when making investments				
Gains and losses on change in fair value from tradable financial assets and tradable financial liabilities, as well as investment income from disposal of tradable financial assets and tradable financial liabilities and financial assets available for sales except for effective hedging related with normal businesses of the Company	19,472,654.77	2,962,781.37	-109,530.85	
Non-operating income and expense other than above	-130,293,226.71	-51,945,691.06	-7,368,961.02	Compensations for the false securities statement case recognized
Other gain and loss items that meet definition of extraordinary gain/loss	944,428.72	1,499,406.22		
Less: Income tax effects	-16,925,475.37	-6,958,646.77	901,071.70	
Minority interests effects (after tax)	344,540.78	530,207.54	-687,120.14	
Total	-96,687,904.21	-40,185,858.79	4,739,173.85	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

Applicable Inapplicable

No such cases in the reporting period

Section III Business Highlights

I. Main business during the reporting period

1. Main business and products

We have been engaged in production, R&D and sale of lighting products since our listing. Our products mainly include conventional lighting products and LED lighting products. We have a wide variety of products with a complete range of specifications, including fluorescent lamps, halogen lamps, energy saving lamps, motor vehicle lamps, conventional lamps, LED light source, LED lamps, etc. With the most specifications in the lighting industry, our products are widely used for indoor and outdoor lighting, landscape lighting, motor vehicle lighting and so on. Upon years of development, we have won quite many honors such as the title of “The King of Lamps in China”, and our “FSL” and “Fenjiang” brands have been certified as “Famous China Brands”.

2. Main business model

(1) Procurement model

We mainly procure raw materials such as lamp beads, lamp holders, electronic components, aluminum substrate, plastic parts, metal materials, quartz tubes and fuel by way of bids invitation. A bids invitation supervisory committee consisting of personnel from several departments will be set up in the future. For every kind of our main raw materials, we usually have a few suppliers to choose from in procurement so that the procurement prices would be fair, the supply of raw materials in time and the good quality of the raw materials ensured.

(2) Production models

① Production of the conventional products

Concerning the conventional products, we analyze sales of every month and predict future market demand so as to formulate a production plan for the coming month. And our workshops produce according to the plan to avoid extra stock and at the same time ensure that there is enough for sale.

② Production according to orders

Different from the conventional lighting products which are of little variation in specifications, LED lighting products are at a fast pace of renewal and different customers often have different requirements regarding the products' appearances and performance indexes. Therefore, we have to organize individualized production for some orders for LED lighting products, export orders in particular. For this kind of orders, we formulate our production plans based on them and then make procurement plans according to the production plans, which will

help effectively control the stock and the procurement prices of raw materials, reduce capital occupation and improve our operating efficiency to the maximum.

③ Combination of independent production and outsourcing

With a high production capacity, we produce most of our products and parts on our own. Only a small portion of parts and low-tech products is outsourced to sub-manufacturers, who will produce in strict accordance with our requirements. We will also tag along their production processes and examine carefully the quality of the products finished. In this way, our supply of products is guaranteed.

(3) Sales model

We mainly adopt a commercial agent model, selling our products to commercial agents through various channels and setting up business divisions under the sales department to follow up the use of our products by customers and provide relevant support. In terms of channels, besides consolidating wholesale, we will also focus on the development of franchised stores, illumination engineering & commercial lighting, e-commerce and retail sales to expand the space for our survival.

3. Development stage and periodicity of the lighting industry as well as our position in the market

The recent years have witnessed the rapid rise of the LED lighting technology. Due to the sharp drop in their cost and their remarkable performance in energy saving & emission reduction, LED lighting products have been generally accepted by consumers, resulting in a higher and higher penetration rate as well as a fast-shrinking market for conventional lighting products. However, after years of fast development and renewal, growth in LED lighting has slowed down. Particularly the LED downstream with a low requirement for market access is suffering from an obvious problem of structural overcapacity, leading to the disordered, cutthroat competition on the market. Under the double hits by a macro economic downturn and fierce competition, large enterprises will expand through mergers and acquisitions for stronger competitiveness, while some small and medium ones can only face the fate of being washed out of the market due to lack of competitiveness, which is bringing the entire industry into an integration phase. As a necessity for daily life, lighting products are mainly under the influence of the macro economy and the real estate sector but are little affected by seasons and regions.

Generally speaking, China's lighting industry is insufficiently centralized with no overwhelmingly superior enterprises despite an enlarging market share of competitive brands. Upon years of development, we have become a leading lighting enterprise with strong competitiveness in brand, production scale, channel, R&D, etc.

II. Significant changes in the main assets

1. Significant changes in the main assets

Main asset	Reason for significant changes
Fixed assets	Impairment provisions were made for the idle equipment such as T5 and T8 at the differences between their book value and the lower recoverable amounts.
Intangible assets	Subsidiary Suzhou Mont Lighting Co., Ltd. suffered continuous loss due to its business scale and market reasons. It was unable to proceed with its production or operation. Therefore, full-amount impairment provisions were made for its patent rights.
Construction in progress	Impairment provisions were made for the hard glass kilns in District 3 at the differences between their book value and the lower recoverable amounts. And the said impairment provisions were lost as the relevant assets were scrapped.
Available-for-sale financial assets	Our stake in Hefei Guoxuan High-tech Power Energy Co., Ltd. was shifted to restrictedly tradable shares in Guoxuan High-tech Co., Ltd. And the changes in the available-for-sale financial assets were mainly due to the fluctuations in its stock price.

2. Main assets overseas

Applicable Inapplicable

III. Core competitiveness analysis

The core competitiveness of the Company mainly reflects on four aspects listed below:

Channel advantage

The Company has been sticking to the marketing strategy of deeply focusing and refining channels. Through years of development and experience accumulation, the Company currently has four major sales channels, which contains the circulation and wholesales channel, the exclusive shop channel, the E-business retail channel, and the engineering commercial lighting channel, forming a marketing network covering the whole country. Relying on strong and perfect sales channels, products of the Company can rapidly enter the market, which has significantly improved the Company's market development capability and competitiveness.

Brand advantage

The Company keeps focusing on the positioning, core value, and features of FSL brand, and continually improved the brand recognition and reputation of FSL brand by product design, end sales, advertisement, special lighting exhibition, and so on. At present, FSL and Fen Jiang among the three brands of the Company are both famous trademarks in China. The FSL brand has become one of the most influential and popular brands in China, and the powerful brand influence has become the main driver for continuous sales growth of the Company.

Technology advantage

The Company has always been attaching importance to R&D of new products and technologies, increasing the input on independent innovation on technologies and products, and perfecting the improvement process for R&D and technique of all products. The Company absorbs and trains technical talents, set up innovative incentive mechanism and performance mechanism, and fully provides with supports in fund, talents, and mechanisms.

Scale advantage

As one of the enterprises to first step into the industry of producing and selling lighting products, the Company possesses the manufacture culture of refining production and the large-scale manufacturing capability by years of experience accumulation. The Company has production bases in Foshan, Nanjing and Xinxiang. The large-scale and centralized production brings obvious economic benefits to the Company, which not only shows in manufacture cost of products, but also shows in aspects such as raw material procurement and product pricing.

Section IV Discussion & Analysis by the Management

I. Business review

(I) Summary

In 2015, the global economy was in further adjustment after the international financial crisis, with limited motivity for growth. Concerning foreign economies, despite a slow recovery in the US economy, other main economies showed unevenness in their economic performances and the constant threat of geopolitical risks made recovery harder to achieve. China's economy also faced problems such as the lack of momentum in investment, the emerging downturn in some industries and the operating difficulties of enterprises due to multiple factors including the structural transformation in economy, the low demand and overcapacity. For the lighting industry in 2015, conventional lighting products continued to see a rapid drop in market demand, while LED lighting slowed down in development after years of fast growth and renewal due to growing homogeneous and price competition. In face of the overall slowdown in growth of the industry as well as the complex and changeable environments at home and abroad, we continued to follow the guideline of "Adjust Our Structure, Stabilize Our Growth, Pay Attention to Management and Improve Our Business Results", focused on our main business, improved our product quality and proactively dealt with the adverse impact of the market environment by further adjustment to our product structure, optimization of our marketing system, cost control, etc. For the reporting period, the Company achieved operating revenues of RMB 2876.6591 million, down 6.26% from the year earlier. To be specific, conventional lighting products generated sales revenue of RMB 1460.2941 million, representing a YoY decrease of 31.84%, while LED products created sales revenue of RMB 1416.3650 million, up 52.92% from last year; the domestic sales revenue stood at RMB 1923.3836 million, a 12.13% decrease from last year, while the overseas sales revenue stood at RMB 953.2755 million, up 8.37% from the year earlier. Due to the compensations to some investors and the large-amount impairment provisions, the total profits stood at RMB 45.9930 million, down 85.59% year on year; and the net profits attributable to the shareholders of the listed Company stood at RMB 53.4056 million, representing a YoY drop of 79.93%.

(II) Work accomplished in 2015

1. Continued to optimize our product structure for transformation and upgrade

In 2015, the conventional lighting market continued to shrink while the LED lighting market still grew fast.

According to market changes, we adjusted our product structure in a timely manner by increasing the input to LED products in links such as R&D, production and sale. In addition to our existing light source and office lighting products, we also launched new series of LED products in our weak sectors of commercial lighting and home decoration. In the reporting period, our LED products generated sales revenue of RMB 1.416 billion, a YoY growth of 52.92%, marking the successful shift of our main products from conventional lighting products to LED lighting products and securing us an important position in the LED lighting sector.

2. Enhanced channel building for further development

In terms of the domestic market, we continued to improve our existing marketing channels by enhancing conference marketing and promotional activities, and expand our channel network by extending the coverage of our stores and improving their effectiveness. We also improved our exclusive stores to exhibit our products at the retail end and transform our brands from “industry-brands” to “mass-market brands”. A lighting engineering & commercial lighting business division was newly set up and launched a high-end brand of “MingJiangHui” (Lighting Experts All Here for You). Meanwhile, we expanded our retail and e-commerce channels. We had stores in over 1,000 shopping places in China, continued to enhance our cooperation with major e-commerce platforms and expanded our online dealers, which effectively increased the exposure of our brands among consumers. As for the overseas market, we visited our major customers one by one to learn about their particular needs and formulate our marketing strategies with clear targets. We tried to unlock the potential of our major customers and enhanced promotion of our LED products to them so as to offset the impact of the export decrease of our conventional lighting products. A FSL branding team was established to strengthen our exploration in emerging markets such as Middle East, Southeast Asia, Asia and South Africa, try harder for access into brand new markets, attract deals in the emerging markets and introduce our FSL brand to the world step by step. In the reporting period, our export sales grew steadily, with a heavier weight of our own brands in our total export sales.

3. Controlled costs to increase our efficiency

In face of the rising operating costs, we took proactive measures to reduce our production costs. Holding the thinking of “technology for efficiency”, we conducted innovation in product technology, production technique and materials. By upgrading equipment consuming too much energy, we were able to reduce our energy cost. We also enhanced our procurement management, integrated our procurement resources and adopted a quota mechanism on material distribution to avoid waste in all links. In the meantime, strict budget control was carried out to cut down out-of-plan expense.

II. Main business analysis

1. Overview

See “I. Business review” in “Discussion & Analysis by the Management”.

2. Revenues and costs

(1) Breakdown of the operating revenues

Unit: RMB Yuan

	2015		2014		+/-
	Amount	In operating revenues	Amount	In operating revenues	
Operating revenues	2,876,659,100.63	100%	3,068,641,200.17	100%	-6.26%
By segment					
Lighting fixtures and lamps	2,876,659,100.63	100.00%	3,068,641,200.17	100.00%	-6.26%
By product					
LED lighting products	1,416,365,037.13	49.24%	926,189,514.82	30.18%	52.92%
Conventional lighting products	1,460,294,063.50	50.76%	2,142,451,685.35	69.82%	-31.84%
By area					
Domestic	1,923,383,563.07	66.86%	2,189,007,920.46	71.33%	-12.13%
Overseas	953,275,537.56	33.14%	879,633,279.71	28.67%	8.37%

(2) Segments, products or areas contributing over 10% of the operating revenues or profits

Applicable Inapplicable

(3) Product sales revenue higher than the service revenue

Yes No

Business segment	Item	Unit	2015	2014	+/-
Lighting fixtures and lamps	Sales volume	Piece	837,767,920	1,046,376,108	-19.94%
	Output	Piece	827,174,901	993,887,262	-16.77%
	Stock	Piece	124,170,082	134,763,101	-7.86%

Reasons for over 30% YoY movement of the data above:

Applicable Inapplicable

(4) Execution progress of major signed sales contracts in the reporting period

□ Applicable √ Inapplicable

(5) Breakdown of the operating costs

By segment and product

Unit: RMB Yuan

Segment	Item	2015		2014		+/-
		Amount	In operating costs	Amount	In operating costs	
Lighting fixtures and lamps		2,185,558,581.31	100.00%	2,247,054,674.63	100.00%	-2.74%
Lighting fixtures and lamps	Raw materials	1,416,799,337.80	64.83%	1,438,316,556.44	64.01%	-1.50%
Lighting fixtures and lamps	Labor cost	427,667,401.28	19.57%	413,229,338.55	18.39%	3.49%
Lighting fixtures and lamps	Depreciation	46,002,760.43	2.10%	58,899,983.77	2.62%	-21.90%

Unit: RMB Yuan

Product	Item	2015		2014		+/-
		Amount	In operating costs	Amount	In operating costs	
LED lighting products		1,120,625,868.89	51.27%	702,500,445.37	31.26%	59.52%
LED lighting products	Raw materials	713,381,463.13	32.64%	453,013,173.60	20.16%	57.47%
LED lighting products	Labor cost	246,143,230.85	11.26%	130,150,997.18	5.79%	89.12%
LED lighting products	Depreciation	18,638,249.45	0.85%	18,551,179.47	0.83%	0.47%
Conventional lighting products		1,064,932,712.42	48.73%	1,544,554,229.26	68.74%	-31.05%
Conventional lighting products	Raw materials	703,417,874.67	32.18%	985,303,382.84	43.85%	-28.61%
Conventional lighting products	Labor cost	181,524,170.43	8.31%	283,078,341.37	12.60%	-35.87%
Conventional lighting products	Depreciation	27,364,510.98	1.25%	40,348,804.30	1.80%	-32.18%

(6) Changes in the consolidation scope for the reporting period

Yes No

(7) Major changes in the business, products or services in the reporting period

Applicable Inapplicable

(8) Main customers and suppliers

Main customers

Total sales to top 5 customers (RMB Yuan)	294,950,255.58
Ratio of total sales to top 5 customers to annual total sales (%)	10.25%

Information about the top 5 customers

Serial No.	Name of customer	Sales (RMB Yuan)	Proportion in annual total sales (%)
1	** COMPANY	74,279,343.33	2.58%
2	***** PRODUCTS INC.	72,724,178.41	2.53%
3	**** ELECTRIC COMPANY	66,025,878.97	2.30%
4	GUANGZHOU ** TRADE CO., LTD.	42,422,604.94	1.47%
5	GUANGZHOU ** LIGHTING ELECTRIC CO., LTD.	39,498,249.93	1.37%
Total	--	294,950,255.58	10.25%

Other information about the main customers

Applicable Inapplicable

None of the top 5 customers are related parties of the Company.

Main suppliers

Total purchases from top 5 suppliers (RMB Yuan)	273,554,640.24
Ratio of total purchases from top 5 suppliers to annual total purchases (%)	16.41%

Information about the top 5 suppliers

Serial No.	Name of supplier	Purchase amount (RMB Yuan)	Proportion in annual total purchases (%)
1	Foshan ** Opto-Electronics Co., Ltd.	76,444,384.33	4.59%
2	Shenzhen ** Energy-Saving Lighting Co., Ltd.	71,188,813.56	4.27%

3	Shenzhen *** Electronics Co., Ltd.	53,256,383.60	3.20%
4	Zhongshan Guzhen ** Lighting Co., Ltd.	42,142,590.80	2.53%
5	Foshan ** Lighting Electric Co., Ltd.	30,522,467.95	1.83%
Total	--	273,554,640.24	16.41%

Other information about the main suppliers

√ Applicable □ Inapplicable

Among the top 5 suppliers, the 1st supplier is a related party of the Company while the other 4 are not.

3. Expense

Unit: RMB Yuan

	2015	2014	+/-	Significant change
Selling expenses	203,112,498.50	207,880,504.54	-2.29%	
Administrative expenses	241,585,514.09	236,233,239.29	2.27%	
Financial expenses	-28,871,124.02	-9,565,959.04	-201.81%	Increase in exchange gains and term deposit interest

4. R&D input

√ Applicable □ Inapplicable

LED products are renewed fast in technology and appearance. If we cannot keep developing new technology, production procedures and products as well as updating them, it may have an adverse impact on our market competitiveness. In order to adapt to market changes and increase the market competitiveness of our products, we proactively develop high-efficient lighting products featuring energy saving and environmental protection, increase the R&D input to our LED products, continuously develop new products, and increase the technological contents of our products through continuously improving our technology and production procedures so as to provide a firm guarantee for our sustained development. In the reporting period, we spent RMB 92,891,920.00 yuan in R&D, accounting for 3.23% of our current operating revenues.

Particulars about the R&D input

	2015	2014	+/-
Number of R&D personnel	231	234	-1.28%
R&D personnel in total employees	2.88%	2.62%	0.28%
R&D input (RMB Yuan)	92,891,920.00	98,810,000.00	-5.99%
R&D input in operating revenues	3.23%	3.22%	0.01%
Capitalized R&D input (RMB Yuan)	0.00	0.00	0.00%

Capitalized R&D input in total R&D input	0.00%	0.00%	0.00%
--	-------	-------	-------

Reasons for any marked YoY change of the proportion of the R&D input in the operating revenues

Applicable Inapplicable

Reasons for any sharp variation of the capitalization rate on the R&D input and rationale

Applicable Inapplicable

Number of patents for the recent 2 years

Applicable Inapplicable

	Applied for	Obtained	Cumulatively obtained at period-end
Invention patent	12	1	5
Utility model patent	33	47	106
Design patent	28	34	210
Changes in core technical personnel in reporting period	No major changes		
“Hi-tech Enterprise” certified by Ministry of Science and Technology	Yes		

5. Cash flows

Unit: RMB Yuan

Item	2015	2014	+/-
Subtotal of cash inflows from operating activities	2,904,539,258.69	2,975,103,040.68	-2.37%
Subtotal of cash outflows from operating activities	2,716,214,069.26	2,669,464,295.34	1.75%
Net cash flows from operating activities	188,325,189.43	305,638,745.34	-38.38%
Subtotal of cash inflows from investing activities	30,861,512.16	46,553,241.51	-33.71%
Subtotal of cash outflows from investing activities	68,596,503.73	98,620,391.12	-30.44%
Net cash flows from investing activities	-37,734,991.57	-52,067,149.61	-27.53%
Subtotal of cash outflows from financing activities	215,284,023.90	160,694,772.73	33.97%
Net cash flows from financing activities	-215,284,023.90	-160,694,772.73	-33.97%
Net increase in cash and cash	-56,155,127.23	92,025,411.38	-161.02%

equivalents			
-------------	--	--	--

Main influence factors for any significant YoY changes in the items above

Applicable Inapplicable

1. The net cash flows from operating activities decreased 38.38% from last year mainly because the compensations for false stock statements were paid as required by the judgment of the court.
2. The net cash flows from financing activities decreased 33.97% from last year mainly because more dividends were distributed.
3. The net increase in cash and cash equivalents decreased 161.02% from last year mainly because the compensations for false stock statements were paid as required by the judgment of the court and more dividends were distributed.

Reasons for any big difference between the net operating cash flows and the net profits in the reporting period

Applicable Inapplicable

For the reporting period, the net operating cash flows stood at RMB 188,325,189.43 yuan while the net profits stood at RMB 37,684,725.39 yuan, representing a 399.74% difference of RMB 150,640,464.04 yuan, mainly because the compensations for false stock statements were paid.

III. Non-core business analysis

Applicable Inapplicable

Unit: RMB Yuan

	Amount	In total profits (%)	Source/reason	Continuity
Investment gains	19,523,757.86	42.45%	Sale of tradable shares in some investees & receipt of bonuses from investees	No
Gain/loss on fair value changes	35,935.00	0.08%	Price fluctuations of stocks held for purpose of short-term investment	No
Asset impairment	89,473,893.19	194.54%	Asset impairment provisions	No
Non-business revenue	7,627,967.24	16.59%	Government subsidies received	No
Non-business expense	141,313,889.53	307.25%	Non-business expenses on fines from false stock statements recognized	No

IV. Asset and liability analysis

1. Significant changes in the asset composition

Unit: RMB Yuan

	As at 31 Dec. 2015		As at 31 Dec. 2014		Proportion change (%)	Reason for significant change
	Amount	In total assets (%)	Amount	In total assets (%)		
Monetary funds	935,241,205.20	15.46%	989,718,395.60	26.49%	-11.03%	Compensations for false stock statements paid in current period as required by court judgment
Accounts receivable	366,401,130.72	6.06%	322,951,674.45	8.64%	-2.58%	Customer payments uncollected in current period
Inventories	559,651,928.21	9.25%	625,794,972.48	16.75%	-7.50%	Inventory falling price provisions made in current period according to prudence principle
Investing real estate		0.00%		0.00%	0.00%	
Long-term equity investment	382,637.52	0.01%	3,689,724.39	0.10%	-0.09%	Loss recognized in current period on joint stock company according to equity measurement method
Fixed assets	484,436,218.17	8.01%	463,267,701.29	12.40%	-4.39%	
Construction in progress	32,488,518.68	0.54%	90,862,098.21	2.43%	-1.89%	Impairment provisions were made for the hard glass kilns in District 3 at the differences between their book value and the lower recoverable amounts. And the said impairment provisions were lost as the relevant assets were scrapped.

2. Assets and liabilities measured at fair value

√ Applicable □ Inapplicable

Unit: RMB Yuan

Item	Opening amount	Gain/loss on fair value changes in current period	Cumulative fair value changes recorded into equity	Impairment provisions in current period	Purchased amount in current period	Sold amount in current period	Closing amount
Financial assets							
1. Financial assets measured	20,320.00	35,935.00			7,005.00	39,361.35	51,600.00

at fair value of which changes are recorded into current gains/losses (excluding derivative financial assets)							
3. Available-for-sale financial assets	114,908,227.84		2,603,516,654.14		160,000,000.00	23,438,995.18	2,787,166,401.96
Subtotal of financial assets	114,928,547.84	35,935.00	2,603,516,654.14		160,007,005.00	23,478,356.53	2,787,218,001.96
Total of above	114,928,547.84	35,935.00	2,603,516,654.14		160,007,005.00	23,478,356.53	2,787,218,001.96
Financial liabilities	0.00	0.00	0.00		0.00	0.00	0.00

Significant changes in the measurement attributes of the main assets in the reporting period

Yes No

V. Investment analysis

1. Total investments

Applicable Inapplicable

Investments in reporting period (RMB Yuan)	Investments in last year (RMB Yuan)	+/-%
0.00	0.00	0.00%

2. Significant equity investments made in the reporting period

Applicable Inapplicable

3. Significant non-equity investments ongoing in the reporting period

Applicable Inapplicable

4. Financial investments

(1) Securities investments

Applicable Inapplicable

Unit: RMB Yuan

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement model	Opening book value	Gain/losses on fair value changes in current period	Cumulative fair value changes recorded into equity	Purchased in current period	Sold in current period	Gain/losses in current period	Closing book value	Accounting title	Source of funds
Domestic/overseas stock	601818	China Everbright Bank	30,828,816.00	Fair value method	114,908,227.84		54,988,489.14		23,438,995.18	20,512,962.80	78,638,236.96	Available-for-sale financial asset	Own funds
Domestic/overseas stock		Xiamen Bank	292,574,133.00	Cost method	292,574,133.00						292,574,133.00	Available-for-sale financial asset	Own funds
Domestic/overseas stock		Foshan branch of Guangdong Development Bank	500,000.00	Cost method	500,000.00						500,000.00	Available-for-sale financial asset	Own funds
Domestic/overseas stock	002074	Guoxuan High-tech	160,000,000.00	Fair value method			2,548,528,165.00	160,000,000.00			2,708,528,165.00	Available-for-sale financial asset	Own funds
Domestic/overseas stock	002736	Guosen Securities	11,660.00	Fair value method	20,320.00	-8,660.00		0.00	39,361.35	28,101.35		Held-for-trading financial asset	Own funds
Domestic/overseas stock	300413	Happigo	4,530.00	Fair value method				4,530.00	16,488.67	11,958.67		Held-for-trading financial asset	Own funds
Domestic/overseas stock	300418	Kunlun	10,150.00	Fair value method				10,150.00	33,276.61	23,126.61		Held-for-trading financial asset	Own funds
Domestic/overseas stock	601021	Spring Airlines	18,160.00	Fair value				18,160.00	68,707.20	50,547.20		Held-for-trading	Own funds

as stock				method								financial asset	
Domestic/overseas stock	000601	Shaoneng Group	1,005,199.54	Fair value method				1,005,199.54	2,184,364.31	1,195,894.77		Held-for-trading financial asset	Own funds
Domestic/overseas stock	300421	JGBR	4,565.00	Fair value method				4,565.00	11,172.00	6,607.00		Held-for-trading financial asset	Own funds
Domestic/overseas stock	601198	Dongxing Securities	18,360.00	Fair value method				18,360.00	58,934.11	40,894.11		Held-for-trading financial asset	Own funds
Domestic/overseas stock	603118	Gongjin	11,950.00	Fair value method				11,950.00	25,655.10	13,705.10		Held-for-trading financial asset	Own funds
Domestic/overseas stock	603618	Hangzhou Cable	11,650.00	Fair value method				11,650.00	25,934.40	14,284.40		Held-for-trading financial asset	Own funds
Domestic/overseas stock	603939	Yifeng Pharmacy	19,470.00	Fair value method				19,470.00	41,924.32	22,454.32		Held-for-trading financial asset	Own funds
Domestic/overseas stock	300420	Wuyang Technology	4,135.00	Fair value method				4,135.00	13,211.88	9,076.88		Held-for-trading financial asset	Own funds
Domestic/overseas stock	300433	Lens Technology	11,495.00	Fair value method				11,495.00	43,764.32	32,269.32		Held-for-trading financial asset	Own funds
Domestic/overseas stock	300432	Fulin Precision	6,985.00	Fair value method				6,985.00	38,678.06	31,843.06		Held-for-trading financial asset	Own funds
Domestic/overseas stock	601689	Tuopu Group	11,370.00	Fair value method				11,370.00	26,682.59	15,497.59		Held-for-trading financial asset	Own funds

												l asset	
Domestic/overseas stock	600958	Orient Securities	50,150.00	Fair value method				50,150.00	103,238.25	53,088.25		Held-for-trading financial asset	Own funds
Domestic/overseas stock	002752	Shengxiang Group	2,870.00	Fair value method				2,870.00	18,685.17	15,815.17		Held-for-trading financial asset	Own funds
Domestic/overseas stock	603808	ELLAS SAY	19,160.00	Fair value method				19,160.00	54,691.82	35,781.82		Held-for-trading financial asset	Own funds
Domestic/overseas stock	600959	JSCN	10,940.00	Fair value method				10,940.00	41,096.18	30,476.18		Held-for-trading financial asset	Own funds
Domestic/overseas stock	300438	Great Power	7,435.00	Fair value method				7,435.00	66,383.62	58,948.62		Held-for-trading financial asset	Own funds
Domestic/overseas stock	300455	Ctrowell	3,440.00	Fair value method				3,440.00	26,787.86	23,347.86		Held-for-trading financial asset	Own funds
Domestic/overseas stock	300456	Navior	7,005.00	Fair value method		44,595.00		7,005.00	0.00	44,595.00	51,600.00	Held-for-trading financial asset	Own funds
Domestic/overseas stock	603227	Xuefeng Sci-Tech	4,980.00	Fair value method				4,980.00	32,517.85	27,537.85		Held-for-trading financial asset	Own funds
Domestic/overseas stock	603198	Yingjia Distillery	11,800.00	Fair value method				11,800.00	30,822.13	19,422.13		Held-for-trading financial asset	Own funds
Domestic/overseas stock	300478	Hangzhou Gaoxin	7,420.00	Fair value method				7,420.00	34,610.25	27,190.25		Held-for-trading financial asset	Own funds

Domestic/overseas stock	601985	CNNP	61,020.00	Fair value method				61,020.00	171,825.85	110,805.85		Held-for-trading financial asset	Own funds
Domestic/overseas stock	601211	Guotai Junan	118,260.00	Fair value method				118,260.00	144,115.91	26,455.91		Held-for-trading financial asset	Own funds
Domestic/overseas stock	300482	Wondfo Biotech	8,000.00	Fair value method				8,000.00	68,328.75	60,478.75		Held-for-trading financial asset	Own funds
Other	205001	1 Day	135,814,000.00	Fair value method				135,814,000.00	135,824,640.94	10,640.94		Held-for-trading financial asset	Own funds
Other	205007	7 Days	69,226,000.00	Fair value method				69,226,000.00	69,277,559.18	51,559.18		Held-for-trading financial asset	Own funds
Other	205008	14 Days	52,264,000.00	Fair value method				52,264,000.00	52,322,157.96	58,157.96		Held-for-trading financial asset	Own funds
Bond	204001	GC001	2,628,126,281.00	Fair value method				2,628,126,281.00	2,628,388,306.93	262,025.93		Held-for-trading financial asset	Own funds
Bond	204002	GC002	219,704,394.00	Fair value method				219,704,394.00	219,727,368.10	22,974.10		Held-for-trading financial asset	Own funds
Bond	204003	GC003	149,304,479.00	Fair value method				149,304,479.00	149,350,092.40	45,613.40		Held-for-trading financial asset	Own funds
Bond	204004	GC004	627,225,088.00	Fair value method				627,225,088.00	627,420,342.69	195,254.69		Held-for-trading financial asset	Own funds
Bond	204007	GC007	649,732	Fair				649,732	649,954	221,794		Held-for	Own

			,485.00	value method				,485.00	,279.96	.96		-trading financia l asset	funds
Bond	204014	GC014	81,408, 140.00	Fair value method				81,408, 140.00	81,484, 547.56	76,407. 56		Held-for- trading financia l asset	Own funds
Total			5,098,1 69,975. 54	--	408,002 ,680.84	35,935. 00	2,603,5 16,654. 14	4,774,2 55,366. 54	4,640,6 09,549. 46	23,487, 595.54	3,080,2 92,134. 96	--	--
Disclosure date of board announcement on approval of securities investment	2014-01-23												
Disclosure date of general meeting announcement on approval of securities investment (if any)													

Note: The funds for the “pledged repo” and “reverse repo of government bonds” (“other” and “bond” in the table above) were strictly controlled within the line approved by the board, without use out of line. In order to better use the funds, we carried out repeated investment in the mature investment products above in multiple transactions. As such, the single investment costs for the “other” and “bond” were their accumulative amounts which were repeatedly invested with 2015.

(2) Investment in financial derivatives

Applicable Inapplicable

No such cases in the reporting period

5. Utilization of raised funds

Applicable Inapplicable

No such cases in the reporting period

VI. Sale of major assets and equity interests

1. Sale of major assets

Applicable Inapplicable

No such cases in the reporting period

2. Sale of major equity interests

□ Applicable √ Inapplicable

VII. Main controlled and joint stock companies

√ Applicable □ Inapplicable

Main subsidiaries and joint stock companies with an over 10% influence on the Company's net profits

Unit: RMB Yuan

Company name	Relationship with the Company	Main business	Registered capital	Total assets	Net assets	Operating revenues	Operating profits	Net profits
Foshan Chansheng Electronic Ballast Co., Ltd.	Subsidiary	Manufacture	1,000,000.00	34,691,313.02	18,852,631.50	161,438,362.47	7,501,971.11	5,551,076.84
Foshan Chanchang Electric Appliances (Gaoming) Co., Ltd.	Subsidiary	Manufacture	72,782,944.00	108,752,054.54	99,970,615.06	47,168,759.73	3,543,277.76	2,443,678.04
Foshan Taimei Times Lamps Co., Ltd.	Subsidiary	Manufacture	500,000.00	59,261,275.54	31,971,425.47	128,813,369.96	7,910,754.35	5,903,925.36
FSL New Light Source Technology Co., Ltd.	Subsidiary	Manufacture	50,000,000.00	55,711,171.49	53,630,335.69	10,576,508.80	1,602,158.84	1,198,961.43
FSL (Xinxiang) Lighting Co., Ltd.	Subsidiary	Manufacture	35,418,439.76	55,399,253.50	40,550,849.27	35,107,726.20	4,274,339.03	2,712,514.18
Guangdong Fozhao Financing Lease Co., Ltd.	Subsidiary	Finance	200,000,000.00	219,879,005.30	219,806,804.62		5,875,233.25	4,406,409.93
FSL Lighting	Subsidiary	manufacture	15,000,000.00	59,551,710.4	37,142,020.8	162,630,898.	12,744,861.9	9,466,893.91

Equipment Co., Ltd.			0	7	2	94	3	
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	Subsidiary	Manufacture	41,683,200.00	68,025,762.40	62,607,789.05	65,802,294.61	-6,531,442.20	-4,743,195.67
Suzhou Mont Lighting Co., Ltd.	Subsidiary	Manufacture	23,634,900.00	9,155,813.46	-18,671,153.66	26,198,849.98	-26,010,314.02	-28,830,585.17

Subsidiaries obtained or disposed in the reporting period

Applicable Inapplicable

Particulars about the main controlled and joint stock companies

—Foshan Chansheng Electronic Ballast Co., Ltd. was invested and established by the Company and Mr. Ma Henglai and had set up and obtained license for business corporation on 26 Aug. 2003. The Company holds 75% equities of the said company; therefore the said subsidiary was included into the scope of the consolidated financial statements since the date of foundation.

On 24 Dec. 2013, the Company and Mr. Ma Henglai signed the equity transfer agreement. The Company purchased 25% equity of Foshan Chansheng Electronic Ballast Co., Ltd. held by Mr. Ma Henglai. After the purchasing, the Company held 100% equity of Foshan Chansheng Electronic Ballast Co., Ltd.

—Foshan Chanchang Electric Appliances (Gaoming) Co., Ltd., which is a Sino-foreign joint venture invested and established by the Company and Prosperity Lamps and Components Ltd, had obtained license for business corporation on 23 Aug. 2005 through approval by Foreign Trade and Economic Cooperation Bureau of Gaoming District, Foshan with document “MWJMY Zi [2005] No. 79”. The Company holds 70% equities of the said company; therefore the said subsidiary was included into the scope of the consolidated financial statements since the date of foundation.

—Foshan Taimei Times Lamps Co., Ltd., which is a Sino-foreign joint venture invested and established by the Company and Reback North America Investment Limited, had obtained license for Business Corporation on 5 Dec. 2005 through approval by Foreign Trade and Economic Cooperation Bureau of Gaoming District, Foshan with document “MWJMY Zi [2005] No. 97”. The Company holds 70% equities of the said company; therefore the said subsidiary was included into the scope of the consolidated financial statements since the date of foundation.

—FSL New Light Source Technology Co., Ltd. (its predecessor was “Foshan Lighting Lamps and Lanterns Co., Ltd.” and it changed its name to “FSL New Light Source Technology Co., Ltd.” on 17 Dec. 2014), which is invested and established by the Company together with Foshan Haozhiyuan Trading Co., Ltd., Shanghai Liangqi Electric Co., Ltd, Changzhou Sanfeng Electrical & Lighting Co., Ltd., Henan Xingchen Electrical & Lighting Co., Ltd., Foshan Hongbang Electrical & Lighting Co., Ltd., Hebei Jinfen Trading Co., Ltd., obtaining its license for Business Corporation on 27 Mar. 2009. The Company holds 60% equities of this company. Therefore the said

subsidiary was included into the scope of the consolidated financial statements since the date of foundation.

On 25 Sep. 2009 and 19 Nov. 2010, the equity transfer agreement was signed between the Company and the minority shareholders, in which the minority shareholders respectively transferred their equities of Foshan Lighting Lamps and Lanterns Co., Ltd. to the Company. After transfer, the Company holds 100% equities of Foshan Lighting Lamps and Lanterns Co., Ltd.

—FSL (Xinxiang) Lighting Co., Ltd. is a limited liability company which is invested and established by the Company, obtaining its license for Business Corporation on 17 Apr. 2009. The Company holds 100% equities of the said company, therefore the said subsidiary was included into the scope of the consolidated financial statements since date of foundation. On 27 Aug. 2013, the 3rd Session of the 7th Board of Directors reviewed and approved to invest another RMB 2 million (land in an industrial park in Xinxiang, Henan Province and monetary funds) in FSL (Xinxiang) Lighting, increasing the registered capital of FSL (Xinxiang) Lighting to RMB 35,418,439.76.

—Guangdong Fozhao Financing Lease Co., Ltd. is a limited liability company invested and established by the Company, which had obtained its license for Business Corporation on 31 May 2011. And the Company holds 100% equities of this company. Therefore the said subsidiary was included into the scope of the consolidated financial statements since the date of foundation.

—FSL Lighting Equipment Co., Ltd. is a limited liability company invested and established by the Company with the registered capital of RMB 15 million, which had obtained its license for Business Corporation on 8 May 2013. And the Company holds 100% equities of this company. Therefore the said subsidiary was included into the scope of the consolidated financial statements since the date of foundation.

—In accordance with the equity transfer agreement signed between the Company and Prosperity Lamps and Components Ltd. on 27 Aug. 2008, Prosperity Lamps and Components Ltd. transferred 100% equities of Nanjing Fozhao Lighting Components Manufacturing Co., Ltd. (formerly known as “Prosperity (Nanjing) Lighting Components Co., Ltd.”, and changed name to “Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.” on 15 Nov. 2010.) to the Company. Therefore, Nanjing Fozhao Lighting Components Manufacturing Co., Ltd. became a wholly-owned subsidiary of the Company. The said subsidiary was included into the scope of the consolidated financial statements since the merger date.

—In accordance with the equity transfer agreement signed between the Company and Mr. Zhang Yingchun on 25 Apr. 2014, Mr. Zhang Yingchun transferred 34.09296% equities of Suzhou Mont Lighting Co., Ltd. to the Company. At the same time, the Company increased another RMB 12.01 million to Suzhou Mont Lighting Co., Ltd., of which RMB 5.8849 million went to the registered capital and the other RMB 6.1251 million went to the capital reserves. As such, the registered capital of Suzhou Mont Lighting Co., Ltd. went up to RMB 23.6349 million and the Company held 50.50% equities in it. The said subsidiary was included into the scope of the consolidated financial statements since the completion date of the investment increase.

VIII. Structured bodies controlled by the Company

Applicable Inapplicable

IX. Outlook of the Company's future development

(I) Development trends in the industry

In 2016, in view of macro-economic situation, in China, the economic downturn still exists, which shows in

aspects of weak growth of investment, the relaxed real estate industry policies but still accompanying with slow recovery, especially reflecting in the depressed real estate market in the 3rd and 4th tier cities, and insufficient growth power for domestic demand; and in the overseas, the growth of economic entities differentiates, currency rate fluctuates, political situation is turbulent, and the export business is also not cheerful.

As for illuminating industry, the market demand for traditional illuminants keeps decline, the LED lighting will gradually take place of traditional illuminants and lamps in market. At the same time, the urbanization in China keeps speeding up, creating expansive market space, and as a result it's estimated that LED lighting will still keep fast growth in the next 3-5 years. However, due to the support from local markets, the LED lighting companies have gone through a savage development period. As for LED industry, especially for the downstream application fields, due to low entrance permit level. there's structural over-capacity problem, which is obvious and causes unordered and cutthroat competitions. Together with the pressure from micro-economy downturn, large companies face dual attacks, and will make expansion through acquisition and reorganization, so as to strengthen market competitiveness. As for medium and small size companies, they'll exit the market due to lack of competitiveness. The whole industry will step into the integration period, and the "shuffle" power will be increasing, and a pattern of co-existing demand growth and intense competitions will show in LED lighting industry in future.

(II) Development strategy in future

The Company will stick to professional development path, center on the main industry of lighting products, be oriented to market demand, take technology innovation as the motive, manage brand as the core, and improve efficiency, establish domestic and overseas market net with effective coverage rate, thoroughly improve the operation quality and sustainable development capability of the Company by making competitive products, so as to devote its efforts to become the top brand in lighting companies in China.

(III) Operation plan in 2016

1. To improve R&D innovation and strengthen company competitiveness

The Company will continue to increase R&D input, be oriented to market demand, research and develop new products, and improve the product competitiveness in market; intensify the standardization and systematization of R&D to raise efficiency, closely follow technology trend in LED industry, and enhance R&D of core technologies and key products; pay attention to diversified R&D for products, and increase profit growth factors for the Company by offering more series of new products for different market, channels, and fields; make technology innovation on current products of the Company from the aspects of structure and technique, organically combine

the optimization of product design, the manufacturability, and the optimization of cost, so as to improve the cost performance and competitiveness of the Company's current leading products.

2. To improve marketing, and expand development space

As for domestic sales, the Company will launch positive and rational marketing strategies, consolidate the advantage of the current circulating wholesales channels, sustainably bring priority to the construction of exclusive shop channel, the engineering commercial lighting channel, the E-commerce and retail channel, as well as other new channels, improve channel efficiency, continue to carry forward channel construction in the 3rd and 4th tier cities, enlarge sales space, improve the quality of network and clients, reinforce the adjustment on agencies in substandard cities and provinces, and aim at synchronous growth in quantity and quality of channels. As for overseas sales, the Company will continue to do well in management and service for key clients, develop the potential value of key clients, and improve the performance of single client; continue to develop key clients, and expand client groups and market share of the Company; enhance overseas sales power, and innovate on overseas sales pattern, sustainably expand mature markets, improve the ratio in emerging markets, accelerate the layout on blank market, continue to optimize product sales structure, strengthen the self-own brand expansion in the market, and improve the popularity and reputation of FSL in overseas.

3. To improve production automation, and promote industry upgrade

The Company will strengthen the efforts, input more, and attempt to improve production automation by means of self transformation and upgrade, joint transformation with external companies, import and purchase, and so on. Further more, the Company will improve the consistency between production efficiency and manufacturing process, gradually reduce its dependence on manual work, so as to effectively relieve the pressure from "difficult recruitment and rare employment" and the gradually increasing labor cost, and at the same time, improve company image.

4. To enhance management and improve efficiency

The Company will optimize management system, improve the capability of existence and growth inside the Company. The Company will reinforce purchase management, optimize purchase pattern, and cut down purchase cost; intensify stock management, guarantee product sales demand, and decrease the inventory backlog's influence on profit caused by product upgrade and update; strengthen management and control on production process, make good plans of production planning and capacity, strictly execute quality management system, cut down quality risk, and further improve production efficiency; perfect and implement budget management system, strictly control on costs, and improve the efficiency and profit of capital usage.

5. To enhance construction of company culture, and optimize human resources management

The Company will comprehensively enhance construction of company culture, improve the sense of identity and participation of employees, and improve the cohesion and centripetal force of the Company; establish human resources planning matching with the Company's development plan, perfect the mechanism of talents training and introduction, attract, cohere, train, and build up talents, perfect talents incentive mechanism, found a staff group with fighting capacity, so as to provide the Company's sustainable development with human resources guarantee.

(IV) Possible risks

1. Risks from marketing competitions

The descending growth of domestic economy, the slow recovery of real estate market, the differentiation of overseas economy growth, as well as the complexity and variety of political environment bring about the uncertainty of market demand; meanwhile, after the gradual improvement of market penetration of LED lighting products in recent several years, the growth for alternative market has started to slow down. At present, there's obvious problem of structural over capacity for LED industry, leading to fierce market competitions. In future, if the macro economy further deteriorates, and the market competitions keep fierce, the product price of the Company may be cut down, and the difficulty of improving market share will be increasing.

2. Risks of higher operating cost

The scale production pattern of the Company causes large demand for upstream raw materials. At present, the Company has founded stable partnership with main suppliers to ensure the supply of raw materials for the Company's production. However, due to the scale purchase pattern, the Company will face huge pressure from production cost if raw material price rises in future. With the Company's steps to enlarge market, expenses covering sales, management, and so on will accordingly increase. With the uprising labor cost, the intensifying labor turnover, the salary of employees will keep going up. All the increase of the aforesaid operating costs will result to the decrease of product gross margin and operating profits.

3. Risk of loss from falling inventory price

The Company's inventory contains raw materials, semi-finished products, finished products, low priced and easily worn articles, and so on. As there're plenty of product categories, standards, and models in the Company, the inventory value is high. If there're changes in price or demand in raw material market and product sales market, the risk of loss from falling inventory price of the Company may happen.

X. Visits paid to the Company for purposes of research, communication, interview, etc.**1. In the reporting period**

Applicable Inapplicable

No such cases in the reporting period

2. From the end of the reporting period to the disclosure date of this Report

Applicable Inapplicable

Date	Way of visit	Type of visitor	Index to main inquiry information
2016-01-28	Field research	Institution	Investor Relations-EasyIR- www.cninfo.com.cn
Times of visit			1
Number of visiting institutions			4
Number of visiting individuals			0
Number of other visiting entities			0
Significant undisclosed information disclosed, revealed or leaked			No

Section V Significant Events

I. Profit distribution to the common shareholders & increase of the share capital from the capital reserve

Formulation, execution or adjustments of the profit distribution policy for the common shareholders, especially the cash dividend policy, in the reporting period

Applicable Inapplicable

According to the CSRC Notice on Further Implementing Matters Related to Cash Dividend Distribution of Listed Companies (Zheng-Jian-Fa [2012] No. 37) and the Guangdong CSRC Notice on Further Implementing Regulations Related to Dividend Distribution of Listed Companies (Guang-Dong-Zheng-Jian [2012] No. 91), in order to further standardize the dividend mechanism, promote a scientific, sustained and stable dividend mechanism and protect legal rights and interests of investors, in 2012, the Company convened a general meeting to revise the dividend-related contents in its Articles of Association and specify the dividend conditions, the lowest dividend ratio, the decision-making procedure, etc.. Meanwhile, it formulated the Management Rules for Profit Distribution and the Return for Shareholder Plan for the Coming Three Years (2015-2017), specifying the arrangements and forms of dividends, the cash dividend planning and the distribution intervals, which further improved the decision-making and supervision procedures for dividend distribution. According to the Company's Articles of Association, the profit distributed in cash shall not be less than 30% of the distributable profit achieved in the year.

The Company's preliminary plan for profit distribution and turning capital reserve into share capital for the reporting period was in compliance with relevant rules such as the Company's Articles of Association.

Special statement about cash dividend policy	
In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors fulfilled their responsibilities and played their due role.	Yes
Minority shareholders have the chance to fully express their opinion and desire and their legal rights and interests were fully protected.	Yes
In adjustment or alteration of the cash dividend policy, the conditions and procedure were in compliance with regulations and transparent.	Yes

Profit distribution plans (or preliminary plans) for the common shareholders and plans (or preliminary plans) for turning capital reserve into share capital for the recent three years (including the reporting period)

For 2013, based on the total 978,563,745 shares of the Company as at 31 Dec. 2013, a cash dividend of RMB1.6 (tax included and dividends for B-share holders paid in the Hong Kong dollars) was distributed to the A-share and B-share holders for every 10 shares they held, with the total distributed cash dividends reaching RMB156,570,199.20.

For 2014, based on the total 978,563,745 shares of the Company as at 31 Dec. 2014, a cash dividend of RMB2.20 (tax included and dividends for B-share holders paid in the Hong Kong dollars) was distributed to the A-share and B-share holders for every 10 shares they held, with the total distributed cash dividends reaching RMB 215,284,023.90; and 3 shares were increased, with capital reserve, to all the shareholders for every 10 shares they held, with the increased shares totaling 293,569,123 shares.

For 2015, based on the total 1,272,132,868 shares of the Company as at 31 Dec. 2015, a cash dividend of RMB 0.125 yuan (tax included and dividends for B-share holders to be paid in the Hong Kong dollars) will be distributed to the A-share and B-share holders for every 10 shares they hold, with the total distributed cash dividends reaching RMB 15,901,660.85 yuan.

Cash dividends distributed to the common shareholders in the recent three years (including the reporting period)

Unit: RMB Yuan

Year	Cash dividend (tax included)	Net profits attributable to shareholders of the Company in consolidated statements	Proportion in net profits attributable to shareholders of the Company in consolidated statements (%)	Cash dividend in other forms	Ratio of cash dividend in other forms
2015	15,901,660.85	53,405,593.12	29.78%	0.00	0.00%
2014	215,284,023.90	266,125,048.97	80.90%	0.00	0.00%
2013	156,570,199.20	251,831,356.38	62.17%	0.00	0.00%

The Company made profits in the reporting period and the profits distributable to the common shareholders of the Company was positive, but it did not put forward a preliminary plan for cash dividend distribution:

Applicable Inapplicable

II. Preliminary plan for profit distribution and turning capital reserve into share capital for the reporting period

Applicable Inapplicable

Bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (RMB Yuan) (tax included)	0.125

Increased shares for every 10 shares (share)	0
Total shares as basis for preliminary distribution plan (share)	1,272,132,868
Total cash dividends (RMB Yuan) (tax included)	15,901,660.85
Distributable profits (RMB Yuan)	515,436,926.40
Percentage of cash dividends in total distributed profits (%)	100.00%
Details about preliminary plan for profit distribution and turning capital reserve into share capital	
<p>As audited by GP Certified Public Accountants LLP, the after-tax net profits of RMB 22,706,662.62 yuan of the Company without subsidiaries for 2015, plus the opening retained profits of RMB 710,284,953.94 yuan, minus the distributed profits of RMB 215,284,023.90 yuan for 2014 (a cash dividend of RMB2.20 for every 10 shares) and the statutory surplus reserve of RMB 2,270,666.26 yuan for 2015, equals the closing profits distributable to shareholders of RMB 515,436,926.40 yuan. The Board of Directors has proposed to allocate profits for 2015 as follows: Based on the total 1,272,132,868 shares of the Company as at 31 Dec. 2015, a cash dividend of RMB 0.125 yuan (tax included and dividends for B-share holders to be paid in the Hong Kong dollars) will be distributed to the A-share and B-share holders for every 10 shares they hold, with the total cash dividends to be distributed reaching RMB 15,901,660.85 yuan. The retained profits of RMB 499,535,265.55 yuan will be carried forward into the next year. The profit allocation preplan can be effective upon review and approval of the Shareholders' General Meeting of the Company.</p>	

III. Fulfillment of commitments

1. Commitments of the Company, its shareholders, actual controller, acquirer, directors, supervisors, senior management staff or other related parties fulfilled in the reporting period or ongoing at the period-end

√ Applicable □ Inapplicable

Commitment	Commitment maker	Type of commitment	Contents	Date of making commitment	Period of commitment	Fulfillment
Commitments made in acquisition reports or reports on equity changes	Controlling shareholder	About share lock-up	Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made a commitment that within 12 months from the completion of their acquisitions, they shall not transfer or entrust	2015-12-04	12 months	In execution

			others to manage the shares directly or indirectly held by them in the Company, nor shall they allow the Company to repurchase those shares, except for the case where those shares may be transferred for no compensation due to any business or asset integration with their actual controller or their actual controller's controlled subsidiaries.			
	Controlling shareholder	About avoidance of horizontal competition	Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made a commitment that the business of Foshan NationStar Optoelectronics Co., Ltd. that is in competition with the business of the Company takes up only a small part in NationStar's total business, they shall gradually reduce or eliminate the horizontal competition as planned through business integration or other ways or arrangements within the coming 24 months.	2015-12-04	24 months	In execution
	Controlling shareholder	About avoidance of horizontal competition	Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made more commitments as follows to avoid horizontal competition with the Company: 1. They shall conduct supervision and restraint on the production	2015-12-04	Long-standing	In execution

			<p>and operation activities of themselves and their relevant enterprises so that besides the enterprise above that is in horizontal competition with the Company for now, if the products or business of them or their relevant enterprises become the same with or similar to those of the Company or its subsidiaries in the future, they shall take the following measures: (1) If the Company thinks necessary, they and their relevant enterprises shall reduce and wholly transfer their relevant assets and business; and (2) If the Company thinks necessary, it is given the priority to acquire first, by proper means, the relevant assets and business of them and their relevant enterprises. 2. All the commitments made by them to eliminate or avoid horizontal competition with the Company are also applicable to their directly or indirectly controlled subsidiaries. They are obliged to urge and make sure that other subsidiaries execute what's prescribed in the relevant document and faithfully honor all the relevant commitments. 3. If they or their directly or indirectly controlled subsidiaries break the aforesaid commitments and</p>		
--	--	--	---	--	--

			thus cause a loss for the Company, they shall compensate the Company on a rational basis.			
	Controlling shareholder	About reduction and regulation of related-party transactions	<p>Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made a commitment that during their direct or indirect holding of the Company's shares, they shall 1. strictly abide by the regulatory documents of the CSRC and the SZSE, the Company's Articles of Association, etc. and not harm the interests of the Company or other shareholders of the Company in their production and operation activities by taking advantage of their position as the controlling shareholder and actual controller; 2. make sure that they or their other controlled subsidiaries, branch offices, jointly-run or associated companies (the "Relevant Enterprises" for short) will try their best to avoid or reduce related-party transactions with the Company or the Company's subsidiaries; 3. strictly follow the market principle of justness, fairness and equal value exchange for necessary and unavoidable related-party transactions between them and their Relevant Enterprises and the</p>	2015-12-04	Long-standing	In execution

			Company, and withdraw from voting when a related-party transaction with them or their Relevant Enterprises is being voted on at a general meeting or a board meeting, and execute the relevant approval procedure and information disclosure duties pursuant to the applicable laws, regulations and regulatory documents. Where the aforesaid commitments are broken and a loss is thus caused for the Company, its subsidiaries or the Company's other shareholders, they shall be obliged to compensate.			
	Controlling shareholder	About independence	In order to ensure the independence of the Company in business, personnel, asset, organization and finance, Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made the following commitments: 1. They will ensure the independence of the Company in business: (1) They promise that the Company will have the assets, personnel, qualifications and capabilities for it to operate independently as well as the ability of independent, sustainable operation in the market. (2) They promise not to intervene in the	2015-12-04	Long-standing	In execution

			<p>Company's business activities other than the execution of their rights as the Company's shareholders. (3) They promise that they and their related parties will not be engaged in business that is substantially in competition with the Company's business. And (4) They promise that they and their related parties will try their best to reduce related-party transactions between them and the Company; for necessary and unavoidable related-party transactions, they promise to operate fairly following the market-oriented principle and at fair prices, and execute the transaction procedure and the duty of information disclosure pursuant to the applicable laws, regulations and regulatory documents. 2. They will ensure the independence of the Company in personnel: (1) They promise that the Company's GM, deputy GMs, CFO, Company Secretary and other senior management personnel will work only for and receive remuneration from the Company, not holding any positions in them or their other controlled subsidiaries other than director and supervisor. (2) They promise the Company's</p>			
--	--	--	---	--	--	--

		<p>absolute independence from their related parties in labor, human resource and salary management. And (3) They promise to follow the legal procedure in their recommendation of directors, supervisors and senior management personnel to the Company and not to hire or dismiss employees beyond the Company's Board of Directors and General Meeting. 3. They will ensure the independence and completeness of the Company in asset: (1) They promise that the Company will have a production system, a auxiliary production system and supporting facilities for its operation; legally have the ownership or use rights of the land, plants, machines, trademarks, patents and non-patented technology in relation to its production and operation; and have independent systems for the procurement of raw materials and the sale of its products. (2) They promise that the Company will have independent and complete assets all under the Company's control and independently owned and operated by the Company. And (3) They promise that they and their other controlled subsidiaries will not illegally occupy the</p>			
--	--	---	--	--	--

			<p>Company's funds and assets in any way, or use the Company's assets to provide guarantees for the debts of themselves or their other controlled subsidiaries with.</p> <p>4. They will ensure the independence of the Company in organization:</p> <p>(1) They promise that the Company has a sound corporate governance structure as a joint-stock company with an independent and complete organization structure. And</p> <p>(2) They promise that the operational and management organs within the Company will independently execute their functions according to laws, regulations and the Company's Articles of Association. And</p> <p>5. They will ensure the independence of the Company in finance:</p> <p>(1) They promise that the Company will have an independent financial department and financial accounting system with normative, independent financial accounting rules.</p> <p>(2) They promise that the Company will have independent bank accounts and not share bank accounts with its related parties. (3) They promise that the Company's financial personnel do not hold concurrent positions in its</p>			
--	--	--	--	--	--	--

			related parties. (4) They promise that the Company will independently pay its tax according to law. And (5) They promise that the Company can make financial decisions independently and that they will not illegally intervene in the Company's use of its funds.			
Other commitments made to minority shareholders	The Company	About cash dividends	The profits distributed by the Company in cash every year shall not be less than 30% of the distributable profits it has achieved in the year.	2009-05-27	Long-standing	In execution
Executed on time	Yes					
Specific reasons for failing to fulfill commitments on time and plans for next step	Inapplicable					

2. Where there had been an earnings forecast for an asset or project and the reporting period was still within the forecast period, explain why the forecast has been reached for the reporting period.

Applicable Inapplicable

IV. Occupation of the Company's funds for non-operating purposes by the controlling shareholder or its related parties

Applicable Inapplicable

No such cases in the reporting period.

V. Explanations given by the Board of Directors, the Supervisory Committee and the independent directors (if any) regarding the "non-standard auditor's report" issued by the CPAs firm for the reporting period

Applicable Inapplicable

VI. YoY changes in the accounting policy, estimation and methods

Applicable Inapplicable

No such cases in the reporting period.

VII. Retrospective restatement due to correction of material accounting errors in the reporting period

Applicable Inapplicable

No such cases in the reporting period.

VIII. YoY changes in the consolidation scope

Applicable Inapplicable

No such cases in the reporting period.

IX. Engagement and dismissal of the CPAs firm

The CPAs firm at present

Name of domestic CPAs firm	GP Certified Public Accountants (LLP)
Remuneration of domestic CPAs firm (RMB0'000)	121.9
Consecutive years of audit services provided by domestic CPAs firm	23
Name of certified public accountants from domestic CPAs firm	Wang Shaohua & Hong Wenwei

The CPAs firm changed in the current period or not

Yes No

CPAs firm, financial accountant or sponsor engaged for internal control audit

Applicable Inapplicable

In the reporting period, the Company engaged GP Certified Public Accountants (LLP) as its internal control auditor with the total audit fees of RMB 508.80 thousand.

X. Listing suspension or termination after the disclosure of this Report

Applicable Inapplicable

XI. Bankruptcy & reorganization

Applicable Inapplicable

No such cases in the reporting period.

XII. Significant litigations and arbitrations

In Mar. 2013, CSRC Guangdong administered an administrative punishment on the illegal information disclosure of the Company. During the period from Sept. 2013 to Oct. 2015, a total of 2,755 plaintiffs separately sued the Company to Guangzhou Intermediate People's Court for false securities statements, demanding civil compensations of RMB384.1114 million and HKD1.328 million in total from the Company for its illegal information disclosure. From Nov. 2014 to Dec. 2015, Guangzhou Intermediate People's Court made judgments for the aforesaid cases, ruling the Company to compensate the plaintiffs with a total of RMB182.7365 million and HKD7.3582 million and bear the legal fare of RMB3.2332 million. Currently, except for the 31 plaintiffs who are appealing, the judgments for all the other plaintiffs are final and effective. Up to 23 Mar. 2016, the Company has made the compensations to 2712 plaintiffs (excluding 37 plaintiffs who were overruled) for RMB 189.5211 million (including legal fees) . These cases of false securities statements had an influence of RMB61.4383 million on the total profits of the Company in 2014 and RMB131.8899 million on that in 2015.

XIII. Punishments and rectifications

Applicable Inapplicable

No such cases in the reporting period.

XIV. Credit conditions of the Company as well as its controlling shareholder and actual controller

Applicable Inapplicable

In the reporting period, the controlling shareholder and actual controller of the Company were in a good credit position, without unsatisfied court judgments, large-amount overdue liabilities or the like.

XV. Implementation of any equity incentive plan, employee stock ownership plan or other incentive measures for employees

Applicable Inapplicable

No such cases in the reporting period.

XVI. Significant related-party transactions

1. Related-party transactions relevant to routine operation

Applicable Inapplicable

Related transaction party	Relation with the Company	Type of transaction	Contents of transaction	Pricing principle	Transaction price	Transaction amount (RMB0'000)	Proportion in total amounts of transactions of same kind	Approved transaction line (RMB0'000)	Over approved line or not	Mode of settlement	Obtainable market price for transaction of same kind	Disclosure date	Disclosure index
Prosperity Lamps & Components Limited	Corporation that holds over 5% shares of the Company	Purchasing products and receiving labor services from related party	Purchase of materials	Market price	784.76	784.76	0.47%	1,200	No	Remittance	784.76	2015-04-27	www.cninfo.com.cn
Prosperity Electrical (China) Co., Ltd.	A company controlled by a related individual of the Company	Purchasing products and receiving labor services from related party	Purchase of materials	Market price	2,285.05	2,285.05	1.37%	3,000	No	Remittance	2285.05	2015-04-27	www.cninfo.com.cn
OSRAM (China) Lighting Co., Ltd.	An acting-in-conceal party of legal person that holds over 5% shares of the Company	Purchasing products and receiving labor services from related party	Purchase of materials	Market price	6.60	6.60	0.00%	20	No	Remittance	6.60	2015-04-27	www.cninfo.com.cn
Prosperity	A	Purchasing	Purchase	Market	16.91	16.91	0.01%	100	No	Remittance	16.91	2015-04	www.c

(Xinxiang) Electro-Optical Machinery Co., Ltd.	Company controlled by a related individual of the Company	Purchasing products and receiving labor service from related party	Price of materials									-27	www.cninfo.com.cn
Hangzhou Times Lighting and Electrical Co., Ltd.	A company controlled by a related individual of the Company	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	311.01	311.01	0.19%	500	No	Remittance	311.01	2015-04-27	www.cninfo.com.cn
Prosperity Lamps & Components Limited	A shareholder that held over 5% shares of the Company	Purchasing products and receiving labor service from related party	Sales commission	Market price	114.36	114.36			No	Remittance	114.36		Inapplicable
Foshan NationStar Optoelectronics Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	7,644.44	7,644.44	4.59%	9,562.15	No	Remittance	7,644.44	2015-10-23	www.cninfo.com.cn
Prosperity (Xinxiang) Electro-Optical Machinery Co., Ltd.	A company controlled by a related individual of the Company	Purchasing products and receiving labor service from related party	Purchase of equipment	Market price	30.53	30.53	0.02%	200	No	Remittance	30.53	2015-04-27	www.cninfo.com.cn

Optical Machinery Co., Ltd.	Controlled by an individual of the Company	Receiving labor service from related party											
Guangdong Fenghua Advanced Holding Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	188.94	188.94	0.11%		No	Remittance	188.94		Inapplicable
Shanghai Linxian Mechanical and Electrical Equipment Co., Ltd.	A company with a related individual of the Company in it as a senior executive	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	12.93	12.93	0.01%		No	Remittance	12.93		Inapplicable
Prosperity Lamps & Components Limited	Corporation that holds over 5% shares of the Company	Selling products and providing labor service to related party	Selling products	Market price	3,759.53	3,759.53	1.31%	4,500	No	Remittance	3,759.53	2015-04-27	www.cninfo.com.cn
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	A company controlled by a related individual	Selling products and providing labor service to	Selling products	Market price	251.97	251.97	0.09%	800	No	Remittance	251.97	2015-04-27	www.cninfo.com.cn

	al of the Company	related party											
Prosperity Electrical (China) Co., Ltd.	A company controlled by a related individual of the Company	Selling products and providing labor service to related party	Selling products	Market price	106.62	106.62	0.04%	100	Yes	Remittance	106.62	2015-04-27	www.cninfo.com.cn
OSRAM (China) Lighting Co., Ltd.	An acting-in-concealment party of corporation that holds over 5% shares of the Company	Selling products and providing labor service to related party	Selling products	Market price	1,169.45	1,169.45	0.41%	2,500	No	Remittance	1,169.45	2015-04-27	www.cninfo.com.cn
Osram Asia Pacific Ltd.	An acting-in-concealment party of corporation that holds over 5% shares of the Company	Selling products and providing labor service to related party	Selling products	Market price	2,027.45	2,027.45	0.70%	3,500	No	Remittance	2,027.45	2015-04-27	www.cninfo.com.cn
Shanghai Linxian Mechanical and	A company with a related	Selling products and providing	Selling products	Market price	23.39	23.39	0.01%	100	No	Remittance	23.39	2015-04-27	www.cninfo.com.cn

Electrical Equipment Co., Ltd.	individual in its senior executive	labor service to related party											
Foshan NationStar Optoelectronics Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	46.06	46.06	0.02%	300	No	Remittance	46.06	2015-10-23	www.cninfo.com.cn
Total				--	--	18,780	--	26,382.15	--	--	--	--	--
Details of large-amount sales returns			Inapplicable										
Where predictions had been made for total amounts of routine related-party transactions in current period by category, give actual amounts in current period (if any)			<p>In Apr. , Aug. and Oct.2015, the Company predicted the total amounts of its routine transactions with related parties OSRAM (China) Lighting Co., Ltd., Osram Asia Pacific Ltd., Prosperity Lamps & Components Limited, Prosperity Electrical (China) Co., Ltd., Prosperity (Hangzhou) Lighting and Electrical Co., Ltd., Hangzhou Times Lighting and Electrical Co., Ltd., Prosperity (Xinxiang) Lighting Machinery Co., Ltd., Prosperity (Xinxiang) Electro-Optical Machinery Co., Ltd, Shanghai Linxian Mechanical and Electrical Equipment Co., Ltd., and Foshan NationStar Optoelectronics Co., Ltd</p> <p>Concerning the purchases from its related parties, the actual amount in 2015 was RMB 113.9553 million, accounting for 77.35% of the predicted. As for the sales to its related parties, the actual amount in 2015 was RMB 73.8447 million , accounting for 62.58% of the predicted.</p>										
Reason for significant difference between transaction prices and market prices (if applicable)			Inapplicable										

2. Related-party transactions regarding the purchase or sale of assets or equity interests

Applicable Inapplicable

No such cases in the reporting period.

3. Related-party transitions regarding joint investments

Applicable Inapplicable

No such cases in the reporting period.

4. Credits and liabilities with the related parties

Applicable Inapplicable

No such cases in the reporting period.

5. Other significant related-party transactions

Applicable Inapplicable

No such cases in the reporting period.

XVII. Significant contracts and execution

1. Entrustment, contracting and leasing

(1) Entrustment

Applicable Inapplicable

No such cases in the reporting period.

(2) Contracting

Applicable Inapplicable

No such cases in the reporting period.

(3) Leasing

Applicable Inapplicable

Particulars about leasing:

The Company and Shanghai Jiabao Industry & Commerce (Group) Co., Ltd. (hereinafter referred to as “Shanghai Jiabao”) signed <The Trademark License Agreement>, where Shanghai Jiabao agreed to license the Company to exclusively use its trademarks “Hu Zi” (registration No.: 100940), “Lian He” (registration No.: 100950) and “Lian He” (registration No.: 3603597) from 1 Jan. 2014 to 31 Dec. 2016; and the Company shall pay to Shanghai Jiabao 1% of the net sales of products produced by the Company and carrying the licensed trademarks as the license fee, but it shall not be less than RMB1 million per year (for details, see the “Announcement No. 2014-002 on Signing <The Trademark License Agreement>” disclosed on <http://www.cninfo.com.cn> dated 9 Jan. 2014).

Any leasing event incurring gain/loss reaching more than 10% of total profits of the Company in reporting period

Applicable Inapplicable

No such cases in the reporting period.

2. Significant guarantees

Applicable Inapplicable

No such cases in the reporting period.

3. Cash management entrusted to others

(1) Wealth management entrusted

Applicable Inapplicable

No such cases in the reporting period.

(2) Loans entrusted

Applicable Inapplicable

No such cases in the reporting period.

4. Other significant contracts

Applicable Inapplicable

No such cases in the reporting period.

XVIII. Other significant events

Applicable Inapplicable

1. On 9 Sept. 2015, OSRAM Germany, the controlling shareholder of the Company's biggest shareholder—Osram Holding Co., Ltd. (now known as "Hong Kong Wah Shing Holding Company Limited"; hereinafter referred to as "Hong Kong Wah Shing"), signed The Equity Transfer Agreement with Guangdong Electronics Information Industry Group Ltd. ("Electronics Group"). According to the Agreement, OSRAM Germany transferred the 100% equity interests of Hong Kong Wah Shing to Electronics Group on 4 Dec. 2015. After the equity transfer, Electronics Group became the sole shareholder of Hong Kong Wah Shing and indirectly held 171,360,391 A-shares in the Company through Hong Kong Wah Shing, representing a 13.47% stake in the Company. Meanwhile, Electronics Group and its acting-in-concert parties Shenzhen Rising Investment Development Co., Ltd. ("Shenzhen Rising Investment") and Hong Kong Rising Investment Development Limited ("Hong Kong Rising Investment") bought in by way of block trading more shares of the Company from the secondary market during the period from Jul. to Dec. 2015. Up to 4 Dec. 2015, Electronics Group directly and indirectly held 231,718,119 A-shares in the Company, Shenzhen Rising Investment held 39,536,747 A-shares in the Company and Hong Kong Rising Investment held 23,165,684 B-shares in the Company. The said three companies combined held 294,420,550 A-shares and B-shares in the Company, accounting for 23.144% of the total shares of the Company. Therefore, Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and

Hong Kong Rising Investment are the controlling shareholder of the Company while Guangdong Rising Assets Management Co., Ltd. is the actual controller of the Company (for details, see the Company's Announcement No. 2015-059 disclosed on www.cninfo.com.cn dated 7 Dec. 2015).

2. In the reporting period, Hefei Guoxuan High-tech Power Energy Co., Ltd., where the Company held a stake, successfully carried out a back door listing through Jiangsu Dongyuan Electrical Group Co., Ltd. (stock abbr.: Dongyuan Electrical; stock code: 002074) upon the CSRC approval and the relevant asset transfer formalities were all completed. As such, the shares held by the Company in Guoxuan High-tech were shifted to 73,006,150 shares held by the Company in Dongyuan Electrical, which were restricted tradable shares listed on 15 May 2015 and non-transferable within 12 months from the completion of the issue (for details, see Announcement No. 2015-018 disclosed on www.cninfo.com.cn dated 13 May 2015). On 29 Sept. 2015, Dongyuan Electrical changed its name into "Guoxuan High-tech Co., Ltd." (stock abbr.: Guoxuan High-tech; stock code: 002074).

XIX. Significant events of the subsidiaries

Applicable Inapplicable

In the reporting period, controlled subsidiary Suzhou Mont Lighting Co., Ltd. suffered continuous loss due to its business scale and market reasons. It is shut down and unable to proceed with its production or operation. Therefore, a full-amount impairment provision of RMB24.36 million was made for this long-term equity investment (for details, see the Company's Announcement No. 2016-002 on Asset Impairment Provision disclosed on www.cninfo.com.cn dated 27 Jan. 2016).

XX. Social responsibilities

Applicable Inapplicable

We have always attached importance to the accomplishment of our social value. With "provide returns for shareholders, provide a platform for employees, create value for customers and create prosperity for the society" as our mission, we take on the social responsibilities to protect the interests of our creditors, employees, customers, suppliers and community. We have been utilizing resources in a scientific, rational way, effectively protecting the natural environment and safeguarding social safety so as to promote common, harmonious and sustainable development of the Company and the society.

1. Protection of the rights and interests of our shareholders and creditors

We continuously improve our corporate governance structure, regulate our operation and enhance our

management on information disclosure and investor relations. We treat all our investors fairly and justly, ensure their rights to know about, participate in and vote on the significant events of the Company, and safeguard the legal rights and interests of all our shareholders, especially our minority shareholders.

2. Protection of the rights and interests of our employees

Considering employees the most valuable resource for our survival and development, we constantly improve our employment system, improve the compensation packages for our employees and attach importance to talent cultivation so as to provide opportunities and space for the sustainable development of our employees as well as realize the common development of the employees and the Company. We also pay attention to the health of our employees, attach importance to production safety and labor protection, and improve the working and living conditions for our employees so as to formulate harmonious and stable labor relations.

3. Protection of the rights and interests of our customers and consumers

We have been upholding the “Customer First” principle in our provision of quality products and services to customers. We operate honestly and disallow any unfair trade practice against commercial ethics, market rules and the fair competition principle. We also improve our product quality and after-sales services and try to build a win-win relationship with our customers.

4. Protection of the rights and interests of our suppliers

We respect and protect the legal rights and interests of our suppliers, carefully protect their secret and proprietary information, encourage and push them to continuously improve the quality of their products and services through creating an environment for open and fair competition among them so as to realize mutual benefits and mutual development of the suppliers and the Company.

5. Environmental protection and sustainable development

As an active response to the government’s call for building an environment-friendly and resource-saving society, we take on our responsibility of environmental protection and strictly abide by the government’s laws and regulations in environmental protection. In the reporting period, we enhanced the R&D, promotion and sale of environment-friendly and high-efficient products. We have passed the ISO14001 environmental management system certification, passed the province’s voluntary clean production examination and won the title of “Clean Production Enterprise in Guangdong Province”.

6. Public relations and welfare

We attach importance to the realization of our social value and see creating a prosperous society as a commitment that we should take on, trying to boost the local economy through our own development. We have been granted by

the local government the title of “Foshan Over-100-Million Tax Payer” for many years due to our contributions in boosting the harmonious development of the Company and the community.

Is the Company or any of its subsidiaries a heavily polluting business identified by the environmental protection authorities of the country?

Yes No Inapplicable

Is a social responsibility report released?

Yes No

XXI. Corporate bonds

Corporate bonds publicly offered and listed on the stock exchange which were undue before the approval date of this Report or were due but could not be redeemed in full

Yes No

Section VI Share Changes & Particulars about the Shareholders

I. Share changes

1. Particulars about share changes

Unit: share

	Before		Increase/decrease (+/-)					After	
	Number	Percentage (%)	New issues	Bonus shares	Increase from capital reserve	Other	Subtotal	Number	Percentage (%)
I. Restricted shares	3,392,721	0.35%			1,017,816	8,245,324	9,263,140	12,655,861	0.99%
3. Shares held by other domestic investors	3,392,721	0.35%			1,017,816	129,295	1,147,111	4,539,832	0.36%
Among which: shares held by domestic corporations	3,057,918	0.31%			917,375	-15,367	902,008	3,959,926	0.31%
Shares held by domestic individuals	334,803	0.03%			100,441	144,662	245,103	579,906	0.05%
4. Shares held by foreign investors	0	0.00%			0	8,116,029	8,116,029	8,116,029	0.64%
Shares held by foreign individuals	0	0.00%			0	8,116,029	8,116,029	8,116,029	0.64%
II. Non-restricted shares	975,171,024	99.65%			292,551,307	-8,245,324	284,305,983	1,259,477,007	99.01%
1. RMB ordinary shares	749,949,987	76.64%			224,984,996	-73,395	224,911,601	974,861,588	76.63%
2. Domestically listed foreign shares	225,221,037	23.02%			67,566,311	-8,171,929	59,394,382	284,615,419	22.37%
III. Total shares	978,563,745	100.00%			293,569,123		293,569,123	1,272,132,868	100.00%

Reasons for the share changes

√ Applicable □ Inapplicable

1. As resolved by the 2014 Annual General Meeting, the Company granted on 18 Jun. 2015 three additional shares with its capital reserve to all of its shareholders for every 10 shares they held, representing an increment of 293,569,123 shares to the total shares.

2. In the reporting period, the ownership of 15,367 restricted shares was transferred from domestic corporations to domestic individuals.
3. In the reporting period, the directors, supervisors and senior management staff of the Company increased their shareholdings in the Company, representing an increase of 65,520 restricted shares.
4. In the reporting period, due to the re-election of the Board of Directors and the Supervisory Committee, the Company's shares held by some new and outgoing directors were locked up as stipulated, resulting in an increment of 8,179,804 restricted shares.
5. Due to Item 1、3 and 4 above, the Company's restricted shares increased by 9,263,140 shares in the reporting period.

Approval of the share changes

Applicable Inapplicable

On 27 May 2015, the "Preliminary Plan for Profit Distribution for 2014" was reviewed and approved at the 2014 Annual Shareholders' General Meeting held by the Company. As the profit distribution plan for 2014, the Company, based on the total 978,563,745 shares as at the end of 2014, distributed a cash dividend of RMB2.20 (tax included; dividends for B-share holders paid in HKD) and granted three additional shares with its capital reserve to its shareholders of A share and B share for every 10 shares they held. The granted additional shares were 293,569,123 shares in total.

Transfer of share ownership

Applicable Inapplicable

Effects of the share changes on the basic EPS, diluted EPS, net assets per share attributable to the common shareholders of the Company and other financial indexes over the last year and the last reporting period

Applicable Inapplicable

In the reporting period, the Company completed granting three additional shares with its capital reserve to all its shareholders for every 10 shares they held, and the total shares of the Company increased from 978,563,745 to 1,272,132,868. And the effects of this change in the shares on the basic EPS, diluted EPS, net assets per share attributable to the common shareholders of the Company and other financial indexes over the last year and the last reporting period are as follows:

Item	2014		2015
	Based on old share capital	Based on new share capital	Based on new share capital
Basic EPS (RMB Yuan/share)	0.2720	0.2092	0.0420

Diluted EPS (RMB Yuan/share)	0.2720	0.2092	0.0420
Net assets per share (RMB Yuan/share)	3.11	2.39	3.95

Other contents that the Company considers necessary or is required by the securities regulatory authorities to disclose

Applicable Inapplicable

2. Changes in the restricted shares

Applicable Inapplicable

Unit: share

Name of shareholder	Opening restricted shares	Unlocked in current period	Increased in current period	Closing restricted shares	Reason for unlocking	Date of unlocking
Zhuang Jianyi	0	0	8,116,029	8,116,029	Lockup of director's shares	Unsure
Cheng Ke	0	0	7,875	7,875	Lockup of director's shares	Unsure
Liu Xingming	263,460	0	95,613	359,073	Lockup of senior executive's shares	Unsure
Wei Bin	11,763	0	13,864	25,627	Lockup of senior executive's shares	Unsure
Xie Qing	9,150	0	13,763	22,913	Lockup of senior executive's shares	Unsure
Jiao Zhigang	17,160	0	13,923	31,083	Lockup of senior executive's shares	Unsure
Chen Yu	5,025	0	7,845	12,870	Lockup of senior executive's shares	Unsure
Zhang Yong	8,025	0	10,695	18,720	Lockup of supervisor's shares	Unsure
Ye Zhenghong	15,420	0	6,576	21,996	Lockup of supervisor's shares	Unsure
Zhang Xuequan	4,800	0	3,683	8,483	Lockup of	Unsure

					supervisor's shares	
Pan Jie	0	0	55,900	55,900	Lockup of outgoing director's shares	2016-06-26
Total	334,803	0	8,345,766	8,680,569	--	--

II. Issuance and listing of securities

1. Issuance of securities (not including preference shares) in the reporting period

Applicable Inapplicable

2. Changes in the total shares of the Company and the shareholder structure as well as the asset and liability structures

Applicable Inapplicable

In the reporting period, the Company completed granting three additional shares with its capital reserve to all its shareholders for every 10 shares they held, and the total shares of the Company increased from 978,563,745 to 1,272,132,868.

3. Existing staff-held shares

Applicable Inapplicable

III. Shareholders and actual controller

1. Total number of the shareholders and their shareholdings

Unit: share

Total number of common shareholders at period-end	68,543	Total number of common shareholders at pervious month-end of this Report's disclosure	84,969	Total number of preference shareholders with resumed voting rights at period-end (if any) (see Note 8)	0	Total number of preference shareholders with resumed voting rights at pervious month-end of this Report's disclosure (if any) (see Note 8)	0
Shareholdings of shareholders with shareholding percentage over 5% or top 10 shareholders							
Name of	Nature of	Sharehold	Total shares	Increase/	Number	Number of	Pledged or frozen shares

shareholder	shareholder	ng percentage (%)	held at period-end	decrease during reporting period	of restricted shares held	non-restricted shares held	Status of shares	Number of shares
Hong Kong Wah Shing Holding Company Limited	Foreign corporation	13.47%	171,360,391			171,360,391		
Prosperity Lamps & Components Limited	Foreign corporation	10.50%	133,577,143			133,577,143		
Guangdong Electronics Information Industry Group Ltd.	State-owned corporation	4.74%	60,357,728			60,357,728		
Shenzhen Rising Investment Development Co., Ltd.	State-owned corporation	3.11%	39,536,747			39,536,747		
Central Huijin Asset Management Co., Ltd.	State-owned corporation	2.42%	30,799,000			30,799,000		
Essence International Securities (Hong Kong) Co., Ltd.	Foreign corporation	1.85%	23,575,561			23,575,561		
Hong Kong Rising Investment Development Co., Ltd.	Foreign corporation	1.82%	23,165,684			23,165,684		
DBS Vickers (Hong Kong) Ltd A/C Clients	Foreign corporation	1.72%	21,935,263			21,935,263		
Wang Changhua	Domestic individual	1.25%	15,876,255			15,876,255		
Beijing He Ju Investment Management Co., Ltd.-He Ju Platform Securities Investment Fund	Domestic non-state-owned corporation	1.10%	13,998,802			13,998,802		

Strategic investor or general corporation becoming a top ten shareholder due to placing of new shares (if any) (see Note 3)	Inapplicable		
Related or acting-in-concert parties among shareholders above	Among the top 10 shareholders of the Company, Hong Kong Wah Shing Holding Company Limited, Guangdong Electronics Information Industry Group Ltd., Shenzhen Rising Investment Development Co., Ltd. and Hong Kong Rising Investment Development Co., Ltd. are acting-in-concert parties. Apart from that, it is unknown whether there is among the top 10 shareholders any other related parties or acting-in-concert parties as defined in the Administrative Measures for the Acquisition of Listed Companies.		
Shareholdings of top 10 shareholders holding non-restricted shares			
Name of shareholder	Number of non-restricted shares held at period-end	Type of shares	
		Type	Number
Hong Kong Wah Shing Holding Company Limited	171,360,391	RMB ordinary share	171,360,391
Prosperity Lamps & Components Limited	133,577,143	RMB ordinary share	133,577,143
Guangdong Electronics Information Industry Group Ltd.	60,357,728	RMB ordinary share	60,357,728
Shenzhen Rising Investment Development Co., Ltd.	39,536,747	RMB ordinary share	39,536,747
Central Huijin Asset Management Co., Ltd.	30,799,000	RMB ordinary share	30,799,000
Essence International Securities (Hong Kong) Co., Ltd.	23,575,561	Domestically listed foreign share	23,575,561
Hong Kong Rising Investment Development Co., Ltd.	23,165,684	Domestically listed foreign share	23,165,684
DBS Vickers (Hong Kong) Ltd A/C Clients	21,935,263	Domestically listed foreign share	21,935,263
Wang Changhua	15,876,255	RMB ordinary share	15,876,255
Beijing He Ju Investment Management Co., Ltd.-He Ju Platform Securities Investment Fund	13,998,802	RMB ordinary share	13,998,802
Related or acting-in-concert parties among top 10 non-restrictedly tradable share holders as well as between top	Among the top 10 non-restrictedly tradable share holders of the Company, Hong Kong Wah Shing Holding Company Limited, Guangdong Electronics Information Industry Group Ltd., Shenzhen Rising Investment Development Co., Ltd. and Hong Kong Rising		

10 non-restrictedly tradable shareholders and top 10 shareholders	Investment Development Co., Ltd. are acting-in-concert parties. Apart from that, it is unknown whether there is among the top 10 shareholders any other related parties or acting-in-concert parties as defined in the Administrative Measures for the Acquisition of Listed Companies.
Top 10 common shareholders conducting securities margin trading (if any) (see Note 4)	Wang Changhua, an individual shareholder, holds 3,618,555 shares in the Company in a common securities account and 12,257,700 shares in a client account of collateral securities for margin trading. As such, the shares that he holds in the Company total 15,876,255 shares.

Did any of the top 10 common shareholders or the top 10 non-restricted common shareholders of the Company conduct any promissory repo during the reporting period?

Yea No

No such cases in the reporting period.

2. Particulars about the controlling shareholder

Nature of the controlling shareholder: Controlled by the local government

Type of the controlling shareholder: Corporation

Name of controlling shareholder	Legal representative / company principal	Date of establishment	Organization code	Business scope
Guangdong Electronics Information Industry Group Ltd.	He Yong	2000-10-19	91440000725458764N	Development, production and sale of electronics, IT products and electrical appliances, operation of electronic information networks and computers, electronic computer technology service, and equipment and venue rental service; sale of electronic computers and fittings, electronic components, electron devices, and electrical machinery and equipment; wholesale of coal; energy performance contracting service, development and consulting service of energy-saving technology, and manufacture and installation of energy-saving equipment; parking lot operation (188 Yueken Road, Tianhe District, Guangzhou, Guangdong Province, P.R.China); import and export of goods; and training of professional

				and technical personnel.
Shenzhen Rising Investment Development Co., Ltd.	Wu Xiaohui	2003-08-27	91440300754255560K	Equity and venture capital investment (approval shall be obtained for each specific investment project); industrial investment (approval shall be obtained for each specific investment project); trustee service for asset management (not including securities, insurance, funds, financial service, human resources consulting service and other restricted business); and investment information consulting service, economic information consulting service, investment management planning, corporate identity design (excluding restricted business).
Hong Kong Rising Investment Development Limited	Liu Wei	2001-07-11	764105	Investment and asset management
Shareholdings of controlling shareholder in other listed companies at home or abroad in reporting period	In the reporting period, Guangdong Electronics Information Industry Group Ltd. held 61,348,500 shares in Foshan NationStar Optoelectronics Co., Ltd., representing a stake of 12.90% in NationStar. Shenzhen Rising Investment Development Co., Ltd. held 34,984,561 shares in Guangdong Fenghua Advanced Holding Co., Ltd., accounting for 4.33% of Fenghua's total shares; and held 122,621,532 shares in Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd., representing a stake of 5.54% in Nonfemet.			

Change of the controlling shareholder during the reporting period

√ Applicable □ Inapplicable

New controlling shareholder	Guangdong Electronics Information Industry Group Ltd. and its acting-in-concert parties Shenzhen Rising Investment Development Co., Ltd. and Hong Kong Rising Investment Development Limited
Date of change	2015-12-04
Index to relevant information on designated website	Title of public announcement: Public Announcement on the Change of the Controlling Shareholder and the Actual Controller; public announcement No.: 2015-059; website: www.cninfo.com.cn
Date of disclosure	2015-12-07

3. Particulars about the actual controller

Nature of the actual controller: Local management organization for state-owned assets

Type of the actual controller: Corporation

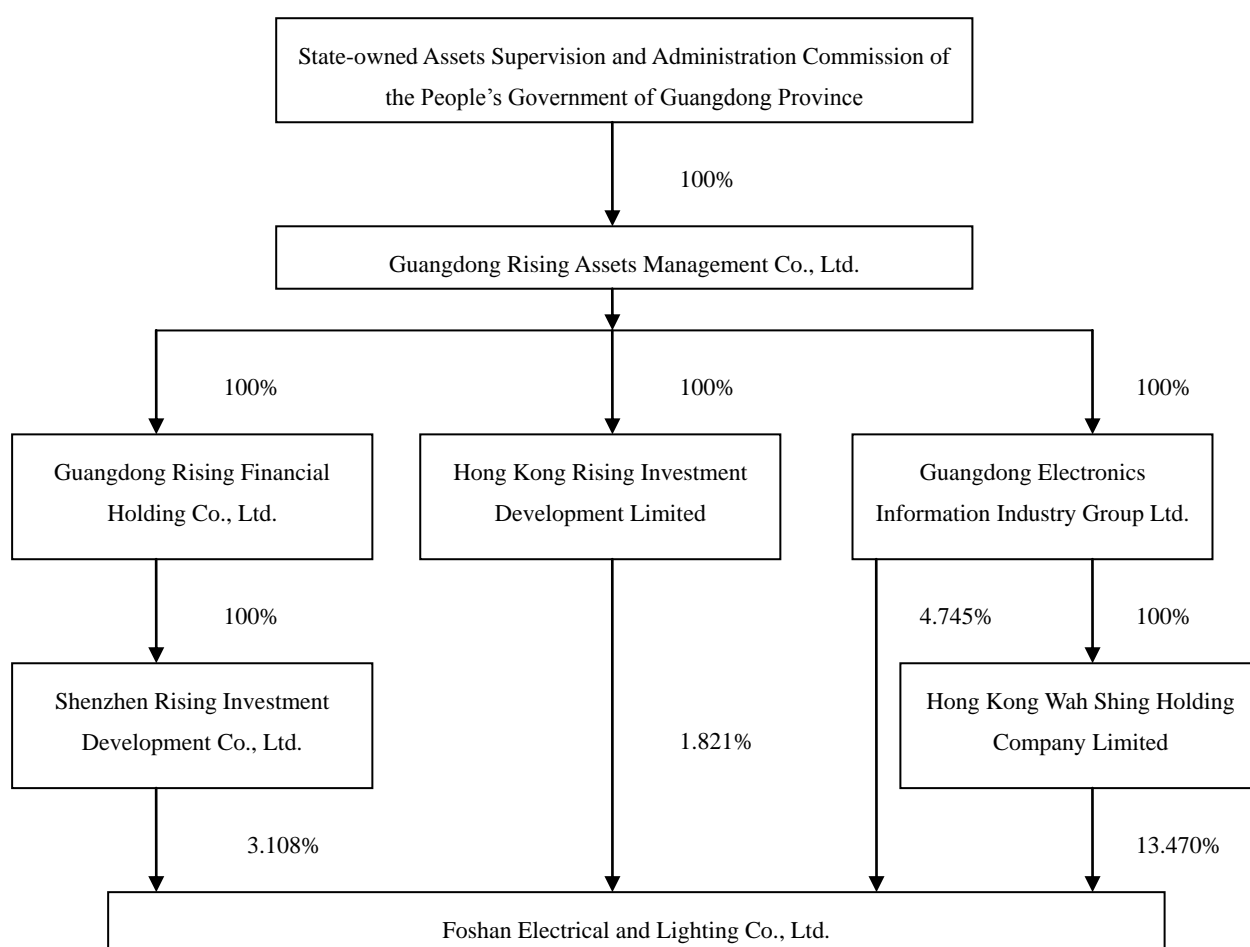
Name of actual controller	Legal representative / company principal	Date of establishment	Organization code	Business scope
Guangdong Rising Assets Management Co., Ltd.	Zhu Wei	1999-12-23	91440000719283849E	Asset management and operation, equity management and operation, investment operation, and management and re-investment of investment earnings; other business authorized by the state-owned assets administration of the Guangdong Province; contractor service for overseas projects and domestic projects calling for international bids, contractor service for survey, consulting, design and supervision of the aforesaid overseas projects, export of equipment and materials for the aforesaid overseas projects, and dispatch of contract workers for the aforesaid overseas projects; property rental service; and exploitation, sale and deep processing of rare earth (operated by the branches with the relevant licenses).
Shareholdings of actual controller in other listed companies at home or abroad under its control in reporting period	In the reporting period, Guangdong Rising Assets Management Co., Ltd. directly or indirectly held the following stakes in other listed companies at home or abroad: 1. a 44.31% stake of 116,136,793 shares in Rising Nonferrous (stock code: 600259); 2. a 36.05% stake of 797,650,880 shares in Nonfemet (stock code: 000060); 3. a 26.54% stake of 214,286,912 shares in Fenghua Advanced (stock code: 000636); 4. a 20.16% stake of 95,919,832 shares in NationStar Optoelectronics (stock code: 002449); 5. an 0.08% stake of 38,200,000 shares in Everbright Bank (stock code: 601818); 6. a 6.94% stake of 5,614,082,653 shares in China Telecom (stock code: 00728).			

Change of the actual controller during the reporting period

√ Applicable □ Inapplicable

New actual controller	Guangdong Rising Assets Management Co., Ltd.
Date of change	2015-12-04
Index to relevant information on designated website	Title of public announcement: Public Announcement on the Change of the Controlling Shareholder and the Actual Controller; public announcement No.: 2015-059; website: www.cninfo.com.cn
Date of disclosure	2015-12-07

Illustration on the ownership and control relationship between the Company and its actual controller



The actual controller controls the Company via trust or other ways of asset management

□ Applicable √ Inapplicable

4. Other corporate shareholders with an over 10% stake in the Company

√ Applicable □ Inapplicable

Name of corporate shareholder	Legal representative / company principal	Date of establishment	Registered capital	Business scope
Prosperity Lamps & Components Limited	Zhuang Jianyi	1978-04-28	HKD2 million	Import and export of electronics, electric lighting products, lamps, electric lighting equipment, etc., and design, installation and after-sales service of lighting solutions

5. Limits on the Company's shares held by its controlling shareholder, actual controller, reorganizer and other commitment subjects

Applicable Inapplicable

The controlling shareholders have made a commitment that within 12 months from the date of the control right change (4 Dec. 2015), they shall not transfer or entrust others to manage the shares directly or indirectly held by them in the Company, nor shall they allow the Company to repurchase those shares, except for the case where those shares may be transferred for no compensation due to any business or asset integration with their actual controller or their actual controller's controlled subsidiaries.

Section VII Preference Shares

Applicable Inapplicable

No preference shares in the reporting period.

Section VIII Directors, Supervisors, Senior Management Staff & Employees

I. Changes in the shareholdings of the directors, supervisors and senior management staff

Name	Office title	Current/former	Gender	Age	Beginning date of office term	Ending date of office term	Opening shareholding (share)	Increase in current period (share)	Decrease in current period (share)	Other increase/decrease (share)	Closing shareholding (share)
He Yong	Board Chairman	Current	Male	55	25 Dec. 2015	25 Dec. 2018	0				0
Zhuang Jianyi	Vice Board Chairman	Current	Male	64	25 Dec. 2015	25 Dec. 2018	8,324,132			2,497,240	10,821,372
Liu Ren	Director	Current	Male	48	25 Dec. 2015	25 Dec. 2018	0				0
Cheng Ke	Director	Current	Male	41	25 Dec. 2015	25 Dec. 2018	10,500				10,500
Chen Binghui	Director	Current	Male	51	25 Dec. 2015	25 Dec. 2018	0				0
Huang Zhiyong	Director	Current	Male	46	25 Dec. 2015	25 Dec. 2018	0				0
Zhang Nan	Independent Director	Current	Female	66	25 Dec. 2015	25 Dec. 2018	0				0
Lu Rui	Independent Director	Current	Male	40	25 Dec. 2015	25 Dec. 2018	0				0
Lv Wei	Independent Director	Current	Male	51	25 Dec. 2015	25 Dec. 2018	0				0
Liang Yuefei	Chairman of the Supervisory	Current	Female	40	25 Dec. 2015	25 Dec. 2018	0				0
Zhuang Junjie	Supervisor	Current	Male	30	25 Dec. 2015	25 Dec. 2018	0				0
Zhang Yong	Supervisor	Current	Male	41	10 Dec. 2015	10 Dec. 2018	10,700	8,500		5,760	24,960
Ye Zhenghong	Supervisor	Current	Male	42	10 Dec. 2015	10 Dec. 2018	20,560	2,000		6,768	29,328
Zhang	Supervisor	Current	Male	38	10 Dec. 2015	10 Dec. 2018	6,400	2,300		2,611	11,311

Xuequan	r				2015	2018					
Liu Xingming	General Manager	Current	Male	53	28 May 2013	25 Dec. 2018	351,280	17,000		110,484	478,764
Lin Yihui	Company Secretary	Current	Male	61	28 May 2013	25 Dec. 2018	0	10,000		3,000	13,000
Wei Bin	Vice GM	Current	Male	46	28 May 2013	25 Dec. 2018	15,684	10,600		7,885	34,169
Xie Qing	Vice GM	Current	Male	41	28 May 2013	25 Dec. 2018	12,950	11,300		7,275	31,525
Jiao Zhigang	Vice GM	Current	Male	43	17 Sep. 2013	25 Dec. 2018	22,880	9,000		9,564	41,444
Chen Yu	Vice GM	Current	Male	43	13 May 2014	25 Dec. 2018	6,700	6,500		3,960	17,160
Pan Jie	Chairman of the Board	Former	Male	44	28 May 2013	25 Dec. 2015	0	43,000		12,900	55,900
Liu Xingming	Vice Chairman	Former	Male	53	28 May 2013	25 Dec. 2015	351,280	17,000		110,484	478,764
Wu Shengbo	Director	Former	Male	49	28 May 2013	25 Dec. 2015	0				0
Werner Jürgen Dietrich Hoffmann	Director	Former	Male	46	28 May 2013	25 Dec. 2015	0				0
Ye Zaiyou	Director	Former	Male	59	28 May 2013	25 Dec. 2015	0				0
Yang Jianhu	Director	Former	Male	38	28 May 2013	25 Dec. 2015	0				0
Liu Zhenping	Independent Director	Former	Male	67	28 May 2013	25 Dec. 2015	0				0
Dou Linping	Independent Director	Former	Male	56	28 May 2013	25 Dec. 2015	0				0
Xue Yizhong	Independent Director	Former	Male	47	28 May 2013	25 Dec. 2015	0				0
Zhuang Rujia	Supervisor	Former	Male	58	28 May 2013	25 Dec. 2015	0				0
Zhang Yingqi	Supervisor	Former	Male	64	28 May 2013	25 Dec. 2015	0				0
Yin Jianchun	CFO	Former	Male	40	28 May 2013	7 Jan. 2016	0	27,000		8,100	35,100
Total	--	--	--	--	--	--	9,133,066	164,200	0	2,786,031	12,083,297

II. Changes in the directors, supervisors and senior management staff

Name	Office title	Type of change	Date	Reason
He Yong	Board Chairman	Elected	25 Dec. 2015	The term of the Board of Directors changed and be elected as the Chairman of the Board of the 8 th Board of Directors of the Company
Zhuang Jianyi	Vice Board Chairman	Elected	25 Dec. 2015	The term of the Board of Directors changed and be elected as the Vice Chairman of the Board of the 8 th Board of Directors of the Company
Liu Ren	Director	Elected	25 Dec. 2015	The term of the Board of Directors changed and be elected as the Director of the Board of the 8 th Board of Directors of the Company
Cheng Ke	Director	Elected	25 Dec. 2015	The term of the Board of Directors changed and be elected as the Directors of the Board of the 8 th Board of Directors of the Company
Chen Binghui	Director	Elected	25 Dec. 2015	The term of the Board of Directors changed and be elected as the Director of the Board of the 8 th Board of Directors of the Company
Huang Zhiyong	Director	Elected	25 Dec. 2015	The term of the Board of Directors changed and be elected as the Director of the Board of the 8 th Board of Directors of the Company
Zhang Nan	Independent Director	Elected	25 Dec. 2015	The term of the Board of Directors changed and be elected as the Independent Director of the Board of the 8 th Board of Directors of the Company
Lu Rui	Independent Director	Elected	25 Dec. 2015	The term of the Board of Directors changed and be elected as the Independent Director of the Board of the 8 th Board of Directors of the Company
Lv Wei	Independent Director	Elected	25 Dec. 2015	The term of the Board of Directors changed and be elected as the Independent Director of the Board of the 8 th Board of Directors of the Company
Liang Yuefei	Chairman of the Supervisory	Elected	25 Dec. 2015	The term of the Board of Supervisors changes and be elected as the Supervisor of the Board of the 8 th Board of Supervisors of the Company
Zhuang Junjie	Supervisor	Elected	25 Dec. 2015	The term of the Board of Supervisors changes and be elected as the Supervisor of the Board of the 8 th Board of Supervisors of the Company
Zhang Yong	Supervisor	Elected	10 Dec. 2015	The term of the Board of Supervisors changes and be elected as the Supervisor of the Board of the 8 th Board of Supervisors of the Company
Ye Zhenghong	Supervisor	Elected	10 Dec. 2015	The term of the Board of Supervisors changes and be elected as the Supervisor of the Board of the 8 th Board of Supervisors of the Company
Zhang Xuequan	Supervisor	Elected	10 Dec. 2015	The term of the Board of Supervisors changes and be elected as the Supervisor of the Board of the 8 th Board of

				Supervisors of the Company
Liu Xingming	General Manager	Appointed and dismissed	28 May 2013	Be appointed as the GM of the Company
Lin Yihui	Board Secretary	Appointed and dismissed	28 May 2013	Be appointed as the Board Secretary of the Company
Wei Bin	Vice GM	Appointed and dismissed	28 May 2013	Be appointed as the Vice GM of the Company
Xie Qing	Vice GM	Appointed and dismissed	28 May 2013	Be appointed as the Vice GM of the Company
Jiao Zhigang	Vice GM	Appointed and dismissed	17 Sep. 2013	Be appointed as the Vice GM of the Company
Chen Yu	Vice GM	Appointed and dismissed	13 May 2014	Be appointed as the Vice GM of the Company
Pan Jie	Chairman of the Board	Left as term expired	25 Dec. 2015	Left as the term of the Board of Directors expired
Liu Xingming	Vice Chairman	Left as term expired	25 Dec. 2015	Left as the term of the Board of Directors expired
Wu Shengbo	Director	Left as term expired	25 Dec. 2015	Left as the term of the Board of Directors expired
Werner Jürgen Dietrich Hoffmann	Director	Left as term expired	25 Dec. 2015	Left as the term of the Board of Directors expired
Ye Zaiyou	Director	Left as term expired	25 Dec. 2015	Left as the term of the Board of Directors expired
Yang Jianhu	Director	Left as term expired	25 Dec. 2015	Left as the term of the Board of Directors expired
Liu Zhenping	Independent Director	Left as term expired	25 Dec. 2015	Left as the term of the Board of Directors expired
Dou Linping	Independent Director	Left as term expired	25 Dec. 2015	Left as the term of the Board of Directors expired
Xue Yizhong	Independent Director	Left as term expired	25 Dec. 2015	Left as the term of the Board of Directors expired
Zhuang Rujia	Supervisor	Left as term expired	25 Dec. 2015	Left as the term of the Board of Supervisors expired
Zhang Yingqi	Supervisor	Left as term expired	25 Dec. 2015	Left as the term of the Board of Supervisors expired
Yin Jianchun	CFO	Dismissed	7 Jan. 2016	Resigned owing to personal reasons

III. Brief biographies

Professional backgrounds, main working experience and current responsibilities in the Company of the current directors, supervisors and senior management staff

1. Working experience of the directors

Mr. He Yong: Han nationality, born in Sep. 1960, a member of the Communist Party of China. He graduated

from Open University of Hong Kong with a MBA and master's degree. He once acted as the Vice-minister of the Operating and Management Department of Guangdong Rising Assets Management Co., Ltd., the Chairman of the Reform and Stability Office, the Minister of the Operating and Management Department, the Supervisor of Shenzhen Zhongjin Lingnan Nonfermet Co., Ltd., the GM of Guangdong Electronics Information Industry Group Ltd. and Deputy Secretary. Now he serves as the Chairman of the Board of Directors of Guangdong Electronics Information Industry Group Ltd., the Party Secretary and the Chairman of Foshan NationStar Optoelectronics Co., Ltd., the Chairman of Foshan Sigma Venture Capital Co., Ltd. and the Chairman of Shenzhen Primatronix (Nanhu) Electronics Ltd.

Mr. Zhuang Jianyi: born in 1951, with a bachelor's degree and MBA. He now acts as the Chairman of Hong Kong Yuchang Lighting Equipment, the Director of Xiamen Bank and has been engaged in the electric light source equipment production as well as the trading business for about 40 years. From 1995 to 2010, he acted as the Directors, the Vice Chairman and the Chairman of the Company.

Mr. Liu Ren: Han nationality, born in Aug. 1967, a member of the Communist Party of China as well as a senior economist. He graduated from Hunan College of Finance and Economics with a master's degree. He once acted as the GM Assistant of the headquarter of Xiangcai Securities Investment Bank, the Vice GM of Fortune Securities Investment Bank, Vice GM and member of the party committee of the 23rd Metallurgical Construction Group Co., Ltd. of Minerals; during the Y2002 and 2010, he acted as the Independent Directors of Henan Pinggao Electronic Co., Ltd. and Hunan Chen Dian International Development Share-holding Limited Company. He now acts as the GM Assistant of Guangdong Rising Assets Management Co., Ltd. and the Minister of the Capital Operation Department, and the Director of Foshan NationStar Optoelectronics Co., Ltd. and the Supervisor of Shenzhen Primatronix (Nanhu) Electronics Ltd.

Mr. Cheng Ke: Han nationality, born in Feb. 1974, a member of the Communist Party of China and an auditor with the bachelor's degree. He once acted as the Attendant of the Audit Division of Guangzhou Dongshan Corporate Authority of Guangzhou Military Logistics Department, the Assistant Supervisor, the Supervisor, the Senior Executive and the Vice-Minister of the Financing Plan Department of Guangdong Rising Assets Management Co., Ltd., Vice GM of Hubei Ashennan Expressway Development Co., Ltd., Hubei Gdrising Han-E Expressway Co., Ltd. and Hubei Han-Cai Expressway Co., Ltd. and now acts as the Minister of the Financing Plan Department of Guangdong Rising Assets Management Co., Ltd. and the Director of Guangdong Rising Assets Management Co., Ltd.

Mr. Chen Binghui: Han nationality, born in Aug. 1964, a member of the Communist Party of China and an

engineer. He graduated from Sun Yat-Sen University with a master's degree of Business Management. He once acted as the Store Manager of Guangdong Electronic Equipment Co., Ltd., Vice-Mnister, Minister, GM Assistant of Guangdong Electronics Information Industry Group Ltd.. And he now acts as the Vice GM, a member of Communist Party of China of Guangdong Electronics Information Industry Group Ltd., the Director of HYB Battery Co., Ltd., the Executive Director and the Legal Person of Guangdong HYB New Energy Co., Ltd.

Mr. Huang Zhiyong: Han nationality, born in Aug. 1969, a member of the Communist Party of China and an engineer. He graduated from Xidian University with a bachelor's degree of Electronic Devices Structures. He once acted as the Vice GM of Shenzhen Primatronix (Nanho) Electronics Ltd., the Minister of Enterprise Development Department and the GM Assistant of Guangdong Electronics Information Industry Group Ltd.. He now acts as the Vice GM and a member of Communist Party of China of Guangdong Electronics Information Industry Group Ltd. and the Chairman of Vollsun Ltd., the Director and GM of Foshan Sigma Venture Capital Co., Ltd..

Ms. Zhang Nan (Independent Director): Han nationality, born in Feb. 1949, a member of the Communist Party of China and a senior economist. She graduated from Chinese Academy of Social Sciences with a master degree of economic law. She once acted as the Vice-Minister of Beijing Electronic Instruments Industry System Office, Deputy Director of Audit and Regulations Bureau, the Director, the Deputy Director and the Chief of the research laboratory of SETC, the Regulations Bureau and the Economic cadre training center as well as the bureau-level Supervisor of the large enterprises of the Board of Supervisors of the State-owned Assets Supervision and Administration Commission and retired in Mar. 2009. Since Jun. 2010, she serves as the Independent Director of CSCL; and as the Independent Director of Guandgong Rising Nonferrous Metals Co., Ltd. since Mar. 2014.

Mr. Lu Rui (Independent Director): Chinese Nationality, born in Jan. 1975. He graduated from the Sun Yat-Sen University of Management Accounting with a doctor's degree of management. He now acts as the Associate Professor of Lingnan (University) College of Sun Yat-Sen University and the Head of the Accounting and Capital Operation Research Center. He once acted as the Teaching Assistant and the Lecturer of the Financial Accounting Department of Guangzhou Finance & Trade Management Institute as well as the Lecturer and the Associate Professor of Lingnan (University) College of Sun Yat-Sen University. He was a visiting scholar to the MIT Sloan School of Management in 2007 and 2009. Other committee and broad membership includes: the accounting leading (reserve) talent of Treasury National Academic, the member of All-China Financial Youth Federation, the member of Independent Director Committee of China Association for Public Companies, the member of the senior member of Accounting Society of China, the member of AAA and America Finance

Management Academy, the evaluation experts of NSFC and the researcher of the Internal Control Research Center of Sun Yat-Sen University; the Independent Director of Guangzhou GCI Science & Technology Co., Ltd. since Apr. 2010, the Independent Director of Guangzhou Haozhi Electromechanical Co., Ltd. since Jul. 2011, the Independent Director of Xilong Chemical Co., Ltd. since Jan. 2015 and the Independent Director of Guangzhou Huayuan Landscape Architecture Co., Ltd. since May 2015.

Mr. Lv Wei (Independent Director): Chinese Nationality, born in Dec. 1964. He graduated from Shanghai Fudan University of Management, with a bachelor's degree of Science, a master's degree of Economics and a doctor's degree. He now acts as the Professor, the PhD Student Supervisor of the Department of Marketing of the Antai School of Management of SJTU, and at the same time serves as the Academic Committee Secretary General of the Marketing Society of China. His research covers the strategic marketing, the corporate strategic management of the consumer behaviors and the precision marketing under the big data background. He once acted as the visiting scholar that engaged in the research respectively at the USC Marshall School of Business, the MIT Sloan School of Management and the France Insead (INSEAD Business School). He once presided over 3 items of the NSFC, participated in 2 items of the National 863 Key Projects, 1 item of the Humanities & Social Sciences of the Ministry of Education and 1 item of Shanghai Social Philosophy Fund. He has been acting as the Independent Director of Shanghai Shibe Hi-tech Co., Ltd. since Sep. 2012 till now and the Independent Director of Shanghai Lujiazui Finance & Trade Zone Development Co., Ltd. since May 2015 till now.

2. Working experience of the supervisors

Ms. Liang Yuefei: Han nationality, born in Nov. 1975, a member of the Communist Party of China and a CCPA member. She graduated from Guangdong Polytechnic Normal College with a bachelor's degree. She once acted as the Vice-Minister of the Total Fiscal Audit Department of Guangdong Electronics Information Industry Group Ltd.. And now acts as the Minister and Employee Supervisor of the Total Fiscal Department of Guangdong Electronics Information Industry Group Ltd., the Chairman of Shenzhen HYB Battery Co., Ltd., the Supervisor of Guangdong Desheng Industrial Co., Ltd., the Supervisor of Guangdong Kesheng Industrial Co., Ltd., the Supervisor of Guangdong YHB New Energy Co., Ltd., the Supervisor of ECORISING, the Supervisor of Vollsun Ltd., the Supervisor of Guangdong Xinli Electronic Information Import & Export Co., Ltd., the Supervisor of Foshan Sigma Venture Capital Co., Ltd. and the Supervisor of Foshan NationStar Optoelectronics Co., Ltd..

Mr. Zhuang Junjie: Born in Sep. 1985, a Hong Kong permanent resident. He graduated with a bachelor's degree and once acted as the Consultant Manager of Accenture Software and now acts as the Director of Hong Kong

Youchang Lighting Equipment Co., Ltd.

Mr. Zhang Yong: Born in Jun. 1974, a member of the Communist Party of China and a mechanical engineer with a college degree. From Jul. 1997, he joined in the Foshan Electrical and Lighting Co., Ltd. and successively acted as Deputy Director and Director of Lamp Filament Appliance Workshop from Oct. 1999 to Jun. 2008; acted as Factory Director of Gaoming Fluorescent Lamp Factory and Factory Director of Gaoming Branch Factory from Jul. 2008 to Dec. 2008; respectively acted as Department Director of Product Department, OEM Department, Mechanical Dynamics Department and Infrastructure Department from Jan. 2009 to Dec. 2012; acted as General Manager Assistant from Mar. 2013 up to present. In Sep. 2013, he was selected as the Chairman of the Board of Supervisors of the Company and the Deputy Party Secretary since Jul. 2015.

Mr. Ye Zhenghong: Born in Jul. 1973, a member of the Communist Party of China with a college degree. He joined the Company from Jul. 1995; worked in the Machine Repair Shop from Jul. 1997 to Jan. 2001; acted as Equipment Management Director in T8 Fluorescent Lamp Factory from Feb. 2001 to Jan. 2005; acted as Director of Machine Repair Workshop from May 2005 to Jan. 2007; acted as Chief Officer of Machinery Dynamic Department from May 2006 to Dec. 2007; and acted as factory director of T8 Fluorescent Lamp Factory from Jan. 2008 to Nov. 2013; and acted as factory director of LED of T8 from Dec. 2013 up to now; the Chairman of the 5th Board of Supervisors and the Employee Supervisor of the 6th and 7th Board of Supervisors.

Mr. Zhang Xuequan: Born in Dec. 1977, a member of the Communist Party of China with a bachelor's degree. He joined the Company in Oct. 1996. He worked in the former Iodine-tungsten Lamp Workshop from Oct. to Dec. 1996; worked in the Technology Department and then the Quality Control Department from Jan. 1997 to Aug. 2005; acted as the Workshop Manager of Lamp Workshop from Sept. 2002 to May 2008; acted as the Department Director of the Business Management Department of the Company from Jun. 2008 till now. He has concurrently acted as the Office Director since Feb. 2016. He also concurrently acted as the Secretary of the Youth League Committee from Aug. 2001 to Nov. 2010. He has acted as the Supervisor of the Company since May 2013.

3. Working experience of the senior management staff

Mr. Liu Xingming: Born in Jun. 1962, a member of the Communist Party of China and an engineer with a bachelor's degree. He joined the Company in 1983, and acted as Vice GM from 1997 to 2005; acted as GM of the Company from Dec. 2005 to Nov. 2008; acted as Vice GM of the Company in Dec. 2008; elected as the Director of the Company from 1995 to Dec. 2015; acted as Vice Director of the Board from Apr. 2011 to Dec. 2015; from Apr. 2012 up to now, he acted as the GM and Vice Director of the Board; after 1995, he was elected as the

Director of the Company. In Jul. 2015, he was elected as the Party Secretary of the Company.

Mr. Lin Yihui: Born in Nov. 1954, a member of the Communist Party of China with a master's degree in Economics. He was in active service in force from Dec. 1970 to 1986 and acted as posts of command, battalion and group; works in Foshan International Trust and Investment Company from 1986 to Sep. 2000 and acted as Section Chief and Vice GM and was in charge of the securities business of the Company as well as host the works such as the underwritten offering and listing recommendation of the shares of various companies over years; acted as Party Secretary of the Company from May. 2010 to Jun. 2015 . He has acted as the Secretary of the Company since May 2013.

Mr. Wei Bin: Born in May 1969, a member of the Communist Party of China and an engineer with a bachelor's degree. He joined in the Company in 1991, and responsible for the product development of the graduate school of the Company from Mar. 1992 to Dec. 1996, acted as Workshop Manager of Energy Saving Lamp Workshop from Jan. 1997 to Dec. 2005, acted as Workshop Manager of HID Workshop from Jan. to Dec. 2005, acted as Workshop Manager of T5 Workshop from 2006 to Nov. 2008, acted as the Department Director of the Technology Department from Nov. 2008 to 2009 and acted as Vice GM of the Company from Sep. 2009.

Mr. Xie Qing: Born in Apr. 1974, a member of the Communist Party of China and an electric light source engineer. He graduated from Nanjing Radio Industrial School in Jul. 1994, and worked in the General Bulbs Workshop of the Company upon his graduation, technician of the General Bulbs Workshop in Mar. 1996, Chief of Middle-grade Lamp Workshop in May 1997, Chief of Sing-end Lamps Workshop from 1998 to 2010, and Deputy General Manager of the Company since Jun. 2010.

Mr. Jiao Zhigang: Born in May 1972, a member of the Communist Party of China with a bachelor's degree. He graduated from South China University of Technology in Jul. 1994, and at the same year he entered Foshan Electrical and Lighting Co., Ltd. He acted as Warehouse Director of the Company from Aug. 1995 to Sep. 2013, acted as Department Director of Human Resources Department from May 2010 to Sep. 2013; selected as Employee Supervisor from Mar. 2007 to Sep. 2013, and as Chairman of the Supervisory of the Company from May 2010 to Sep. 2013. He acted as Vice GM of the Company in Sep. 2013.

Mr. Chen Yu: Born in Dec. 1972, a member of the Communist Party of China and an engineer with bachelor's degree. He entered Foshan Electrical and Lighting Co., Ltd. in Jul. 1994. And acted as workshop manager of parabolic reflector, coating film, energy saving lamp, factory director of the branch factory of Gaoming and workshop manager of general bulbs from Jan. 1997 to Dec. 2012, acted as Director of Production Department, OEM Department and Mechanical Dynamics Department from Jan. to Aug. 2013, acted as Director of Production

Department and OEM Department from Sep. 2013 to May 2014 as well as acted as Vice GM of the Company from May 2014.

Concurrent positions in the shareholder entities

Applicable Inapplicable

Name	Shareholder entity	Concurrent position in shareholder entity	Beginning date of office term	Ending date of office term	Remuneration or allowance paid by shareholder entity or not
He Yong	Guangdong Electronics Information Industry Group Ltd.	Chairman, Party Secretary			Yes
Zhuang Jianyi	Youchang Light Equipment Co., Ltd.	Chairman			Yes
Chen Binghui	Guangdong Electronics Information Industry Group Ltd.	Vice GM			Yes
Huang Zhiyong	Guangdong Electronics Information Industry Group Ltd.	Vice GM			Yes
Liang Yuefei	Guangdong Electronics Information Industry Group Ltd.	Minister of Total Fiscal Department			Yes
Zhuang Junjie	Youchang Light Equipment Co., Ltd.	Director			Yes
Notes	N/A				

Concurrent positions in other entities

Applicable Inapplicable

Name	Other entity	Concurrent position in other entity	Beginning date of office term	Ending date of office term	Remuneration or allowance paid by other entity or not
Lu Rui	Lingnan (University) College of Sun Yat-Sen University	Associate Professor,			Yes
Lv Wei	Antai School of Management of SJTU	Professor, PhD student supervisor			Yes
Liu Ren	Guangdong Rising Assets Management Co., Ltd.	GM Assistant and Minister of Capital Operating Department			Yes
Cheng Ke	Guangdong Rising Assets Management Co., Ltd.	Minister of Financing Plan Department			Yes
Notes	N/A				

Punishments imposed in the recent 3 years by the securities regulators on the current directors, supervisors and

senior management as well as those who left in the reporting period

√ Applicable □ Inapplicable

In Mar. 2013, Mr. Liu Xingming was warned by the Guangdong Securities Regulatory Bureau and be punished for the penalty of RMB30,000.

In Mar. 2013, Mr. Xie Qing and Mr. Wei Bin were warned by the Bureau.

IV. Remuneration for the directors, supervisors and senior management staff

Decision-making procedure, determining basis and actual payment for the remuneration of directors, supervisors and senior management staff

Decision-making procedure for the remuneration of directors, supervisors and senior management	The Remuneration & Appraisal Committee under the Board of Directors decides the remuneration of directors, supervisors and senior management in accordance with the Plan for Implementing the Equity Incentive Mechanism for Middle-and Top-Rank Management Personnel reviewed and approved on the 2001 Annual Shareholders' General Meeting, and the particulars on completing current main financial indexes & operating goals, as well as the fulfillment of job responsibilities by them.
Basis for determining the remuneration of directors, supervisors and senior management	The remuneration of directors (excluding independent directors), supervisors and senior management who withdraw remuneration in the Company are all decided in accordance with the Company's Plan for Implementing the Equity Incentive Mechanism for Middle-and Top-Rank Management Personnel and the Salary System and the relevant appraisal indexes. The allowance of independent directors should be granted according to the standard reviewed and approved by 2010 Annual Shareholders' General Meeting.
Actual payment of the remuneration of directors, supervisors and senior management	The total remuneration (before tax) actually paid for the directors, supervisors and senior management staffs in 2015 were of RMB 10.3898 million.

Remuneration for the directors, supervisors and senior management staff of the Company during the reporting period

Unit: RMB Ten thousand

Name	Office title	Gender	Age	Current/former	Total before-tax remuneration from the Company	Remuneration paid by related party of the Company or not
He Yong	Chairman	Male	55	Current		Yes
Zhuang Jianyi	Vice Chairman	Male	64	Current		Yes
Liu Ren	Director	Male	48	Current		Yes
Cheng Ke	Director	Male	41	Current		Yes
Chen Binghui	Director	Male	51	Current		Yes
Huang Zhiyong	Director	Male	46	Current		Yes
Zhang Nan	Independent Director	Female	66	Current		No
Lu Rui	Independent Director	Male	40	Current		No

Lv Wei	Independent Director	Male	51	Current		No
Liang Yuefei	Supervisory Board Chairman	Female	40	Current		Yes
Zhuang Junjie	Supervisor	Male	30	Current		Yes
Zhang Yong	Supervisor	Male	41	Current	52	No
Ye Zhenghong	Supervisor	Male	42	Current	34.3	No
Zhang Xuequan	Supervisor	Male	38	Current	23.07	No
Liu Xingming	GM	Male	53	Current	141.75	No
Lin Yihui	Board Secretary	Male	61	Current	71.66	No
Wei Bin	Vice GM	Male	46	Current	71.66	No
Xie Qing	Vice GM	Male	41	Current	75.07	No
Jiao Zhigang	Vice GM	Male	43	Current	71.66	No
Chen Yu	Vice GM	Male	43	Current	52	No
Pan Jie	Chairman	Male	41	Former	259.88	No
Wu Shengbo	Director	Male	49	Former		Yes
Werner Jürgen Dietrich Hoffmann	Director	Male	46	Former		Yes
Ye Zaiyou	Director	Male	59	Former		No
Yang Jianhu	Director	Male	38	Former		Yes
Liu Zhenping	Independent Director	Male	67	Former	10	No
Dou Linping	Independent Director	Male	56	Former	10	No
Xue Yizhong	Independent Director	Male	47	Former	10	No
Zhuang Rujia	Supervisor	Male	58	Former		Yes
Zhang Yingqi	Supervisor	Male	64	Former		No
Yin Jianchun	CFO	Male	40	Former	155.93	No
Total	--	--	--	--	1038.98	--

Particulars about the equity incentives awarded to the directors, supervisors and senior management staff of the Company during the reporting period

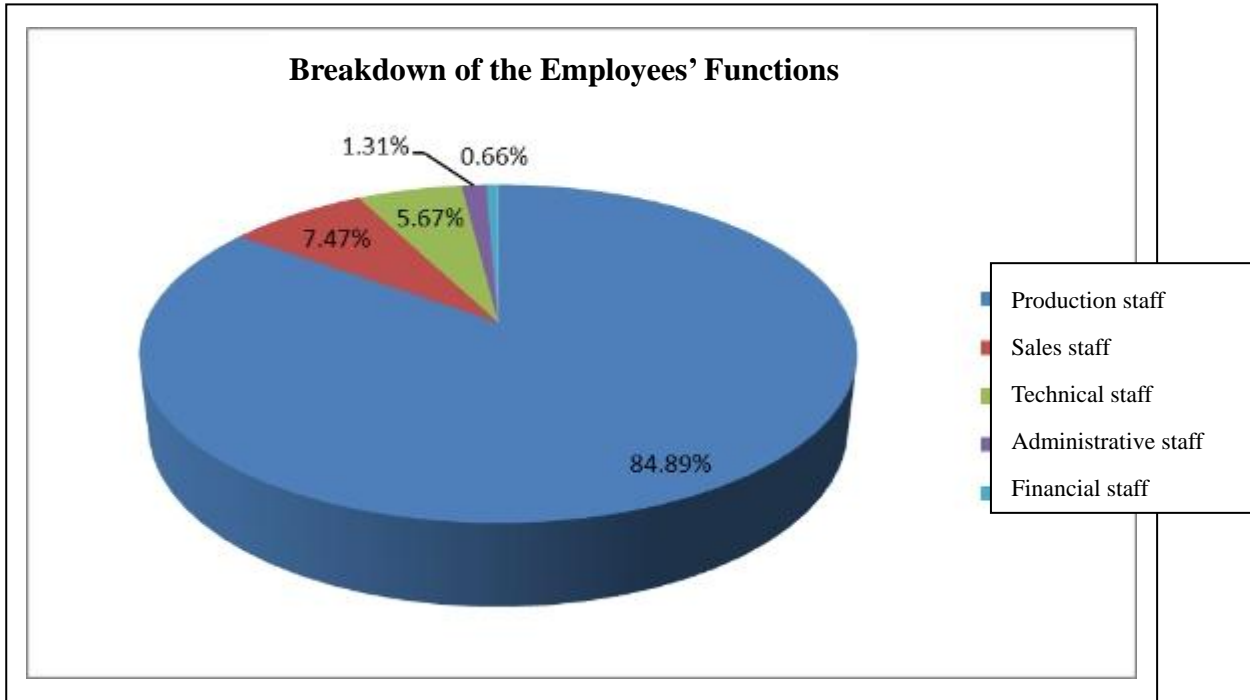
Applicable Inapplicable

V. Employees

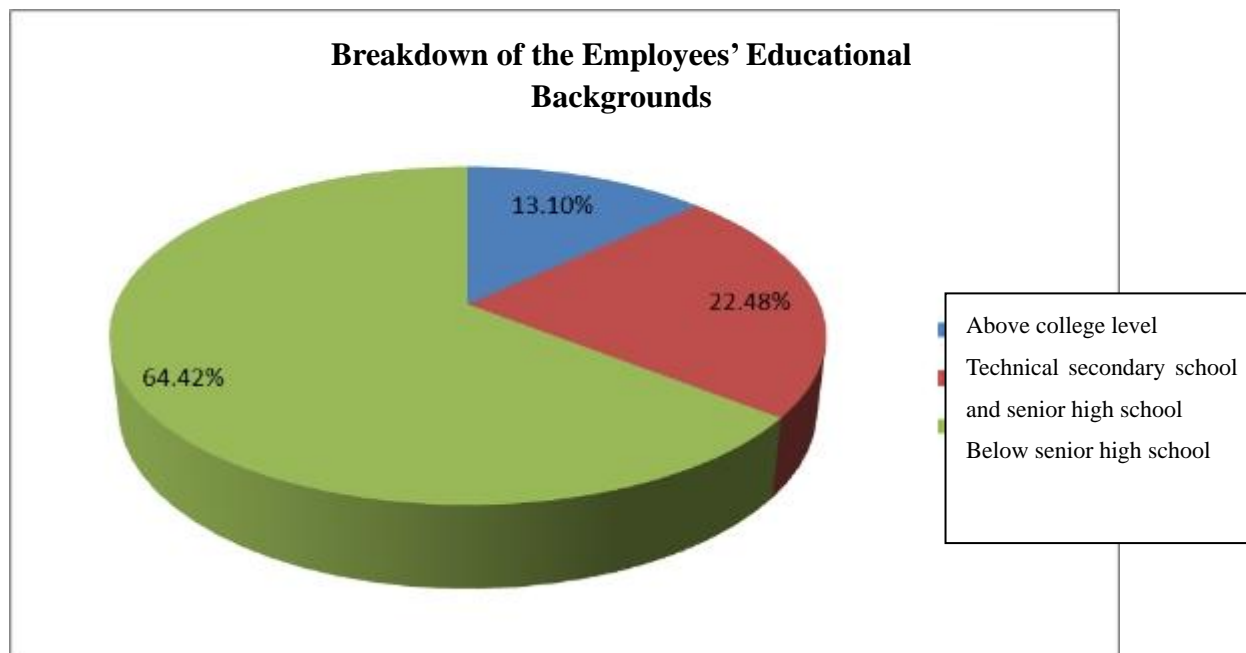
1. As to 31 Dec. 2015, the Company (branch companies and subsidiaries included) has 8028 employees in active service, of which the parent company staff of 1622 people, the main branch companies and subsidiaries staff of 6406 people. and the professional structure and educational background are as follows:

Professional structure of employees	Amount	Proportion in total amount of employees (%)
-------------------------------------	--------	---

Production staff	6815	84.89%
Sales staff	600	7.47%
Technical staff	455	5.67%
Administration staff	105	1.31%
Financial staff	53	0.66%
Total	8028	100%



Educational background	Amount	Proportion in total amount of employees (%)
Above college level	1052	13.10%
Technical secondary school and senior high school	1805	22.48%
Below senior high school	5171	64.42%
Total	8028	100%



2. The Company has signed the labor contracts with all its staffs and handled the social insurance for the staffs, as well as established the public reserve funds system. There were no particulars in violation of laws and regulations when executing the national employment system, labor protection system, social security system and medical security system. And the Company need not undertake the expenses of resigned and retired staffs.

3. Employee's remuneration policy

The general principal of the employee's remuneration policy is: as for the external part, the Company should maintain the market competitiveness of the talents by possessing of the attraction and as for the internal part, should possess of the impartiality and consistency. The salary level of the external labor market and the social average salary level as well as the wage guiding issued by the governmental department are the important reference basis for the confirm of the salary standard of the Company; to confirm different pay grade according to different positions and the position characteristics and to furthest incentive the enthusiasm of the employees; to abide with the principal of giving priority to efficiency and give consideration of the fairness and to object to the equalitarianism when distributing the remunerations, to pay with generous compensation for those excellent employees who creates great value, to appropriately incline to the key talents and the market supply shortage talents; the lowest salary of the Company should not lower than the local lowest salary standard.

4. Employees' training plan

The Company has been setting great store on the training and development work of the employees, and combined with the actual situation, annual plan, the position nature and the responsibilities as well as the development

demands, the Company built up a serious of training plan through the methods of having classes by internal lecturers and external engaged professors, which with multiple levels, channels, fields and ways to strengthen the employee training work, including the new employee orientation training, the on-the-job personnel professional training as well as the frontline staff skills training and so on, to constantly improve the overall quality of the current employees for realizing the win-win situation and mutual progress.

5. Labor outsourcing situation

Applicable Inapplicable

Payroll cost

	Current period
Total number of employees with remuneration	8,028
Total remuneration (RMB ten thousand)	43,549.80
Total remuneration in operating revenues	15.14
Average remuneration for senior executives (RMB ten thousand/person)	74.21
Average remuneration for all employees (RMB ten thousand/person)	5.42

Section IX Corporate Governance

I. Basic condition of the Company's corporate governance

During the reporting period, in strict accordance with relevant requirements of Company Law, Securities Law, Code of Corporate Governance of Listed Companies and Rules of Stock Listing of Shenzhen Stock Exchange as well as other relevant laws, rules and regulations, the Company continuously perfected the corporate governance structure and set up an effective corporate governance system. At present, the Company has set up governance structure of responsible Shareholders' General Meeting, the Board of Directors, the Supervisory Committee and managers, who performed right of decision-making, execution and supervision respectively according to their duties; besides, the Company set up special committees of the Board of Directors and system for independent directors. The Company strengthened information disclosure of principal shareholders and persons acting-in-concert, forbidden shareholders of the Company to misapply their rights. The Company separated from the principal shareholder in personnel, assets, business, financial affairs and organizational, and was absolutely independent. The Company timely revised and perfected various systems in accordance with the latest issued laws & rules and relevant regulations of CSRC and Shenzhen Stock Exchange. And the corporate governance is basically in line with the requirements of relevant laws, regulations and regular documents.

Any significant differences between the actual corporate governance of the Company and the regulatory documents issued by the CSRC governing the governance of listed companies

Yes No

No significant differences.

II. Independence of the Company from its controlling shareholder in business, personnel, asset, organization and finance

The Company completely separated from the controlling shareholders in the aspects such as the business, personnel, assets, institutions and finance and possesses independent and entire business and self-dependent operating ability.

1. As for the business, the Company is independent of the controlling shareholders and the subordinate enterprises and owns the independent business departments and management system as well as possesses of independent and entire business and self-dependent operating ability.
2. As for the personnel, the Company formulates the independent management system such as the labor, personnel and the salary, possesses the independent personnel department and the operating management team. The Senior Executives of the Company are serving at the Company in full time and receiving the salary from the Company.
3. As for the assets, the assets of the Company are independent and entire with clear ownership, and possesses the

independent production system, BOP system and the supporting facilities, as well as possesses the legal ownership of the land, factories, equipments related to the production and operating and the assets such as the trademark, patent and the non-patent technology, and possesses the entire control and govern power of all the assets of the Company without any behavior such as any controlling shareholder occupies the assets of the Company.

4. As for the institutions, the Company set up the independent and entire organizations and institutions, and the construction as well as the operating of the corporate governance institutions is executed strictly executed according to the Articles of Association, and the production and operating as well as the offices are entirely independent from the controlling shareholders with any situation of working under one roof with the controlling shareholders.

5. As for the finance, the Company set up the independent finance department and builds up the independent and normative accounting and financial control system according to the requirements of the ASBE, set up the independent bank account and pays the taxes legally and independently and the Company could make the financial decisions independently without any situation of the shareholding intervenes the capital usage.

III. Horizontal competition

√ Applicable □ Inapplicable

Type of issue	Name of controlling shareholder	Nature of controlling shareholder	Cause for issue	Solution	Solution's progress and follow-up plan
Horizontal competition	Guangdong Electronics Information Industry Group Ltd., Shenzhen Guangdong Rising Investment Development Co., Ltd., Guangdong Rising Investment Development Co., Ltd.	Local State-owned Assets Supervision and Administration Commission	From Jul. to Dec. 2015, Guangdong Electronics Information Industry Group Ltd., Shenzhen Guangdong Rising Investment Development Co., Ltd. and Guangdong Rising Investment Development Co., Ltd. directly and indirectly held 23.144% of the shares of the Company through the equities purchase and the shareholding increase of the secondary market, which made the above companies become the	The controlling shareholders committed: 1. in view of the percentage of the horizontal competition between the Guangdong Rising Foshan NationStar Optoelectronics Co., Ltd. and Foshan Electrical and Lighting Co., Ltd. was less, the Electronics Group, Shenzhen Guangdong Rising Investment and Hong Kong Guangdong Rising Investment committed to designedly gradually reduce or eliminate the horizontal competition through business integration or other methods and arrangement within 24 months in the	Being executed

			<p>controlling shareholder of the Company. Parts of the enterprises controlled by the shareholders engage in the same or similar business with the Company that forms the horizontal competitions.</p>	<p>future. 2. In view of Shenzhen Primatronix (Nanho) Electronics Ltd. (hereinafter referred to as “Nanho Primatronix”), Guangdong Rising Optoelectronic Co., Ltd. (hereinafter referred to as “Guangdong Rising Optoelectronic”) and Henan Guangdong Rising High-tech Investment Co., Ltd. (hereinafter referred to as “Guangdong Rising Hi-tech”) were all ceased the business which were of horizontal competition with Foshan Electrical and Lighting, and the Electronics Group and its persons acting in concert was planed to respectively adopt the corresponding solving measures on Nanho Primatronix, Guangdong Rising Optoelectronic and Guangdong Rising Hi-tech: (1) Nanho Primatronix: had ceased the relevant business of horizontal competition with the Foshan Electrical and Lighting; (2) Guangdong Rising Optoelectronic: had ceased the relevant business of horizontal competition with the Foshan Electrical and Lighting and the Electronics Group will plan to transfer the relevant equities or shutdown the company according to the relevant situation after the completion of the</p>	
--	--	--	--	--	--

			<p>acceptance check of the government project originally undertook by Guangdong Rising Optoelectronic and the completion of the relevant processing work; (3) Guangdong Rising Hi-tech: owing to the small operating scope, the Electronics Group had executed the shutdown of the whole company that only left 4 employees to take the responsibility of the recovery of the amount of the goods selling and the written-off procedures of the Company. As for avoiding the horizontal competition with Foshan Electrical and Lighting, the further commitments on the relevant arrangements made by the Electronics Group, Shenzhen Guangdong Rising Investment and Hong Kong Guangdong Rising Investment as follows: 1. the Company will execute the supervision and restriction on the production and the operating activities of the Company and the relevant enterprises except for the above enterprises currently involved with the horizontal competition with Foshan Electrical and Lighting and if there is same or similar situation occurs horizontal competition with Foshan Electrical and Lighting from the future</p>	
--	--	--	--	--

			<p>promises and the relevant enterprises on the products or business, the Company following measures to solve the problem: (1) when commits to adopt the Foshan Electrical and Lighting considers it is necessary, the Company and the relevant enterprises would decrease the shareholding until entirely completes the transfer of the held relevant assets and business; (2) when Foshan Electrical and Lighting considers it is necessary, should take preference to purchase the relevant assets and business held by the Company and the relevant enterprises through appropriate methods; 2.each commitment made by the Company on eliminating or avoiding the horizontal competition is also adapted to the subordinate enterprises directly or indirectly controlled by the Company and the Company owns the obligation to urge and ensure the other subordinate enterprises to carry out each events and arrangement stated on the document and to strictly abide to the whole commitments. 3. If the Company or the subordinate enterprises directly or indirectly controlled by the Company violated the above commitments that led to the</p>	
--	--	--	--	--

				losses of Foshan Electrical and Lighting, the Company should pay for the reasonable compensation.”	
Related transactions	Guangdong Electronics Information Industry Group Ltd., Shenzhen Guangdong Rising Investment Development Co., Ltd., Guangdong Rising Investment Development Co., Ltd.	Local SASAC	From Jul. to Dec. 2015, Guangdong Electronics Information Industry Group Ltd., Shenzhen Guangdong Rising Investment Development Co., Ltd., and Guangdong Rising Investment Development Co., Ltd. directly and indirectly held 23.144% of the shares of the Company through the equities purchase and the shareholding increase of the secondary market, which made the above companies become the controlling shareholder of the Company. Business contractions between parts of the enterprises controlled by the shareholders and the Company form into the related transactions.	The controlling shareholders committed: 1. guaranteed to strictly abide by the each regulation from the CSRC, the normative laws documents of SZSE and the Articles of Association of Foshan Electrical and Lighting. Among the production and operating activities since then, the promisee would not take advantage of the position of the controlling shareholders and the actual controller to carry out any behavior that harm the benefits of Foshan Electrical and Lighting and other shareholders; 2. the promisee and the other subsidiaries, the branch companies, the joint ventures or associated companies (hereinafter referred to as the “relevant enterprises”) will try their best to avoid and reduce the related transactions with Foshan Electrical and Lighting and its subsidiaries; 3. as for the related transactions which are indeed necessary and could not be avoided between the promisee, the relevant enterprises and Foshan Electrical and Lighting, will strictly abide by the market principles of fairness, justice with	Being executed

				valuable consideration. When the Annual General Meeting or the Board of Directors is executing the voting on the related transactions which involved with the promisee and the relevant enterprises, should execute the obligation of avoiding the voting and at the same time execute the transactions vetting process as well as the information disclosure obligations according to the relevant laws and regulations and the normative documents. If violated the above commitments and caused the losses to Foshan Electrical and Lighting as well as the subsidiaries and other shareholders, the promisee should assume compensation liability.	
--	--	--	--	--	--

IV. Annual general meeting and special general meetings held during the reporting period

1. General meetings held during the reporting period

Session	Type of meeting	Investor participation ratio	Convening date	Disclosure date	Disclosure index
2014 Annual General Meeting	Annual General Meeting	0.00%	27 May 2015	28 May 2015	Title of the announcement: Announcement on the Resolutions of 2014 Annual General Meeting; Announcement No.: 2015-021; disclosure website: www.cninfo.com.cn
2015 1 st Extraordinary General Meeting	Extraordinary General Meeting	0.00%	25 Dec. 2015	26 Dec. 2015	Title of the announcement: Announcement on the Resolutions of 2015 1 st

					Extraordinary General Meeting; Announcement No.:2015-074; disclosure website: www.cninfo.com.cn
--	--	--	--	--	--

2. Special general meetings convened at the request of the preference shareholders with resumed voting rights

Applicable Inapplicable

V. Duty performance of the independent directors in the reporting period

1. Attendance by the independent directors at the board meetings and general meetings

Attendance by independent directors at board meetings						
Name of independent director	Due attendance (times)	Attendance in person (times)	Attendance by telecommunication (times)	Entrusted attendance (times)	Absence (times)	Failing to attend in person for two consecutive meetings or not
Liu Zhenping	7	2	5	0	0	No
Dou Linping	7	2	5	0	0	No
Xue Yizhong	7	2	5	0	0	No
Zhang Nan	1	1	0	0	0	No
Lu Rui	1	0	0	1	0	No
Lv Wei	1	1	0	0	0	No
Attendance by independent directors at general meetings						1

2. Objections raised by the independent directors against events of the Company

Did any independent director raise any objection against any event of the Company?

Yes No

No such cases in the reporting period.

3. More information about the duty performance of the independent directors

Were the advices of the independent directors accepted by the Company?

Yes No

Details about the advices of the independent directors accepted or not accepted by the Company

During the reporting period, in accordance with the requirements of Company Law, Code of Governance of Listed Companies, Guidance on the Establishment of the Independent Directors System of the Listed Companies, Articles of Association and relevant systems, the independent directors of the Company attended the board sessions held during the reporting period, carefully reviewed the proposals proposed on the sessions, paid attention to the operation of the Company, performed the duties sincerely and diligently, and issued independent opinion on the related-party transactions, equity transfer, purchasing the equity of the controlled subsidiaries, etc.,

as well as proposed many precious advices on perfection of systems and decision of routine operation of the Company, so as to play an active role in protecting the legal right of the Company and its shareholders.

VI. Performance of the Special Committees under the Board during the reporting period

(I) Work accomplished by the Audit Committee

According to the related provisions of China Securities Regulatory Commission and Shenzhen Stock Exchange, as well as the Rules of Implementation for the Audit Committee of the Board, the Audit Committee diligently performed the following work duties:

1. On 28 Jan. 2015, the Audit Committee convened a session and reviewed as well as approved the following two topics:

(1) Reviewed and approved the main time arrangement of the 2014 audit work;

(2) Reviewed and approved the report of the 2014 main financial data of Ministry of Finance.

Had not discovered any significant problem of the 2014 main financial data of the Company after carefully reviewed and the 2014 main financial data and pretax profits analysis submitted by Ministry of Finance and listened to the report from the financial staffs. Since there is a period of time between this preliminary review of the financial statements and the formal issuance of the auditor's report and the financial statements, we hereby remind the Company's Financial Department to pay attention to dealing with the follow-up affairs after the date of Balance Sheet in strict compliance with the New Accounting Standards for Business Enterprises, so as to ensure the factuality, fairness and completeness of the financial statements.

2. On 15 Apr. 2015, the Audit Committee convened a session and reviewed the financial statements submitted by the Company, on which the registered accountants had issued their preliminary audit opinions, including the balance sheet as at 31 Dec. 2014, the profit statement, the statement of changes in shareholders' equity and the cash flow statement as of the fiscal year 2014, as well as the notes to the said financial statements.

After the communication with the registered accountants regarding their preliminary audit opinions, as well as our further referring to the supplementary account books and records, the Audit Committee believed that the Company had handled the events after the balance sheet date in strict compliance with the New Accounting Standards for Business Enterprises; And the Company has prepared its financial statements in accordance with the New Accounting Standards for Business Enterprises and the related financial system of the Company, which are a fair presentation of the financial position of the Company as at 31 Dec. 2014, as well as the operating results and cash flows for the year then ended. All members of the Audit Committee signed to approve the following proposals:

(1) 2014 annual financial and accounting report of the Company;

(2) Summary report by the Audit Committee on the 2014 annual audit performed by GP Certified Public Accountants;

(3) GP Certified Public Accountants has been serving as the Company's annual auditor for more than twenty years. And it performed competently, diligently and responsibly during the 2014 annual auditing. Therefore, the Audit Committee hereby proposes to renew the employment of GP Certified Public Accountants LLP as the annual auditor for the year 2014;

(4) 2015 work plan of Audit Department.

(II) Work accomplished by the Remuneration and Appraisal Committee

1. On 15 Apr. 2015, based on the completion status of the Company's major financial targets and business objectives in 2014, the work scopes and main responsibilities of the Company's present directors, supervisors and other senior management staffs, and the completion status of indexes concerning the performance assessment of

the Company's directors, supervisors and other senior management staffs, the Committee conducted an assessment in regard to the remuneration of the directors, supervisors and other senior management staffs and believed that the remuneration range for the directors, supervisors and other senior management staffs were decided and adopted in accordance with the relevant stipulations in the Management System on Decision of Remuneration; The Company's provision for the incentive funds was in line with the requirements of the Equity Incentive Mechanism for Middle-and Top-Rank Management Staffs, and the Company's incentives to its middle-and top-rank management staffs and its operational and technical professionals was in accordance with relevant laws and regulations, which would promote the close connection of interest among the management staffs, the Company and its shareholders.

VII. Duty performance of the Supervisory Committee

Did the Supervisory Committee find any risks to the Company during its supervision in the reporting period?

Yes No

The Supervisory Committee raised no objections in the reporting period.

VIII. Performance appraisal and incentive mechanism for the senior management staff

In the reporting period, the Remuneration and Appraisal Committee, according to "Establishing Stock Incentive Institution for Senior and Middle-level Management" passed by 2001 Annual Shareholders' General Meeting and current operation results, distributed remuneration to Senior Executives.

IX. Internal control

1. Significant internal control defects found in the reporting period

Yes No

2. Self-evaluation report on internal control

Disclosure date of internal control evaluation report	28 Mar. 2016	
Index to disclosed internal control evaluation report	Title of public announcement: 2015 Internal Control Evaluation Report; disclosure website: www.cninfo.com.cn	
Ratio of total assets of appraised entities to consolidated total assets	99.51%	
Ratio of operating revenues of appraised entities to consolidated operating revenues	100.00%	
Defect identification standards		
Type	Financial-report related	Non-financial-report related
Nature standard	Defect with one of the following characteristics should be recognized as material weakness: (1) the defect involved with the malpractices of the Directors, the Supervisors and the Senior Executives; (2) the controlled environment is invalid; (3) the CPA discovered any significant misstatement from the current financial report while the internal control could not discover the mistake during the operating process; (4) the	Defect with one of the following characteristics should be recognized as material weakness: (1) seriously violate the national laws, the administrative laws and regulations and the normative documents; (2) "Three Significant and One Major" events had not went through the collective decision-making process; (3) severe loss of the management staffs on the key positions and the technical

	<p>supervision from the Corporate Audit Committee and the internal audit institution on the internal control. If there met with one of the situation of the following, should be recognized as the significant defect: (1) the significant defect after communication is not solved during the reasonable period; (2) corrects the published financial report; (3) the function of the internal audit of the Company is invalid; (4) the control of whether execute the selection and the application of the accounting policies according to the Generally Accepted Accounting Principles is invalid.</p>	<p>personnel; (4) the frequently negative media coverage checked verified; (5) the major business involved with the production and operating of the Company lack of the system control or the system control is invalid; (6) internal control of the information disclosure is valid, which led to the public censure from the supervision departments; (7) the results of the internal control assessment especially the significant defects or the significant defects are not verified. Defects with the following characteristics should be recognized as the significant defects: (1) owing to partly lack of the decision-making process of the “Three Significant and One Major” and the undemocratic decision-making process which caused the decision-making mistake that led the Company face with certain economic losses; (2) the negative influences owing to the unlawful acts and the irregularities h involve with wide range and cause public concern among the partial regions which bring certain harms to the reputation of the Company; (3) the system of the major business involved with the production and operating of the Company is incomplete or partially invalid; (4) the results of the internal control assessment with significant defects that fail to efficient verified within 6 months.</p>
<p>Quantitative standard</p>	<p>Based on the data of the 2015 consolidated statements, the quantitative criterion of confirming the important degree of the misstatement (including the false negatives) from of the consolidated statements of the listed companies is as follows: material weakness: misstatement\geq1.0% of the total assets amount; significant defects: 0.5% of the total assets amount\leqmisstatement$<$1.0% of the total assets amount; general defects:</p>	<p>According to the quantitative criterion of the internal control defects of the financial report, the quantitative criterion of the internal control defects assessment of the non-financial report confirmed by the Company is as follows: material weakness: losses amount\geq1.0% of the total assets amount; significant defects: 0.5% of the total assets amount\leqlosses amount $<$ 1.0% of the total assets</p>

	misstatement < 0.5% of the total assets amount.	amount; general defects: losses amount < 0.5% of the total assets amount.
Number of material financial-report-related weaknesses		0
Number of material non-financial-report-related weaknesses		0
Number of significant financial-report-related defects		0
Number of significant non-financial-report-related defects		0

X. Internal control audit report

Applicable Inapplicable

Audit opinion paragraph in internal control audit report	
GP Certified Public Accountants (LLP) considered that: Foshan Lighting maintained effective internal control of the financial report in all significant aspects according to the Basic Standards for Internal Control and relevant regulations on 31 Dec. 2015.	
Internal control audit report disclosed or not	Disclosed
Disclosure date of internal control audit report	28 Mar. 2016
Index to disclosed internal control audit report	Title of public announcement: Internal Control Audit Report; disclosure website: www.cninfo.com.cn
Type of audit opinion	Standard unqualified opinion
Material non-financial-report-related weaknesses	No

Did the CPAs firm issue an internal control audit report with non-standard opinion?

Yes No

Did the internal control audit report issued by the CPAs firm agree with the internal control self-evaluation report of the board?

Yes No

Section X Financial Report

I. Auditor's report

Type of audit opinion	Standard unqualified audit opinion
Date of signing auditor's report	24 Mar. 2016
Name of audit firm	GP Certified Public Accountants (LLP)
Document No. of auditor's report	GHS Zi [2016] No. G15042000019
Name of CPA	Wang Shaohua, Hong Wenwei

Text of the Auditor's Report

Auditor's Report

GHS Zi [2016] No. G15042000019

All shareholders of Foshan Electrical and Lighting Co., Ltd.,

We have audited the accompanying financial statements of Foshan Electrical and Lighting Co., Ltd. (the "Company"), which comprise the Company's and consolidated balance sheets as at 31 Dec. 2015, the Company's and consolidated income statements, the Company's and consolidated cash flow statements, the Company's and consolidated statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

1. The management's responsibility for the financial statements

The management of the Company is responsible for the preparation of these financial statements in accordance with the Accounting Standards for Business Enterprises. Such a responsibility includes: (1) preparing financial statements according to the Accounting Standards for Business Enterprises and make them a fair presentation; and (2) designing, implementing and maintaining internal control relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

2. Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have conducted our audit in accordance with the Audit Standards for Chinese Registered Accountants, which require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the

financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers the internal control related to the preparation of the financial statements so as to design proper audit procedures but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate, which provides a basis for us to express auditing opinion.

3. Audit opinion

In our opinion, the financial statements of the Company have been prepared according to the Accounting Standards for Business Enterprises in all material aspects, which give a fair view of the Company's financial position as at 31 Dec. 2015 and the Company's operating results and cash flows for the year then ended.

**GP Certified Public Accountants
(LLP)**

Guangzhou China

CPA: Wang Shaohua

CPA: Hong Wenwei

24 Mar. 2016

II. Financial statements

Currency unit for the financial statements: RMB Yuan

1. Consolidated balance sheet

Prepared by Foshan Electrical and Lighting Co., Ltd.

31 Dec. 2015

Unit: RMB Yuan

Item	31 Dec. 2015	31 Dec. 2014
Current assets:		
Monetary funds	935,241,205.20	989,718,395.60
Settlement reserves		
Lendings to banks and other financial institutions		
Financial assets measured at fair value of which changes are recorded in current profits and losses	51,600.00	20,320.00
Derivative financial assets		
Notes receivable	202,669,316.48	250,993,285.13
Accounts receivable	366,401,130.72	322,951,674.45
Accounts paid in advance	6,858,950.41	12,551,566.91
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable	3,022,646.23	2,101,275.54
Dividend receivable		
Other accounts receivable	17,313,604.14	74,122,844.63
Financial assets purchased under agreement to resell		
Inventories	559,651,928.21	625,794,972.48
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	91,060,842.89	31,783,068.68
Total current assets	2,182,271,224.28	2,310,037,403.42
Non-current assets:		
Loans by mandate and advances granted		
Available-for-sale financial assets	3,092,416,162.34	581,157,988.22
Held-to-maturity investments		

Long-term accounts receivable		
Long-term equity investments	382,637.52	3,689,724.39
Investing real estate		
Fixed assets	484,436,218.17	463,267,701.29
Construction in progress	32,488,518.68	90,862,098.21
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	163,887,313.63	187,114,129.71
R&D expense		
Goodwill	0.00	7,360,330.45
Long-term deferred expenses	406,425.35	918,958.73
Deferred income tax assets	42,744,728.66	41,696,214.79
Other non-current assets	49,263,204.15	50,599,787.19
Total non-current assets	3,866,025,208.50	1,426,666,932.98
Total assets	6,048,296,432.78	3,736,704,336.40
Current liabilities:		
Short-term borrowings		
Borrowings from Central Bank		
Money deposits accepted and inter-bank deposits		
Loans from banks and other financial institutions		
Financial liabilities measured at fair value of which changes are recorded in current profits and losses		
Derivative financial liabilities		
Notes payable		
Accounts payable	396,263,382.12	399,330,968.48
Accounts received in advance	71,531,790.37	60,842,257.61
Financial assets sold for repurchase		
Handling charges and commissions payable		
Payroll payable	72,004,987.32	58,315,210.64
Taxes and fares payable	12,969,090.31	13,881,113.81

Interest payable		
Dividend payable		
Other accounts payable	36,530,501.22	21,923,820.48
Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	589,299,751.34	554,293,371.02
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payables		
Special payables		
Estimated liabilities	0.00	61,438,275.16
Deferred income	10,722,275.02	10,955,833.27
Deferred income tax liabilities	390,534,187.37	15,516,937.71
Other non-current liabilities		
Total non-current liabilities	401,256,462.39	87,911,046.14
Total liabilities	990,556,213.73	642,204,417.16
Owners' equity:		
Share capital	1,272,132,868.00	978,563,745.00
Other equity instruments		
Of which: preference shares		
Perpetual bonds		
Capital reserves	296,324,375.58	589,892,717.59
Less: Treasury stock		

Other composite income	2,212,989,156.02	72,150,338.69
Special reserves		
Surplus reserves	628,439,107.12	626,168,440.86
Provisions for general risks		
Retained profits	613,661,381.40	777,810,478.44
Total equity attributable to owners of the Company	5,023,546,888.12	3,044,585,720.58
Minority interests	34,193,330.93	49,914,198.66
Total owners' equity	5,057,740,219.05	3,094,499,919.24
Total liabilities and owners' equity	6,048,296,432.78	3,736,704,336.40

Legal Representative: He Yong

Person-in-charge of the accounting work: Liu Xingming

Person-in-charge of the accounting organ: Tang Qionglan

2. Balance sheet of the Company

Unit: RMB Yuan

Item	31 Dec. 2015	31 Dec. 2014
Current Assets:		
Monetary funds	633,291,177.30	685,652,777.19
Financial assets measured at fair value of which changes are recorded in current profits and losses	51,600.00	20,320.00
Derivative financial assets		
Notes receivable	200,483,728.48	240,920,585.13
Accounts receivable	387,870,578.18	335,793,103.52
Accounts paid in advance	6,258,960.70	16,580,637.31
Interest receivable	1,979,245.24	
Dividend receivable		
Other accounts receivable	47,175,016.15	142,329,039.45
Inventories	540,058,085.51	578,978,618.17
Assets held for sale		
Non-current assets due within 1 year		
Other current assets	87,132,242.99	27,359,093.82
Total current assets	1,904,300,634.55	2,027,634,174.59
Non-current assets:		
Available-for-sale financial assets	3,092,416,162.34	581,157,988.22
Held-to-maturity investments		
Long-term accounts receivable		

Long-term equity investments	417,972,577.28	445,639,664.15
Investing real estate		
Fixed assets	403,470,166.52	362,743,711.79
Construction in progress	32,098,207.18	88,784,906.41
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	120,554,776.71	125,206,977.08
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	36,469,936.66	33,978,127.89
Other non-current assets	49,025,459.75	48,778,664.19
Total non-current assets	4,152,007,286.44	1,686,290,039.73
Total assets	6,056,307,920.99	3,713,924,214.32
Current liabilities:		
Short-term borrowings		
Financial liabilities measured at fair value of which changes are recorded in current profits and losses		
Derivative financial liabilities		
Notes payable		
Accounts payable	518,615,548.53	447,190,248.26
Accounts received in advance	70,168,946.84	56,335,813.10
Payroll payable	48,921,086.93	56,655,167.35
Taxes and fares payable	2,172,775.43	5,496,341.46
Interest payable		
Dividend payable		
Other accounts payable	93,375,598.50	89,738,558.57
Liabilities held for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	733,253,956.23	655,416,128.74

Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payables		
Special payables		
Estimated liabilities	0.00	61,438,275.16
Deferred income	10,102,274.95	10,180,833.31
Deferred income tax liabilities	390,534,187.37	12,733,711.71
Other non-current liabilities		
Total non-current liabilities	400,636,462.32	84,352,820.18
Total liabilities	1,133,890,418.55	739,768,948.92
Owners' equity:		
Share capital	1,272,132,868.00	978,563,745.00
Other equity instruments		
Of which: preference shares		
Perpetual bonds		
Capital reserves	293,419,444.90	586,987,786.91
Less: Treasury stock		
Other composite income	2,212,989,156.02	72,150,338.69
Special reserves		
Surplus reserves	628,439,107.12	626,168,440.86
Retained profits	515,436,926.40	710,284,953.94
Total owners' equity	4,922,417,502.44	2,974,155,265.40
Total liabilities and owners' equity	6,056,307,920.99	3,713,924,214.32

Legal Representative: He Yong

Person-in-charge of the accounting work: Liu Xingming

Person-in-charge of the accounting organ: Tang Qionglan

3. Consolidated income statement

Unit: RMB Yuan

Item	2015	2014
I. Operating revenues	2,876,659,100.63	3,068,641,200.17
Including: Sales income	2,876,659,100.63	3,068,641,200.17
Interest income		

Premium income		
Handling charge and commission income		
II. Total operating costs	2,716,539,877.28	2,718,773,419.24
Including: Cost of sales	2,185,558,581.31	2,247,054,674.63
Interest expenses		
Handling charge and commission expenses		
Surrenders		
Net claims paid		
Net amount withdrawn for the insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and associate charges	25,680,514.21	26,249,721.78
Selling expenses	203,112,498.50	207,880,504.54
Administrative expenses	241,585,514.09	236,233,239.29
Financial expenses	-28,871,124.02	-9,565,959.04
Asset impairment losses	89,473,893.19	10,921,238.04
Add: Gain/(loss) on fair value changes (“-” means loss)	35,935.00	1,105,462.10
Gain/(loss) on investment (“-” means loss)	19,523,757.86	19,214,574.68
Including: share of profits in associates and joint ventures	-3,307,086.87	-9,117,917.64
Foreign exchange gains (“-” means loss)		
III. Operating profits (“-” means loss)	179,678,916.21	370,187,817.71
Add: non-operating income	7,627,967.24	12,059,815.30
Including: Gains on disposal of non-current assets	182,286.57	25,197.24
Less: non-operating expense	141,313,889.53	63,119,188.44
Including: Losses on disposal of non-current assets	8,354,989.42	1,312,901.18
IV. Total profits (“-” means loss)	45,992,993.92	319,128,444.57
Less: Income tax expense	8,308,268.53	52,462,491.85
V. Net profits (“-” means loss)	37,684,725.39	266,665,952.72
Net profit attributable to owners of	53,405,593.12	266,125,048.97

the Company		
Minority shareholders' income	-15,720,867.73	540,903.75
VI. After-tax net amount of other composite incomes	2,140,838,817.33	44,432,751.22
After-tax net amount of other composite incomes attributable to owners of the Company	2,140,838,817.33	44,432,751.22
(I) Other composite incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method		
(II) Other composite incomes that will be reclassified into gains and losses	2,140,838,817.33	44,432,751.22
1. Enjoyable shares in other composite incomes in investees that will be reclassified into gains and losses under the equity method		
2. Gains and losses on fair value changes of available-for-sale financial assets	2,140,838,817.33	44,432,751.22
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		
5. Foreign-currency financial statement translation difference		
6. Other		
After-tax net amount of other composite incomes attributable to minority shareholders		
VII. Total composite incomes	2,178,523,542.72	311,098,703.94
Attributable to owners of the Company	2,194,244,410.45	310,557,800.19
Attributable to minority shareholders	-15,720,867.73	540,903.75

VIII. Earnings per share		
(I) Basic earnings per share	0.0420	0.2092
(II) Diluted earnings per share	0.0420	0.2092

Where business mergers under the same control occurred in this reporting period, the net profits achieved by the merged parties before the business mergers was RMB 0.00, with the corresponding amount for the last period being RMB 0.00.

Legal Representative: He Yong

Person-in-charge of the accounting work: Liu Xingming

Person-in-charge of the accounting organ: Tang Qionglan

4. Income statement of the Company

Unit: RMB Yuan

Item	2015	2014
I. Operating revenues	2,931,734,966.72	3,096,764,562.67
Less: operating costs	2,324,989,903.05	2,368,497,388.05
Business taxes and surtaxes	17,146,422.63	17,435,087.65
Selling expenses	198,554,906.43	202,316,154.50
Administrative expenses	187,165,627.10	192,372,199.33
Financial expenses	-21,570,398.18	-1,234,608.56
Asset Impairment losses	90,519,931.40	9,984,446.80
Add: gain/(loss) on fair value changes (“-” means loss)	35,935.00	1,105,462.10
Gain/(loss) on investment (“-” means loss)	19,523,757.86	24,102,619.56
Including: income form investment on associates and joint ventures	-3,307,086.87	-9,117,917.64
II. Operating profits (“-” means loss)	154,488,267.15	332,601,976.56
Add: non-operating income	5,222,584.35	10,524,371.67
Including: Gains on disposal of non-current assets	9,375.59	23,548.17
Less: non-operating expense	139,994,837.37	62,732,365.11
Including: Losses on disposal of non-current assets	7,411,664.29	986,923.01
III. Total profits (“-” means loss)	19,716,014.13	280,393,983.12
Less: Income tax expense	-2,990,648.49	42,701,929.63
IV. Net profits (“-” means loss)	22,706,662.62	237,692,053.49
V. After-tax net amount of other composite incomes	2,140,838,817.33	44,432,751.22
(I) Other composite incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon		

re-measurement		
2. Enjoyable shares in other composite incomes in investees that cannot be reclassified into gains and losses under the equity method		
(II) Other composite incomes that will be reclassified into gains and losses	2,140,838,817.33	44,432,751.22
1. Enjoyable shares in other composite incomes in investees that will be reclassified into gains and losses under the equity method		
2. Gains and losses on fair value changes of available-for-sale financial assets	2,140,838,817.33	44,432,751.22
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		
5. Foreign-currency financial statement translation difference		
6. Other		
VI. Total composite incomes	2,163,545,479.95	282,124,804.71
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

Legal Representative: He Yong

Person-in-charge of the accounting work: Liu Xingming

Person-in-charge of the accounting organ: Tang Qionglan

5. Consolidated cash flow statement

Unit: RMB Yuan

Item	2015	2014
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	2,835,034,614.10	2,870,280,032.72
Net increase of money deposits from customers and inter-bank placements		
Net increase of loans from central bank		
Net increase of funds borrowed from other financial institutions		
Cash received from premium of		

original insurance contracts		
Net cash received from reinsurance business		
Net increase of deposits of policy holders and investment fund		
Net increase of disposal of financial assets measured at fair value of which changes are recorded into current gains and losses		
Cash received from interest, handling charges and commissions		
Net increase of loans from banks and other financial institutions		
Net increase of funds in repurchase business		
Tax refunds received	42,423,907.66	83,215,180.15
Other cash received relating to operating activities	27,080,736.93	21,607,827.81
Subtotal of cash inflows from operating activities	2,904,539,258.69	2,975,103,040.68
Cash paid for goods and services	1,618,725,610.28	1,671,417,602.90
Net increase of customer lendings and advances		
Net increase of funds deposited in central bank and inter-bank placements		
Cash for paying claims of the original insurance contracts		
Cash for paying interest, handling charges and commissions		
Cash for paying policy dividends		
Cash paid to and for employees	508,218,930.15	531,774,390.53
Taxes and fares paid	214,353,895.03	253,524,039.74
Other cash payment relating to operating activities	374,915,633.80	212,748,262.17
Subtotal of cash outflows from operating activities	2,716,214,069.26	2,669,464,295.34
Net cash flows from operating activities	188,325,189.43	305,638,745.34
II. Cash flows from investing activities:		
Cash received from withdrawal of investments	25,409,754.20	17,867,112.02
Cash received from return on investments	4,413,629.96	28,561,925.28

Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,038,128.00	124,204.21
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	30,861,512.16	46,553,241.51
Cash paid to acquire fixed assets, intangible assets and other long-term assets	68,596,503.73	85,450,244.80
Cash paid for investment	0.00	1,657,260.00
Net increase of pledged loans		
Net cash paid to acquire subsidiaries and other business units	0.00	11,512,886.32
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	68,596,503.73	98,620,391.12
Net cash flows from investing activities	-37,734,991.57	-52,067,149.61
III. Cash flows from financing activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received from borrowings		
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		
Repayment of borrowings		2,000,000.00
Cash paid for interest expenses and distribution of dividends or profit	215,284,023.90	158,694,772.73
Including: dividends or profit paid by subsidiaries to minority shareholders		2,094,876.38
Other cash payments relating to financing activities		

Sub-total of cash outflows from financing activities	215,284,023.90	160,694,772.73
Net cash flows from financing activities	-215,284,023.90	-160,694,772.73
IV. Effect of foreign exchange rate changes on cash and cash equivalents	8,538,698.81	-851,411.62
V. Net increase in cash and cash equivalents	-56,155,127.23	92,025,411.38
Add: Opening balance of cash and cash equivalents	989,701,235.60	897,675,824.22
VI. Closing balance of cash and cash equivalents	933,546,108.37	989,701,235.60

Legal Representative: He Yong

Person-in-charge of the accounting work: Liu Xingming

Person-in-charge of the accounting organ: Tang Qionglan

6. Cash flow statement of the Company

Unit: RMB Yuan

Item	2015	2014
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	2,801,046,950.23	2,962,985,771.22
Tax refunds received	42,234,888.61	83,196,128.84
Other cash received relating to operating activities	14,330,850.10	27,112,666.62
Subtotal of cash inflows from operating activities	2,857,612,688.94	3,073,294,566.68
Cash paid for goods and services	1,958,657,434.17	2,161,534,616.00
Cash paid to and for employees	185,511,119.94	198,295,463.89
Various taxes paid	120,381,921.25	163,108,324.71
Other cash payment relating to operating activities	391,075,314.15	240,583,729.43
Subtotal of cash outflows from operating activities	2,655,625,789.51	2,763,522,134.03
Net cash flows from operating activities	201,986,899.43	309,772,432.65
II. Cash flows from investing activities:		
Cash received from retraction of investments	25,409,754.20	17,867,112.02
Cash received from return on investments	4,413,629.96	33,449,970.16
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	18,626.61	104,421.11
Net cash received from disposal of		

subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	29,842,010.77	51,421,503.29
Cash paid to acquire fixed assets, intangible assets and other long-term assets	77,403,585.76	73,509,478.18
Cash paid for investment		1,657,260.00
Net cash paid to acquire subsidiaries and other business units		24,360,000.00
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	77,403,585.76	99,526,738.18
Net cash flows from investing activities	-47,561,574.99	-48,105,234.89
III. Cash flows from financing activities:		
Cash received from capital contributions		
Cash received from borrowings		
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit	215,284,023.90	156,570,199.20
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	215,284,023.90	156,570,199.20
Net cash flows from financing activities	-215,284,023.90	-156,570,199.20
IV. Effect of foreign exchange rate changes on cash and cash equivalents	8,514,259.57	-851,767.76
V. Net increase in cash and cash equivalents	-52,344,439.89	104,245,230.80
Add: Opening balance of cash and cash equivalents	685,635,617.19	581,390,386.39
VI. Closing balance of cash and cash	633,291,177.30	685,635,617.19

equivalents		
-------------	--	--

Legal Representative: He Yong

Person-in-charge of the accounting work: Liu Xingming

Person-in-charge of the accounting organ: Tang Qionglan

7. Consolidated statement of changes in owners' equity

2015

Unit: RMB Yuan

Item	2015												
	Equity attributable to owners of the Company											Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other composite incomes	Special reserves	Surplus reserves	General risk reserves	Retained profits		
Preference shares		Perpetual bonds	Other										
I. Balance at end of previous year	978,563,745.00				589,892,717.59		72,150,338.69		626,168,440.86		777,810,478.44	49,914,198.66	3,094,499,919.24
Add: change of accounting policy													
Correction of errors in previous periods													
Business mergers under same control													
Other													
II. Balance at beginning of the year	978,563,745.00				589,892,717.59		72,150,338.69		626,168,440.86		777,810,478.44	49,914,198.66	3,094,499,919.24
III. Increase/decrease in the period ("-" means decrease)	293,569,123.00				-293,568,342.01		2,140,838,817.33		2,270,666.26		-164,149,097.04	-15,720,867.73	1,963,240,299.81
(I) Total composite incomes							2,140,838,817.33				53,405,593.12	-15,720,867.73	2,178,523,542.72
(II) Capital increased and reduced by owners													
1. Common shares increased by shareholders													
2. Capital increased by													

holders of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity													
4. Other													
(III) Profit distribution								2,270,666.26			-217,554,690.16		-215,284,023.90
1. Appropriations to surplus reserves								2,270,666.26			-2,270,666.26		0.00
2. Appropriations to general risk provisions													
3. Appropriations to owners (or shareholders)											-215,284,023.90		-215,284,023.90
4. Other													
(IV) Internal carry-forward of owners' equity	293,569,123.00					-293,569,123.00							0.00
1. New increase of capital (or share capital) from capital reserves	293,569,123.00					-293,569,123.00							0.00
2. New increase of capital (or share capital) from surplus reserves													
3. Surplus reserves for making up losses													
4. Other													
(V) Special reserves													

1. Withdrawn for the period													
2. Used in the period													
(VI) Other					780.99								780.99
IV. Closing balance	1,272,132,868.00				296,324,375.58		2,212,989,156.02		628,439,107.12		613,661,381.40	34,193,330.93	5,057,740,219.05

2014

Unit: RMB Yuan

Item	2014												
	Equity attributable to owners of the Company											Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other composite incomes	Specific reserves	Surplus reserves	General risk reserves	Retained profits		
Preference shares		Perpetual bonds	Other										
I. Balance at end of previous year	978,563,745.00				589,876,519.74		27,717,587.47		622,494,531.96		671,929,537.57	34,805,128.86	2,925,387,050.60
Add: change of accounting policy													
Correction of errors in previous periods													
Business mergers under same control													
Other													
II. Balance at beginning of the year	978,563,745.00				589,876,519.74		27,717,587.47		622,494,531.96		671,929,537.57	34,805,128.86	2,925,387,050.60
III. Increase/decrease in the period ("-" means decrease)					16,197.85		44,432,751.22		3,673,908.90		105,880,940.87	15,109,069.80	169,112,868.64
(I) Total composite incomes							44,432,751.22				266,125,048.97	540,903.75	311,098,703.94
(II) Capital increased and reduced by owners												16,663,042.43	16,663,042.43

1. Common shares increased by shareholders													
2. Capital increased by holders of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity													
4. Other											16,663,042.43	16,663,042.43	
(III) Profit distribution								3,673,908.90		-160,244,108.10	-2,094,876.38	-158,665,075.58	
1. Appropriations to surplus reserves								3,673,908.90		-3,673,908.90			
2. Appropriations to general risk provisions													
3. Appropriations to owners (or shareholders)										-156,570,199.20	-2,094,876.38	-158,665,075.58	
4. Other													
(IV) Internal carry-forward of owners' equity													
1. New increase of capital (or share capital) from capital reserves													
2. New increase of capital (or share capital) from surplus reserves													
3. Surplus													

reserves for making up losses													
4. Other													
(V) Special reserves													
1. Withdrawn for the period													
2. Used in the period													
(VI) Other					16,197.85								16,197.85
IV. Closing balance	978,563,745.00				589,892,717.59	72,150,338.69	626,168,440.86		777,810,478.44	49,914,198.66			3,094,499,919.24

Legal Representative: He Yong

Person-in-charge of the accounting work: Liu Xingming

Person-in-charge of the accounting organ: Tang Qionglan

8. Statement of changes in owners' equity of the Company

2015

Unit: RMB Yuan

Item	2015										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other composite incomes	Special reserves	Surplus reserves	Retained profits	Total owners' equity
		Preference shares	Perpetual bonds	Other							
I. Balance at end of previous year	978,563,745.00				586,987,786.91		72,150,338.69		626,168,440.86	710,284,953.94	2,974,155,265.40
Add: change of accounting policy											
Correction of errors in previous periods											
Other											
II. Balance at beginning of the year	978,563,745.00				586,987,786.91		72,150,338.69		626,168,440.86	710,284,953.94	2,974,155,265.40
III. Increase/decrease in the period ("-" means decrease)	293,569,123.00				-293,568,342.01		2,140,838,817.33		2,270,666,26	-194,848,027.54	1,948,262,237.04
(I) Total composite incomes							2,140,838,817.33			22,706,662.62	2,163,545,479.95

(II) Capital increased and reduced by owners											
1. Common shares increased by shareholders											
2. Capital increased by holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Other											
(III) Profit distribution								2,270,666.26	-217,554,690.16	-215,284,023.90	
1. Appropriations to surplus reserves								2,270,666.26	-2,270,666.26	0.00	
2. Appropriations to owners (or shareholders)									-215,284,023.90	-215,284,023.90	
3. Other											
(IV) Internal carry-forward of owners' equity	293,569,123.00										0.00
1. New increase of capital (or share capital) from capital public reserves	293,569,123.00										0.00
2. New increase of capital (or share capital) from surplus reserves											
3. Surplus reserves for making up losses											

4. Other											
(V) Specific reserve											
1. Withdrawn for the period											
2. Used in the period											
(VI) Other					780.99						780.99
IV. Closing balance	1,272,132,868.00				293,419,444.90		2,212,989,156.02		628,439,107.12	515,436,926.40	4,922,417,502.44

2014

Unit: RMB Yuan

Item	2014										
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other composite incomes	Special reserves	Surplus reserves	Retained profits	Total owners' equity
		Preference shares	Perpetual bonds	Other							
I. Balance at end of previous year	978,563,745.00				586,971,589.06		27,717,587.47		622,494,531.96	632,837,008.55	2,848,584,462.04
Add: change of accounting policy											
Correction of errors in previous periods											
Other											
II. Balance at beginning of the year	978,563,745.00				586,971,589.06		27,717,587.47		622,494,531.96	632,837,008.55	2,848,584,462.04
III. Increase/decrease in the period ("-" means decrease)					16,197.85		44,432,751.22		3,673,908.90	77,447,945.39	125,570,803.36
(I) Total composite incomes							44,432,751.22			237,692,053.49	282,124,804.71
(II) Capital increased and reduced by owners											
1. Common shares increased by shareholders											
2. Capital increased by											

holders of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity											
4. Other											
(III) Profit distribution								3,673,908.90	-160,244,108.10	-156,570,199.20	
1. Appropriations to surplus reserves								3,673,908.90	-3,673,908.90	0.00	
2. Appropriations to owners (or shareholders)									-156,570,199.20	-156,570,199.20	
3. Other											
(IV) Internal carry-forward of owners' equity											
1. New increase of capital (or share capital) from capital public reserves											
2. New increase of capital (or share capital) from surplus reserves											
3. Surplus reserves for making up losses											
4. Other											
(V) Specific reserve											
1. Withdrawn for the period											
2. Used in the period											

(VI) Other					16,197.85						16,197.85
IV. Closing balance	978,563,745.00				586,987,786.91		72,150,338.69		626,168,440.86	710,284,953.94	2,974,155,265.40

Legal Representative: He Yong

Person-in-charge of the accounting work: Liu Xingming

Person-in-charge of the accounting organ: Tang Qionglan

III. Company profile

1. Overview of the Company

Foshan Electrical & Lighting Co., Ltd. (hereinafter referred to as “the Company”), a joint-stock limited company jointly founded by Foshan Electrical and Lighting Company, Nanhai Wuzhuang Color Glazed Brick Field, and Foshan Poyang Printing Industrial Co. on Oct. 20, 1992 by raising funds under the approval of YGS (1992) No. 63 Document issued by the Joint Examination Group for Experimental Enterprises in Stock System of Guangdong Province and the Economic System Reform Commission of Guangdong Province, is an enterprise with its shares held by both the corporate and the natural persons. As approved by China Securities Regulatory Commission with Document (1993) No. 33, the Company publicly issued 19.3 million shares of social public shares (A shares) to the public in Oct., 1993, and was listed in Shenzhen Stock Exchange for trade on Nov. 23, 1993. The Company was approved to issue 50,000,000 B shares on Jul. 23, 1995. And, as approved to change into a foreign-invested stock limited company on Aug. 26, 1996 by (1996) WJMZEHZ No. 466 Document issued by the Ministry of Foreign Trade and Economic Cooperation of the People’s Republic of China. On Dec. 11, 2000, as approved by China Securities Regulatory Commission with ZJGS Zi [2000] No. 175 Document, the Company additionally issued 55,000,000 A shares. At approved by the Shareholders’ General Meeting 2006, 2007, 2008 and 2014 the Company implemented the plan of capitalization of capital reserve, after the transfer, the registered capital of the Company has increased to RMB1,272,132,868.00 with the unified social credit code of the Company of “91440000190352575W”.

Legal representative: Mr. He Yong

Address: No. 64, Fenjiang North Road, Foshan, Guangdong Province

2. Business Scope of the Company

R&D and production of electro-optical source products, electro-optical source equipment and electro-optical accessories, raw materials of electric light sources, lamps & fittings, electrical materials, motorcycle components, household appliances, electric switches, electrical outlets, fire control products, ventilation devices, LED products, lithium ion batteries and relevant materials; domestic and overseas sale of the aforesaid products; relevant engineering consulting services. (Where a license is required, it must be obtained according to the government’s rules before operation.)

3. Consolidation financial statement scope

The consolidation scope of the financial statement including the Company and the 9 subordinate subsidiaries such as Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd., Foshan Chansheng Electronic Ballast Co., Ltd., Foshan Taimei Times Lamps and Lanterns Co., Ltd., Suzhou Mont Lighting Co., Ltd., Nanjing Fozhao Lighting Components Co., Ltd., FSL (Xinxiang) Lighting Co., Ltd., Foshan Electrical and Lighting New Light Source Technology Co., Ltd., Guangdong Fozhao Leasing Co., Ltd., and Foshan Lighting Lamps & Components Co., Ltd.

4. Approval and Issue of the Financial Report

The Financial Report was approved and authorized for issue by the Board of Directors on 24 Mar. 2016.

IV. Basis for preparation of financial statements

1. Preparation basis

With the going-concern assumption as the basis and based on transactions and other events that actually occurred, the Group prepared financial statements in accordance with the Application Guidance of Accounting Standards for Business Enterprises, the Interpretation of Accounting Standards for Business Enterprises and other regulations issued and revised from 15 Feb. 2006 onwards (hereinafter jointly referred to as “the Accounting Standards for Business Enterprises”, “China Accounting Standards” or “CAS”).

2. Continuation

There will be no such events or situations in the 12 months from the end of the reporting period that will cause material doubts as to the continuation capability of the Company.

V. Important accounting policies and estimations

Reminders of the specific accounting policies and accounting estimations:

Naught

1. Statement of Compliance with the Accounting Standards for Business Enterprises

The financial statements prepared by the Group are in compliance with in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the Company’s, and the Group’s financial positions as at 31 Dec. 2014, business results and cash flows for the year of 2014, and other relevant information.

2. Fiscal Year

A fiscal year starts on 1 January and ends on 31 Dec. according to the Gregorian calendar.

3. Operating cycle

A normal operating cycle refers to a period from the Group purchasing assets for processing to realizing cash or cash equivalents. An operating cycle for the Group is 12 months, which is also the classification criterion for the liquidity of its assets and liabilities.

4. Recording Currency

Renminbi is the recording currency for the Company.

5. Accounting treatment methods for business combinations under the same control or not under the same control

(1) Business combinations under the same control

A business combination under the same control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business combination and on which the control is not temporary. In a business combination under the same control, the party which obtains control of other combining enterprise(s) on the combining date is the combining party, the other combining enterprise(s) is (are) the combined party. The “combining date” refers to the date on which the combining party actually obtains control on the combined party.

The assets and liabilities that the combining party obtains in a business combination shall be measured on the basis of their carrying amount in the combined party on the combining date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued), the additional paid-in capital (share premium) shall be adjusted. If the additional paid-in capital (share premium) is not sufficient to be offset, the retained earnings shall be adjusted. Consolidation date is the date that the combine party actually acquired the control right on the combined party.

(2) Business combinations not under the same control

A business combination not under the same control is a business combination in which the combining enterprises are not ultimately controlled by the same party or the same parties both before and after the business combination. Among a business combination not under the same control, for the Intermediary fee and other relevant management expenses such as the expenses for audit, legal services and assessment, and other administrative expenses of the purchase party, which are recorded into the profits and losses in the current period; The trading expenses for the equity securities or debt securities issued by the acquirer as the combination consideration shall be recorded into the amount of initial measurement of the equity securities or debt securities. As for the difference between the fair value of the paid assets and its book value, should be included in the current gains and losses. Purchase date refers to the date that the combine party actually acquired the control right on the combined party. The purchase party executes the distribution of the combined cost on the purchase date and recognizes the fair value of each identifiable assets, liabilities or contingent liabilities acquired from the purchased party. The acquirer shall recognize the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as business reputation; the difference that the combined cost smaller than the fair value of the identifiable net assets acquired from the purchased party should be included in the gains and losses.

6. Methods for preparing consolidated financial statements

(1) Principle for determining the consolidation scope

Recognize the consolidation scope of the consolidated financial statements based on control and the special purpose entities controlled by the parent company are also included in the consolidation scope of the consolidated financial statements. Exemption clause: if the parent company is the investment entity and without any subsidiary that provides the relevant service for the investment activities, should not compile the consolidated financial statements.

(2) Adopted accounting methods of the consolidated statements

The Company includes the subsidiaries and the special purpose entities with actual control rights into the scope of the consolidated financial statements.

The Company compiles the consolidated financial statement according to the No. 33 of ASBE-Consolidated Financial Statement and the relevant regulations and offset all the significant internal transactions and contracts within the consolidation scope when merger. Among the shareholders equity of the subsidiaries which not attributed to the part that owned by the parent company, should be individually listed under the shareholders' equity of the consolidated financial statement as the minority shareholders' equity.

The financial statements of subsidiaries are necessary adjusted in accordance with the accounting policies and accounting period of the Group during the preparation of the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Group and subsidiaries when compiling the consolidated financial statements.

As for the subsidiaries acquired from the enterprise combine not under the same control, the individual financial statement should be adjusted based on the fair value of the identifiable net assets on the purchase date when

compiling the consolidated financial statements; as for the subsidiaries acquired from the enterprise combine under the same control, should be regarded as exist as the current state when each involved combine party starting to execute the control in the ultimate control party, and should include the assets, liabilities, operating results and the cash flow in the consolidated financial statements since the year-begin of the combine period and to adjust the previous compared financial statement according to the above principles.

When the disposing the subsidiary during the reporting period, should include the operating results and the cash flow from the period-begin to the disposing date into the consolidated financial statement of the subsidiaries.

7. Classification of joint arrangements and accounting treatment of joint operations

A joint arrangement refers to an arrangement jointly controlled by two participants or above and be divided into joint operations and joint ventures.

When the Company is the joint venture party of the joint operations, should recognize the following items related to the interests share of the joint operations:

- (1) Recognize the assets individually held and the assets jointly held by recognizing according to the holding share;
- (2) Recognize the liabilities undertook individually and the liabilities jointly held by recognizing according to the holding share;
- (3) Recognize the revenues occurred from selling the output share of the joint operations enjoy by the Company;
- (4) Recognize the revenues occurred from selling the assets of the joint operations according to the holding share;
- (5) Recognize the expenses individually occurred and the expenses occurred from the joint operations according to the holding share of the Company.

When the Company is the joint operation party of the joint ventures, should recognize the investment of the joint ventures as the long-term equity investment and be measured according g to the said methods of the notes of the long-term equity investment of the financial statement.

8. Recognition standard for cash and cash equivalents

In the Group's understanding, cash and cash equivalents include cash on hand, any deposit that can be used for cover, and short-term (usually due within 3 months since the day of purchase) and high circulating investments, which are easily convertible into known amount of cash and whose risks in change of value are minimal.

9. Foreign currency and accounting method for foreign currency

(1) Foreign currency business

Foreign currency shall be recognized by employing systematic and reasonable methods, and shall be translated into the amount in the functional currency at the exchange rate which is approximate to the spot exchange rate of the transaction date. On the balance sheet date, the foreign currency monetary items shall be translated at the spot exchange rate. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior tot the balance sheet date shall be recorded into the profits and losses at the current period except that the balance of exchange arising from foreign currency borrowings for the purchase and construction or production of qualified assets shall be capitalized. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date.

(2) Translation of foreign currency financial statements

The asset and liability items in the balance sheets shall be translated at a spot exchange rate on the balance sheet date. Among the owner's equity items, except for the items as "undistributed profits", other items shall be translated at the spot exchange rate at the time when they are incurred. The revenues and the expenses items of the

income statement should be translated according to the spot rate on the exchange date. The difference of the foreign currency financial statements occurred from the above translation should be listed under the “other comprehensive income” item of the owners’ equity of the consolidated financial statement. As for the foreign currency items which actually form into the net investment of the foreign operation, the exchange difference occurred from the exchange rate changes should be listed under the “other comprehensive income” of the owners’ equity among the consolidated financial statement when compile the consolidated financial statement. When disposing the foreign operation, as for the discounted difference of the foreign financial statement related to the foreign operation should be transferred in the current gains and losses according to the proportion. The foreign cash flow adopts the spot exchange rate on the occurring date of the cash flow. And the influenced amount of the exchange rate changes should be individually listed among the cash flow statement.

10. Financial instruments

(1) Classification, recognition and measurement of financial assets

Financial assets shall be classified into the following four categories when they are initially recognized: financial assets measured at fair value and of which variations are recorded in the profits and losses for the current period, loans and the account receivables, financial assets available for sale and the investments which will be held to their maturity.

① Financial assets measured at fair value and of which variations are recorded in the profits and losses for the current period refer to financial assets held by the Company for the purpose of selling in the near future, including transactional financial assets, or financial assets designated by the management in the initial recognition to be measured at fair value with variations recorded in the gains and losses for the current period. Financial assets measured at fair value and of which variations are recorded in the profits and losses for the current period are subsequently measured at their fair values. Interest or cash dividends arising from such assets during the holding period are recognized as investment gains. Gains or losses arising from fair value changes are recorded in the gains and losses for the current period at the end of the reporting period. When such assets are disposed, the difference between their fair values and initially recognized amounts is recognized as investment gains and the gains and losses arising from fair value changes are adjusted accordingly.

② Loan and accounts receivable: the non-derivative financial assets for which there is no quoted price in the active market and of which the recoverable amount is fixed or determinable shall be classified as loan and accounts receivable. The Company shall make subsequent measurement on its loan and accounts receivable on the basis of the post-amortization costs by adopting the actual interest rate, from which gains and losses, when loan and accounts receivable are terminated from recognizing, or are impaired or amortized, shall be recorded into the profits and losses of the current period.

③ Available-for-sale Financial Assets: the non-derivative financial assets which are designated as available-for-sale financial assets when they are initially recognized as well as the non-derivative financial assets other than loans and accounts receivables, investments held until their maturity; and transaction financial assets. The Company shall make subsequent measurement on available-for-sale financial assets at fair value and recognize the interests or the cash bonus acquired the holding period as the investment income, as well as directly include the profits or losses formed by the changes of the fair value into the owners’ equity at the period-end, until the said financial assets shall be transferred out when they are terminated from recognizing or are impaired, which shall be recorded into the profits and losses of current period.

④ Held-to-maturity Investments: non-derivative financial asset with a fixed date of maturity, a fixed or determinable recoverable amount and which the Company’s management holds for a definite purpose or the Company’s management is able to hold until its maturity. The Company shall make subsequent measurement on its Held-to-maturity Investments on the basis of the post-amortization costs by adopting the actual interest rate,

from which gains and losses, when loan and accounts receivable are terminated from recognizing, or are impaired or amortized, shall be recorded into the profits and losses of the current period.

(2) Classification, Recognition and Measurement of Financial Liabilities

Financial liabilities shall be classified into the following two categories when they are initially recognized: (1) the transactional financial liabilities; and (2) other financial liabilities. The financial liabilities initially recognized by the Company shall be measured at their fair values. For the transactional financial liabilities, the transaction expenses thereof shall be directly recorded into the profits and losses of the current period; for other categories of financial liabilities, the transaction expenses thereof shall be included into the initially recognized amount.

① As for the financial liabilities measured by fair value and its changes be included in the current gains and losses, which including trading financial liabilities and the financial liabilities be appointed to be measured by fair value with the changes be included in the current gains and losses when being initially recognized, should be executed subsequent measurement according to the fair value with the profits or losses formed by the changes of the fair value be included in the current gains and losses.

② Other financial liabilities: The Company shall make subsequent measurement on its other financial liabilities on the basis of the post-amortization costs by adopting the actual interest rate, from which gains and losses, when other financial liabilities are terminated from recognizing or amortized, shall be recorded into the profits and losses of the current period.

(3) Recognition and measurement of financial asset transfers

As for the Company transferred nearly all of the risks and rewards related to the ownership of a financial asset to the transferee, should derecognize the financial assets; as for maintained nearly all of the risks and rewards related to the ownership of a financial asset, should continue to recognize the transferred financial assets and recognize the received counter price as a financial liability. Where the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset (that is to say, it is not under a circumstance as mentioned in Article 7 of these Standards), it shall deal with it according to the circumstances as follows, respectively: (1) If it gives up its control over the financial asset, it shall stop recognizing the financial asset; (2) If it does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following 2 items shall be recorded in the profits and losses of the current period: (1) The book value of the transferred financial asset; (2) the sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in the owner's equities.

If the transfer of partial financial asset satisfies the conditions to stop the recognition, the entire book value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value, and the difference between the amounts of the following 2 items shall be included into the profits and losses of the current period: (1) The book value of the portion whose recognition has been stopped; (2) The sum of consideration of the portion whose recognition has been stopped, and the portion of the accumulative amount of the changes in the fair value originally recorded in the owner's equities which is corresponding to the portion whose recognition has been stopped.

(4) De-recognition conditions of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Group (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual

stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it terminates the recognition of the existing financial liability, and at the same time recognizes the new financial liability. If executed practical modification on the whole or part of the contract regulations of the existing financial liabilities, should terminate to recognize the existing financial liabilities or certain part of it and at the same time recognize the revised financial liabilities as a new financial liabilities.

Where the recognition of a financial liability is totally or partially terminated, the enterprise concerned shall include into the profits and losses of the current period for the gap between the book value which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed).

If the Company re-purchase part of the financial liabilities, should distribute the whole book value of the financial liabilities according to the comparatively fair value between the continued reorganization part and the terminated reorganization part on the re-purchase date. And the difference between the book value distributed to the terminated recognition part and the counter price of the paid part (including the rolled out non-cash assets or the new financial liabilities undertook) should be included in the current gains and losses.

(5) Recognition method of the fair value of the financial assets and the financial liabilities

As for the financial instruments for which there is an active market, the quoted prices in the active market shall be used to determine the fair values thereof. Where there is no active market for a financial instrument, the Company concerned shall adopt value appraisal techniques to determine its fair value. The value appraisal techniques mainly include the prices adopted by the parties, who are familiar with the condition, in the latest market transaction upon their own free will, the current fair value obtained by referring to other financial instruments of the same essential nature, the cash flow capitalization method and the option pricing model, etc.

(6) Impairment test of financial assets (excluding the accounts receivable) and withdrawal method of impairment provision

The Company inspects the book value of the financial assets on the balance sheet date to judge whether there are evidences indicate that the financial assets had occurred impairment owing to the occurrence of one or multiple events.

As for the measurement for impairment of financial assets measured on the basis of the post-amortization costs, where there is any objective evidence proving that a financial asset measured on the basis of post-amortization costs is impaired, should be recognized by the carrying amount of the difference between the said financial asset which shall be written down to the current value of the predicted future cash flow (excluding the loss of future credits not yet occurred) and the amount of the as written down which shall be recognized as loss of the impairment of the asset. When calculating the current value of the estimated future cash flow, should adopt the original effective interests' rate of the financial assets as the discount rate. The book value of the assets should be written down to the estimated recoverable amount through impairment provision items with the written down amount be included in the current gains and losses. As for the financial assets with individual significant amount, should adopt the individual assessment for ensure whether there are objective evidences indicate the impairment provision and as for the other assets with insignificant amount, should be inspected by individual or group assessment for ensure whether there are objective evidences indicate the impairment provision.

As for the financial assets measured by cost, if there are evidences indicate the impairment of the financial instruments without market price which had not measured by fair value because the fair value could not be reliable measured, the amount of the impairment losses should be measured by the difference between the book value of the financial assets and the current value of the estimated future cash flow acquired from the discounting measurement of the current market return rate of the similar financial assets.

Where an available-for-sale financial asset is impaired, the accumulative losses arising from the decrease of the

fair value of the owner's equity which was directly included shall be transferred out and recorded into the profits and losses of the current period.

11. Receivables

(1) Accounts receivable with significant single amount for which the bad debt provision is made individually

Definition or amount criteria for an account receivable with a significant single amount	Accounts receivable with a significant single amount refer to the top five accounts receivable with the largest balances or accounts accounting for over 10% of the total balance of receivables.
Making separate bad-debt provisions for accounts receivable with a significant single amount	Where there is objective evidence proving that the Company is not able to recover the full amount of an account receivable according to the original terms in relation to the account, an independent impairment test is carried out on the account receivable and the bad-debt provision is made according to the difference between the present value of the account's future cash flows and the account's carrying amount. If the independent impairment test shows that the account receivable has not been impaired, the balance of the account is put into the corresponding group and the bad-debt provision is made using the balance percentage method.

(2) Accounts receivable which the bad debt provision is withdrawn by credit risk characteristics

Group name	Withdrawal method of bad debt provision
Common transaction group	Percentage balance method
Internal transaction group	Age analysis method

In the groups, those adopting aging analysis method to withdraw bad debt provision:

Applicable Inapplicable

Aging	Withdrawal proportion of account receivables	Withdrawal proportion of other account receivables
Within 1 year (including 1 year)	6.00%	6.00%
1 to 2 years	6.00%	6.00%
2 to 3 years	6.00%	6.00%
Over 3 years	6.00%	6.00%

In the groups, those adopting balance percentage method to withdraw bad debt provision

Applicable Inapplicable

Name of the group	Withdrawal proportion of account receivables	Withdrawal proportion of other account receivables
Ordinary business group	6.00%	6.00%

In the groups, those adopting other methods to withdraw bad debt provision:

Applicable Inapplicable

(3) Accounts receivable with an insignificant single amount but for which the bad debt provision is made independently

Reason of individually withdrawing bad debt provision	There are definite evidences indicate the obvious difference of the returnability
Withdrawal method for bad debt provision	Withdraw the bad debt provision according to the difference of which the future cash flow lower than the book value. As for other account receivables (including notes receivables, prepayments, interests receivables and long-term accounts receivables etc.), should 2ithdraw the bad debt provision according to the difference of which the future cash flow lower than the book value.

12. Inventory

Inventory category: raw materials, products in processing, materials for consigned processing, finished products, semi-manufactured semi-finished products, and low-value consumption goods.

Accounting of inventory: raw materials and finished products shall be measured at actual cost, while weighted average method shall be adopted when receiving or outgoing.

Recognition of provision for falling price of inventory and withdrawal: The Company shall make provision for falling price of inventory on the basis of each item of inventory at the balance that net realizable value is lower than carrying cost. For finished goods, merchandise inventories, and available for sale materials which are applied directly for sales of stock inventory, the amount after deducting the estimated sale expense and relevant taxes from the estimated sell price of the inventory shall be recognized as the net realizable value. For material inventories which need to be processed, the amount after deducting the estimated cost of completion, estimated sale expense and relevant taxes from the estimated sale price of produced finished goods shall be recognized as the net realizable value.

Inventory system: a perpetual inventory system

13. Divided as assets held for sale

The Company divides the non-current financial assets which simultaneously meet with the following conditions (excluding financial assets) as the assets held for sale: ① the composition part should and could be immediately sold only according to the usual and idiomatic clauses of selling such composition part under the current circumstance; ② had made a solution on the disposing of the composition part;③ had signed a irrevocable transfer agreement with the transferee; ④ the transfer probably be completed within 1 year.

14. Long-term equity investments

(1) Recognition of provision for falling price of inventory and withdrawal

① For the merger of enterprises under the same control, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment, and the direct relevant expenses occurred for the merger of enterprises shall be included into the profits and losses of the current period.

② For the merger of enterprises not under the same control, The combination costs shall be the fair values, on the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the Company in exchange for the control on the acquiree, and all relevant direct costs incurred to the acquirer for the business combination. Where any future event that is likely to affect the combination costs is stipulated in the combination contract or agreement, if it is likely to occur and its effects on the combination costs can be measured

reliably, the Company shall record the said amount into the combination costs.

③ The cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost which is actually paid. The cost consists of the expenses directly relevant to the obtainment of the long-term equity investment, taxes and other necessary expenses.

④ The cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued.

⑤ The cost of a long-term investment obtained by the exchange of non-monetary assets (having commercial nature) shall be recognized base on taking the fair value and relevant payable taxes as the cost of the assets received.

⑥ The cost of a long-term equity investment obtained by recombination of liabilities shall be recognized at the fair value.

(2) Subsequent measurement of long-term equity investment and recognized method of investment income

① The long-term equity investment of the Company that is able to control the invested enterprise should be measured by cost method. The dividends or profits declared to distribute by the invested entity shall be recognized as the current investment income.

② The Company measured the long-term equity investment of the joint ventures and the associated enterprises by equity method. If the cost of the long-term equity investment is more than the Company's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the cost of the long-term equity investment may not be adjusted;

③ If the cost of a long-term equity investment is less than the Company's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profits and losses and the cost of the long-term equity investment shall be adjusted simultaneously. The Company shall recognize the net losses of the invested enterprise until the book value of the long-term equity investment and other long-term rights and interests which substantially form the net investment made to the invested entity are reduced to zero, unless the investing enterprise has the obligation to undertake extra losses. The Company shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity.

(3) Provision for impairment of long-term investment

The Company shall conduct inspection to long-term investment item by item at the end of reporting period. If the market price of long-term investment falls into sustained decline or the invested enterprise's operation status grow worse, which will cause that the recoverable amount is lower than carrying value, moreover, such reduced value will not be restored in predicted future period, then the negative balance between the recoverable amount and carrying value of long-term investment shall be measured as provision for impairment of long-term investment. The recoverable amount shall be determined in light of the higher one of the net amount of the fair value of the long-term equity investment minus the disposal expenses and the current value of the expected future cash flow of the long-term equity investment. Once any loss of impairment of the long-term investment is recognized, it shall not be switched back in the future accounting periods.

15. Investment real estates

Measurement mode of investment real estates

Inapplicable

16. Fixed assets

(1) Recognition conditions

Fixed assets of the Company refers to the tangible assets that simultaneously possess the features as follows: they are held for the sake of producing commodities, rendering labor service, renting or business management; and their useful life is in excess of one fiscal year and unit price is higher.

(2) Depreciation method

Category of fixed assets	Method	Useful life	Expected net salvage value	Annual depreciation
Housing and building	Average method of useful life	3—30	5%	31.67%-3.17%
Machinery equipments	Average method of useful life	2—10	5%	47.50%-9.50%
Transportation vehicle	Average method of useful life	5—10	5%	19.00%-9.50%
Electronic equipment	Average method of useful life	2—8	5%	47.50%-11.88%

(3) Recognition basis, pricing and depreciation method of fixed assets by finance lease

Inapplicable

17. Construction in Progress

Construction in progress shall be measured at actual cost. Constructions in progress shall be carried down to fixed assets by adopting provisional estimate when bringing to the expected conditions for use. After completion and settlement procedures, the Company shall adjust the carrying value of fixed assets at the actual cost. As for interests on borrowings incurred to special-borrowing loans or general borrowing for the acquisition and construction or production of assets eligible for capitalization and the ancillary expense incurred to special-borrowing loans, those incurred before a qualified asset under acquisition, construction or production is ready for the intended use or sale shall be capitalized into capitalized cost, while those incurred after a qualified asset under acquisition and construction or production is ready for the intended use or sale shall be included into the profits and losses of the current period.

Provision for impairment of construction in progress: the Company shall carry out overall inspection to the construction in progress at the end of the reporting period. If the construction in progress has been stopped for a long time and cannot be continued restarting in the coming three years, and such construction in progress has already fallen behind, whatever in performance or in technology, resulting in an uncertainty to economic benefit of the Company, and there is an obvious evidence shows that the construction in progress has been impaired, then provision for impairment of the construction in progress shall be withdrawn based on the negative balance between the recoverable amount of single construction in progress and carrying value. Once any loss of impairment of the construction in progress is recognized, it shall not be switched back in the future accounting periods.

18. Borrowing costs

Where the borrowing costs incurred to the Company can be directly attributable to the acquisition and construction or production of assets eligible for capitalization, it shall be capitalized and recorded into the costs of relevant assets. Other borrowing costs shall be recognized as expenses on the basis of the actual amount incurred,

and shall be recorded into the current profits and losses.

The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements: the asset disbursements have already incurred, which shall include the cash, transferred non-cash assets or interest bearing debts paid for the acquisition and construction or production activities for preparing assets eligible for capitalization; the borrowing costs has already incurred; and the acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

To-be-capitalized amount of interests of borrowing: As for interests of borrowing occurred special-borrowing loans or general borrowing for the acquisition and construction or production of assets eligible for capitalization, those incurred before a qualified asset under acquisition, construction or production is ready for the intended use or sale shall be capitalized based on the following methods:

As for special-borrowing loans for the acquisition and construction or production of assets eligible for capitalization, the to-be-capitalized amount of interests shall be determined in light of the actual cost incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

19. Biological assets

Inapplicable

20. Oil-gas assets

Inapplicable

21. Intangible assets

(1) Pricing method, useful life and impairment test

(1) Measurement of intangible assets

- ① The cost of outsourcing intangible assets shall be measured at actual expenditures occurred for reaching the expected use purpose.
- ② The research expenditures for its internal research and development projects of the Company shall be recorded into the profit or loss for the current period. The development expenditures for its internal research and development projects of the Company may be confirmed as cost of intangible assets when they satisfy capitalization conditions.
- ③ The cost invested into intangible assets by investors shall be determined according to the conventional value in the investment contract or agreement, except for those of unfair value in the contract or agreement.
- ④ The intangible assets received by the Company through accepting debtor's non-cash assets for compensation for debts, or by receivables, shall be measured at the fair value of the intangible assets received.
- ⑤ The cost invested into intangible assets by non-monetary transaction shall be determined according to the fair value of non-monetary assets and relevant payable taxes.

(2) Amortization of intangible assets

Intangible assets with limited service life shall be amortized by the straight-line method within its estimated service life. If it is unable to forecast the period when the intangible asset can bring economic benefits to the Company, it shall be regarded as an intangible asset with uncertain service life. Intangible assets with uncertain service life may not be amortized.

(3) Provision for impairment of intangible assets

The Company shall made overall inspection to the intangible asset at the end of reporting period. If the intangible assets have already been replaced by other new technologies, resulting in the Company's ability to create economic benefits suffering materials adverse influence, or a sustained decline of market price of intangible assets

and impossible to be recover within the residual amortization years, or certain intangible asset has exceeded the term protected by law but still part of useful value is remained, or there is an obvious evidence shows that the intangible assets has been impaired, then provision for impairment of the intangible assets shall be withdrawn based on the balance between the recoverable amount of single intangible assets and carrying value. Once any loss of impairment of the intangible assets is recognized, it shall not be switched back in the future accounting periods.

(2) Accounting polices of internal R & D expenses

Inapplicable

22. Impairment of long-term assets

N/A

23. Amortization method of long-term deferred expenses

Long-term deferred expenses refer to general expenses with the apportioned period over one year (one year excluded) that have occurred but attributable to the current and future periods. Long-term deferred expense shall be recoded into book in the light of the actual expenditure, and amortized averagely within benefit period. In case of no benefit in the future accounting period, the amortized value of such project that fails to be amortized shall be transferred into the profits and losses of the current period.

24. Payroll

(1) Accounting treatment of short-term compensation

Short-term compensation mainly including salary, bonus, allowances and subsidies, employee services and benefits, medical insurance premiums, birth insurance premium, industrial injury insurance premium, housing fund, labor union expenditure and personnel education fund, non-monetary benefits etc. The short-term compensation actually happened during the accounting period when the active staff offering the service for the Group should be recognized as liabilities and is included in the current gains and losses or relevant assets cost. Of which the non-monetary benefits should be measured according to the fair value.

(2) Accounting treatment of the welfare after demission

If an enterprise cancels the labor relationship with any employee prior to the expiration of the relevant labor contract or brings forward any compensation proposal for the purpose of encouraging the employee to accept a layoff, and should recognize the payroll liabilities occurred from the demission welfare base on the earlier date between the time when the Group could not one-sided withdraw the demission welfare which offered by the plan or layoff proposal owing to relieve the labor relationship and the date the Group recognizes the cost related to the reorganization of the payment of the demission welfare and at the same time includes which into the current gains and losses. But if the demission welfare is estimated that could not totally pay after the end of the annual report within 12 months, should be disposed according to other long-term payroll payment.

Welfare after demission mainly includes setting drawing plan. Of which setting the drawing plan mainly includes basic endowment insurance and unemployment insurance, and the corresponding payable and deposit amount should be included into the relevant assets cost or the current gains and losses when happen.

(3) Accounting treatment of the demission welfare

The inside employee retirement plan is treated by adopting the same principle with the above dismiss ion welfare. The group would recorded the salary and the social security insurance fees paid and so on from the employee's service terminative date to normal retirement date into current profits and losses (dismiss ion welfare) under the condition that they meet the recognition conditions of estimated liabilities.

(4) Accounting treatment of the welfare of other long-term staffs

The other long-term welfare that the Group offers to the staffs, if met with the setting drawing plan, should be accounting disposed according to the setting drawing plan, while the rest should be disposed according to the setting revenue plan.

25. Estimated liabilities

(1) Recognition of estimated debts

The obligation such as external guaranty, pending litigation or arbitration, product quality assurance, layoff plan, loss contract, restructuring and disposal of fixed assets, pertinent to a contingencies shall be recognized as an estimated debts when the following conditions are satisfied simultaneously: ① That obligation is a current obligation of the enterprise; ② It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation; and ③ The amount of the obligation can be measured in a reliable way.

(2) Measurement of estimated debts

The estimated debts shall be initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. If there is a sequent range for the necessary expenses and if all the outcomes within this range are equally likely to occur, the best estimate shall be determined in accordance with the middle estimate within the range. In other cases, the best estimate shall be conducted in accordance with the following situations, respectively: ① If the Contingencies concern a single item, it shall be determined in the light of the most likely outcome. ② If the Contingencies concern two or more items, the best estimate should be calculated and determined in accordance with all possible outcomes and the relevant probabilities. ③ When all or some of the expenses necessary for the liquidation of an estimated debts of an enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. The Company shall check the book value of the estimated debts on the balance sheet date. The amount of compensation is not exceeding the book value of the recognized estimated liabilities.

26. Share-based payment

Inapplicable

27. Other financial instruments such as preferred shares and perpetual capital securities

Inapplicable

28. Revenue

(1) No revenue from selling goods may be recognized unless the following conditions are met simultaneously:

- ① The significant risks and rewards of ownership of the goods have been transferred to the buyer by the Company;
- ② The Company retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold goods;
- ③ The revenue amount and the relevant cost which had occurred or will occur could be reliable measured;
- ④ The relevant economic benefits may flow into the Company.

(2) Specific principles for recognition of the “domestic sale and export” incomes of the Company:

- ① Method for recognition of the domestic sale income: According to the buyer’s requirements, the Company delivers to the buyer the products that have been considered qualified upon examination. The amount of the income has been determined and the sales invoice has been issued. The payment for the delivered products has

been received in full or is expectedly recoverable.

② Method for recognition of the export income: The Company produces the products according to the contract signed with the buyer. After the products have been examined as qualified, the Company completes the customs clearing procedure for export. The shipping company loads the products for shipping. The amount of the income has been determined and the export sales invoice has been issued. The payment for the delivered products has been received in full or is expectedly recoverable.

(3) The Company provides the external labor service with the revenues should be recognized according to the following methods:

① The labor service started and completed during the same accounting year should be recognized as revenues when the labor service completed. While if the starting and the completion of the labor service attribute to different accounting year, and the Company can, on the date of the balance sheet, reliably estimate the outcome of a transaction concerning the labor services it provides, it shall recognize the relevant revenue from providing services employing the percentage-of-completion method.

② If an enterprise can not, on the date of the balance sheet, measure the result of a transaction concerning the providing of labor services in a reliable way, it shall be conducted in accordance with the following circumstances, respectively: If the cost of labor services incurred is expected to be compensated, the revenue from the providing of labor services shall be recognized in accordance with the amount of the cost of labor services incurred, and the cost of labor services shall be carried forward at the same amount; If the cost of labor services incurred is not expected to compensate, the revenue shall be recognized in accordance with the amount of the cost of labor service can be compensated, and regard the occurred labor cost as the current cost; if all cost of labor services incurred is not expected to compensate and no revenue from the providing of labor services may be recognized and regard the occurred labor cost as the current cost.

(4) The revenue from abalienating of right to use assets consists of interest revenue and royalty revenue, and no revenue from abalienating of right to use assets may be recognized unless the following conditions are met simultaneously:

① The relevant economic benefits are likely to flow into the Company;

② The amount of revenues can be measured in a reliable way.

③ The royalty revenue of the revenue from abalienating of right to use assets, should be recognized as the operation revenue according to the chargeable time as well as the calculation method stipulated by the relevant contracts and agreements.

29. Government Subsidies

(1) Judgment basis and accounting treatment of government subsidies related to assets

No government subsidy may be recognized unless the following conditions are met simultaneously: (1) The Company can meet the conditions for the government subsidies; and (2) The Company can obtain the government subsidies.

If a government subsidy is a monetary asset, it shall be measured in the light of the received or receivable amount. If a government subsidy is a non-monetary asset, it shall be measured at its fair value. If its fair value cannot be obtained in a reliable way, it shall be measured at its nominal amount.

The government subsidies pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses. But the government subsidies measured at their nominal amounts shall be directly included in the current profits and losses.

(2) Judgment basis and accounting treatment of government subsidies related to profits

The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows: those subsidies used for compensating the related future expenses or losses of the enterprise shall be recognized as deferred income and shall included in the current profits and losses during the period when the relevant expenses are recognized; or those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.

30. Deferred income tax assets/deferred income tax liabilities**(1) Basic of recognizing the deferred income tax assets**

① As for the book value and the tax base of the assets and the liabilities exist deductible temporary difference, the Company shall recognize the deferred income tax liability arising from a deductible temporary difference to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary difference according to the applicable tax rate of the period which recovered the estimated assets or paid off the liabilities.

② On the balance sheet date, if there is any exact evidence showing that it is likely to acquire a sufficient amount of taxable income in a future period to offset against the deductible temporary difference, the deferred income tax assets unrecognized in prior periods shall be recognized.

③ The book value of deferred income tax assets shall be reviewed at each balance sheet date. If it is unlikely to obtain sufficient taxable income to offset against the benefit of the deferred income tax asset, the book value of the deferred income tax assets shall be written down. Any such write-down should be subsequently reversed where it becomes probable that sufficient taxable income will be available.

(2) Basic of recognizing the deferred income tax liabilities

As for the book value and the tax base of the assets and the liabilities exist payable temporary difference, the Company shall recognize the deferred income tax liability arising from a payable temporary difference according to the applicable tax rate of the period which recovered the estimated assets or paid off the liabilities.

31. Lease**(1) Accounting treatment of operating lease**

For the leasee of he operating lease, the rent expenses from operating leases shall be recorded by the lessee in the relevant asset costs or the profits and losses of the current period by using the straight-line method over each period of the lease term. The initial direct costs shall be recognized as the profits and losses of the current period; the contingent rents shall be recorded into the profits and losses of the current period in which they actually arise. A lessor shall include the assets subject to operating leases in relevant items of its balance sheets in light of the nature of the asset; The rents from operating leases shall be recorded in the profits and losses of the current period by using the straight-line method over each period of the lease term; the initial direct costs incurred to a lessor shall be recorded into the profits and losses of the current period. As for the fixed assets subject to operating leases, the lessor shall calculate the depreciation of it by adopting depreciation policy for similar assets; as for other leased assets, systematic and reasonable methods shall be adopted for its amortization; the contingent rents shall be recorded in the profits and losses of the period in which they actually arise.

(2) Accounting treatments of financial lease

On the lease beginning date, a lessee shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as

unrecognized financing charges; the initial direct costs such as commissions, attorney's fees and traveling expenses, stamp duties directly attributable to the leased item incurred during the process of lease negotiating and signing the leasing agreement shall be recorded in the asset value of the current period; when amortizing the unrecognized financial charges during each period within the lease term, should recognize the current financial expenses by the actual interests rate; and the contingent rental should be included the current gains and losses when actually arise When a lessee calculates the present value of the minimum lease payments, if it can obtain the lessor's interest rate implicit in the lease, it shall adopt the interest rate implicit in the lease as the discount rate. Otherwise, it shall adopt the interest rate provided in the lease agreement as the discount rate. In case the lessee cannot obtain the lessor's interest rate implicit in the lease and no interest rate is provided in the lease agreement, the lessee shall adopt the borrowing interest rate of the bank for the same period as the discount rate. If it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life. On the beginning date of the lease term, a lessor shall recognize the sum of the minimum lease receipts on the lease beginning date and the initial direct costs as the entering value in an account of the financing lease values receivable, and record the unguaranteed residual value at the same time; the balance between the sums of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the sum of their present values shall be recognized as unrealized financing income; the unrealized financing income shall be allocated to each period during the lease term; the lessor shall calculate the financing income at the current period by adopting the effective interest rate method; contingent rents shall be recognized as an expense in the period in which they are actually incurred.

32. Other significant accounting policies and estimates

N/A

33. Changes in main accounting policies and estimates

(1) Change of accounting policies

Applicable Inapplicable

(2) Change of main accounting estimates

Applicable Inapplicable

34. Other

Inapplicable

VI. Taxation

1. Main taxes and tax rate

Category of taxes	Tax basis	Tax rate
VAT	Sales revenues	17%
Business tax	Operating income	5%
Urban maintenance and construction tax	Turnover tax payable	7%, 5%
Enterprise income tax	Income tax payable	25%, 15%

Notes of the disclosure situation of the taxpaying bodies with different enterprises income tax rate

Name	Income tax rate
------	-----------------

Foshan Electrical and Lighting Co., Ltd.	15%
Suzhou Mont Lighting Co., Ltd.	15%
Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	25%
Foshan Chansheng Electronic Ballast Co., Ltd.	25%
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	25%
FSL New Light Source Technology Co., Ltd.	25%
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	25%
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	25%
Foshan Lighting Lamps and Lanterns Co., Ltd.	25%
Guangdong Fozhao Leasing Co., Ltd.	25%

2. Tax preference

(1) The Company passed the re-examination for the First Batch High-tech Enterprise in 2014 on 17 Mar. 2015, as well as won the “Certificate of High-tech Enterprise” with serial number GR201444001411 after approval by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Bureau of State Taxation and Guangdong Provincial Bureau of Local Taxation. In accordance with relevant provisions in Corporate Income Tax Law of the People's Republic of China and the Administration Measures for Identification of High-tech Enterprises promulgated in 2007, the Company paid the corporate income tax based on a tax rate of 15% within three years since 1 Jan. 2014.

(2) The subordinate subsidiary of the Company, Suzhou Mont Lighting Co., Ltd. was identified as a high-tech enterprise since Aug. 2012 and passed the re-examination for the Second Batch High-tech Enterprise in 2015 on 3 Nov. 2015, as well as won the “Certificate of High-tech Enterprise” with serial number GR201532001321 after approval by Department of Science and Technology of Jiangsu Province, Department of Finance of Jiangsu Province, Guangdong Provincial Bureau of State Taxation and Jiangsu Provincial Bureau of Local Taxation. In accordance with relevant provisions in Corporate Income Tax Law of the People's Republic of China and the Administration Measures for Identification of High-tech Enterprises promulgated in 2007, the Company paid the corporate income tax based on a tax rate of 15% within three years since 1 Jan. 2015.

3. Other

Paid according to the relevant regulation of the tax law.

VII. Notes to Main Items of Consolidated Financial Statements

1. Monetary funds

Unit: RMB Yuan

Item	Closing balance	Opening balance
Cash on hand	36,008.01	13,150.43
Bank deposits	855,342,849.29	915,022,578.88
Other currency funds	79,862,347.90	74,682,666.29
Total	935,241,205.20	989,718,395.60

Other notes

—All bank deposits are in the name of the Company or the subsidiaries which are within the scope of consolidated financial statements, of which the right to use of the closing balance of the bank deposits of the subsidiary Suzhou Mont Lighting Co., Ltd. which was of RMB1,695,096.83 was under restrictions.

—The closing balance of other monetary funds of the reporting period was the refundable deposit, the balance of the Alipay,

2. Financial assets measured by fair value and the changes be included in the current gains and losses

Unit: RMB Yuan

Item	Closing balance	Opening balance
Financial assets appointed to be measured by fair value with the changes be included in the current gains and losses	51,600.00	20,320.00
Investment on equity instruments	51,600.00	20,320.00
Total	51,600.00	20,320.00

3. Derivative financial assets

Applicable Inapplicable

4. Notes receivable

(1) Notes receivable listed by category

Unit: RMB Yuan

Item	Closing balance	Opening balance
Bank acceptance bill	58,819,605.04	126,676,364.36
Commercial acceptance bill	143,849,711.44	124,316,920.77
Total	202,669,316.48	250,993,285.13

(2) Notes receivable pledged by the Company at the period-end

Unit: RMB Yuan

Item	Closing pledged amount
Bank acceptance bill	0.00
Commercial acceptance bill	0.00
Total	0.00

(3) Notes receivable which had endorsed by the Company or had discounted and had not due on the balance sheet date at the period-end

Unit: RMB Yuan

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	75,741,539.27	
Total	75,741,539.27	

(4) Notes transferred to accounts receivable because drawer of the notes fails to executed the contract or agreement

Unit: RMB Yuan

Item	Closing amount transferred to accounts receivable
Bank acceptance bill	0.00
Total	0.00

Other notes

5. Accounts receivable

(1) Accounts receivable disclosed by category

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable withdrawn bad debt provision according to credit risks characteristics	389,788,436.93	99.02%	23,387,306.21	6.00%	366,401,130.72	343,565,611.11	99.81%	20,613,936.66	6.00%	322,951,674.45
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	3,874,675.02	0.98%	3,874,675.02	100.00%	0.00	664,739.65	0.19%	664,739.65	100.00%	0.00
Total	393,663,111.95	100.00%	27,261,981.23	6.93%	366,401,130.72	344,230,350.76	100.00%	21,278,676.31	6.18%	322,951,674.45

Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

Applicable Inapplicable

In the groups, accounts receivable adopting aging analysis method to accrue bad debt provision:

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Withdrawal proportion
Subitem within 1 year			
Within 1 year	366,023,507.48	21,961,410.45	6.00%
Subtotal within 1 year	366,023,507.48	21,961,410.45	6.00%
1 to 2 years	8,134,742.42	488,084.54	6.00%
2 to 3 years	14,528,173.79	871,690.42	6.00%
Over 3 years	1,102,013.24	66,120.80	6.00%
Total	389,788,436.93	23,387,306.21	6.00%

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Inapplicable

In the groups, accounts receivable adopting other methods to withdraw bad debt provision:

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision during the reporting period was of RMB 9,831,002.59; the amount of the reversed or collected part during the reporting period was of RMB 0.00.

(3) The actual write-off accounts receivable

Unit: RMB Yuan

Item	Amount of verification
Nanchang Pengqi Industry & Trade Co., Ltd.	1,531,915.58
Shenyang Huawei Lighting Electrical Appliances Co., Ltd.	343,466.97
Shijiazhuang Mengtong Commerce & Trade Co., Ltd.	300,000.00
Wuhan Jianida Commerce & Trade Co., Ltd.	205,634.00
Other small sum sporadic payment	1,466,681.12
Total	3,847,697.67

(4) Top 5 of the closing balance of the accounts receivable collected according to the arrears party

Unit: RMB Yuan

Name of customers	Nature of the account	Closing balance	Age limit	Proportion of the total year end balance of the accounts receivable (%)	Closing balance of bad debt provision
**COMPANY	Goods payment	28,864,908.40	Within 1 year	7.33	1,731,894.51
Jiangmen Jianghai District **** Lighting Co., Ltd.	Goods payment	10,777,765.72	Within 1 year	2.74	646,665.94
***LIGHTING DO BRASIL COMERCIO	Goods payment	10,508,121.03	Within 1 year	2.67	630,487.26
*****PRODUCTS INC	Goods payment	9,020,005.96	Within 1 year	2.29	541,200.36
Dongguan **** Efficient Technology Co., Ltd.	Goods payment	8,941,244.40	1 to 3 years	2.27	536,474.66
Total		68,112,045.51		17.3	4,086,722.73

(5) Account receivable which terminate the recognition owing to the transfer of the financial assets

Naught

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Naught

6. Prepayment**(1) List by aging analysis**

Unit: RMB Yuan

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	5,151,048.23	75.10%	11,552,758.71	92.04%
1 to 2 years	942,100.92	13.74%	807,228.91	6.43%
2 to 3 years	610,778.10	8.90%	144,407.98	1.15%

Over 3 years	155,023.16	2.26%	47,171.31	0.38%
Total	6,858,950.41	--	12,551,566.91	--

(2) Top 5 of the closing balance of the prepayment collected according to the prepayment target

Unit: RMB Yuan

Name of the units	Relationship	Amount	Age limit	Proportion (%)
Foshan Nanhai ** Development Co., Ltd.	Non-related relationship	2,900,000.00	Within 1 year	42.28
Guangdong Foshan ** Branch Company of China ** Sales Co., Ltd.	Non-related relationship	527,925.83	Within 1 year	7.7
Zhejiang ** Fluorescent material Co., Ltd.	Non-related relationship	398,035.54	Within 1 year	5.8
Zhongshan ** Electrical appliance manufacturing Co., Ltd.	Non-related relationship	225,000.00	1 to 2 years	3.28
** Electric Lighting Co., Ltd.	Non-related relationship	200,000.00	Within 1 year	2.92
Total		4,250,961.37		61.98

Notes:

—Closing balance of the prepayments at the period-end decreased of RMB 5,692,616.50 over the period-begin with the decreasing range of 45.35%, which mainly due to the settlement of the current period of the materials amount paid in last period in advance.

7. Interest receivable**(1) Category of interest receivable**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Deposits on a regular basis	3,022,646.23	2,101,275.54
Total	3,022,646.23	2,101,275.54

(2) Significant overdue interest

Naught

8. Dividend receivable**(1) Dividend receivable**

Naught

(2) Significant dividend receivable aged over 1 year

Naught

9. Other accounts receivable**(1) Other accounts receivable disclosed by category**

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Category		Closing balance		Opening balance	Category		Closing balance		Opening balance
	Amount	Proportio	Amount	Withdra		Amount	Proportio	Amount	Withdrawal	

		n		wal proportio n			n		proportion	
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	18,418,7 27.80	100.00%	1,105,12 3.66	6.00%	17,313,60 4.14	78,854, 090.02	100.00%	4,731,245 .39	6.00%	74,122,844. 63
Total	18,418,7 27.80	100.00%	1,105,12 3.66	6.00%	17,313,60 4.14	78,854, 090.02	100.00%	4,731,245 .39	6.00%	74,122,844. 63

Other accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

Applicable Inapplicable

In the groups, other accounts receivable adopting aging analysis method to accrue bad debt provision:

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Subitem within 1 year			
Within 1 year	13,667,234.10	820,034.04	6.00%
Subtotal within 1 year	13,667,234.10	820,034.04	6.00%
1 to 2 years	4,471,366.46	268,281.99	6.00%
2 to 3 years	3,003.72	180.22	6.00%
Over 3 years	277,123.52	16,627.41	6.00%
Total	18,418,727.80	1,105,123.66	6.00%

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Inapplicable

In the groups, other accounts receivable adopting other methods to accrue bad debt provision:

Applicable Inapplicable

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision during the reporting period was of RMB-3,626,121.73; the amount of the reversed or collected part during the reporting period was of RMB0.00.

(3) The actual write-off other accounts receivable

Naught

(4) Other accounts receivable classified by the nature of accounts

Unit: RMB Yuan

Nature	Closing book balance	Opening book balance
Promotion financial subsidies of the efficient lighting products	0.00	59,524,157.04
VAT export tax refunds	10,002,722.46	9,474,039.36
Performance earnest money	3,712,081.83	3,844,371.53
Employee loans and petty cash	843,146.81	2,130,228.48

Rent and water and electricity charges	490,494.61	1,131,824.72
Acting street lamp construction funds	2,523,547.23	2,523,547.23
Other	846,734.86	225,921.66
Total	18,418,727.80	78,854,090.02

(5) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

Unit: RMB Yuan

Name of units	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable	Closing balance of bad debt provision
Export rebates	VAT export tax refunds	10,002,722.46	Within 1 year	54.31%	600,163.35
Guangdong Construction engineering Co., Ltd. **	Acting street lamp construction funds	2,523,547.23	1 to 2 years	13.70%	151,412.83
Guangzhou Engineering Management Center ****	Performance earnest money	1,000,000.00	Within 1 year	5.43%	60,000.00
Foshan Gaoming Co., Ltd. **	Performance earnest money	1,000,000.00	1 to 2 years	5.43%	60,000.00
Reserved funds	Other	702,735.48	Within 1 year	3.81%	42,164.13
Total	--	15,229,005.17	--	82.68%	913,740.31

(6) Accounts receivable involved with government subsidies

Naught

(7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

Naught

(8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

Naught

Other notes:

—The closing balance of the other accounts receivables of the current period decreased of RMB60,435,362.22 over the period-begin with the reduction amplitude of 76.64%, which mainly due to the recovered financial subsidies of the efficient lighting products of the reporting period.

10. Inventory**(1) Category of inventory**

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Falling price reserves	Book value	Book balance	Falling price reserves	Book value
Raw materials	77,384,147.93	8,137,865.12	69,246,282.81	66,135,274.34	2,950,206.73	63,185,067.61
Goods in process	25,812,370.33	0.00	25,812,370.33	13,250,093.03	0.00	13,250,093.03

Inventory goods	366,582,258.72	17,263,510.85	349,318,747.87	419,125,198.44	9,718,644.81	409,406,553.63
Self-made semi-manufactured goods	116,119,714.01	3,963,130.61	112,156,583.40	140,174,745.84	2,183,082.98	137,991,662.86
Low-value fugitive items	3,117,943.80	0.00	3,117,943.80	1,961,595.35	0.00	1,961,595.35
Total	589,016,434.79	29,364,506.58	559,651,928.21	640,646,907.00	14,851,934.52	625,794,972.48

(2) Falling price reserves of inventory

Unit: RMB Yuan

Item	Opening balance	Increased amount		Decreased amount		Closing balance
		Withdrawal	Other	Reverse or write-off	Other	
Raw materials	2,950,206.73	5,187,658.39				8,137,865.12
Goods in process	0.00					0.00
Inventory goods	9,718,644.81	12,451,345.24		4,906,479.20		17,263,510.85
Self-made semi-manufactured goods	2,183,082.98	1,780,047.63				3,963,130.61
Total	14,851,934.52	19,419,051.26		4,906,479.20		29,364,506.58

(3) Notes of the closing balance of the inventory which includes capitalized borrowing expenses

Naught

(4) Completed unsettled assets formed from the construction contract at the period-end

Naught

11. Assets divided as held-to-sold

Naught

12. Non-current assets due within 1 year

Naught

13. Other current assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Deductible input tax of VAT	56,770,134.59	31,783,068.68
Advance payment of enterprise income tax	25,347,724.55	
Unsettled assets profit and loss	8,942,983.75	
Total	91,060,842.89	31,783,068.68

Other notes:

—The closing balance of the unsettled assets profit and loss was due to the damaged inventories from the rainstorm and flood in Oct. 2015 and the Company had submitted the indemnity claim to the insurance company and up 31 Dec. 2015, the claim Management was still in progress while the Company temporarily list the estimated acquirable insurance compensation of the damaged inventories as the unsettled assets profit and loss.

14. Available-for-sale financial assets**(1) List of available-for-sale financial assets**

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Available-for-sale equity instruments	3,098,266,162.34	5,850,000.00	3,092,416,162.34	587,007,988.22	5,850,000.00	581,157,988.22
Measured by fair value	2,787,166,401.96	0.00	2,787,166,401.96	114,908,227.84		114,908,227.84
Measured by cost	311,099,760.38	5,850,000.00	305,249,760.38	472,099,760.38	5,850,000.00	466,249,760.38
Total	3,098,266,162.34	5,850,000.00	3,092,416,162.34	587,007,988.22	5,850,000.00	581,157,988.22

(2) Available-for-sale financial assets measured by fair value at the period-end

Unit: RMB Yuan

Category of the available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale liabilities instruments		Total
Cost of the equity instruments/amortized cost of the debt instruments	183,649,747.82			183,649,747.82
Fair value	2,787,166,401.96			2,787,166,401.96
Changed amount of the fair value that be accumulatively recorded in other comprehensive income	2,603,516,654.14			2,603,516,654.14

(3) Available-for-sale financial assets measured by cost at the period-end

Unit: RMB Yuan

Investee	Book balance				Impairment provision				Shareholding proportion among the investees	Cash bonus of the reporting period
	Period-beg in	Increase	Decrease	Period-end	Period-beg in	Increase	Decrease	Period-end		
Shenzhen Zhonghao (Group) Ltd.	5,850,000.00			5,850,000.00	5,850,000.00			5,850,000.00	Less than 5.00%	
Chengdu Hongbo Industrial Co., Ltd.	6,000,000.00			6,000,000.00					6.94%	

Xiamen Bank Co., Ltd.	292,574,133.00			292,574,133.00					6.91%	
Guangdong Development Bank Co., Ltd.	500,000.00			500,000.00					Less than 5.00%	
Foshan Focheng Road Development Company Limited	7,175,627.38		1,000,000.00	6,175,627.38					7.66%	
Hefei Guoxuan High-tech Power Energy Co., Ltd.	160,000.00		160,000.00	0.00					0.00%	
Total	472,099,760.38		161,000,000.00	311,099,760.38	5,850,000.00			5,850,000.00	--	

(4) Changes of the impairment of the available-for-sale financial assets during the reporting period

Unit: RMB Yuan

Category of the financial assets available-for-sale	Equity instruments available-for-sale	Debt instruments available-for-sale		Total
Opening balance of the withdrawn impairment	5,850,000.00			5,850,000.00
Closing balance of the withdrawn impairment	5,850,000.00			5,850,000.00

(5) Relevant notes of the fair value of the available-for-sale equity instruments which seriously fell or temporarily fell but not withdrawn the impairment provision

Other notes

—In May 2015, the stock-participating company Hefei Guoxuan High-tech Power Energy Co., Ltd. completed the relevant listing process through the skeuomorphism of Jiangsu Dong Yuan Electrical Group Co., Ltd. (afterwards renamed as “Guoxuan High-tech Co., Ltd.”, or “Guoxuan High-tech” for short), and the equities of Guoxuan High-tech Power Energy Co., Ltd., held by the Company transferred to Guoxuan High-tech as the restricted circulating shares of 73,006,150 shares with the corresponding part which transferred should be calculated according to the financial assets available-for-sale measured by fair value.

—The revenue of the investee company, Foshan Focheng Road Development Company Limited had be included in the unified collection distribution system of Foshan road and bridge tolls, and the Company had executed amortization within the remained planting duration by regarding the investment balance as the usufruct and the amortized investment cost of the reporting period was of RMB1,000,000.00.

15. Investment held-to-maturity

(1) List of the investment held-to-maturity

Naught

(2) Significant held-to-maturity investment at the period-end

Naught

(3) Reclassified held-to-maturity investment of the reporting period

Naught

16. Long-term accounts receivable**(1) List of the long-term accounts receivable**

Naught

(2) Long-term accounts receivable derecognized owing to the transfer of the financial assets

Naught

(3) Assets and liabilities amount formed from the transfer of the long-term accounts receivable and from the continuous involvement

Naught

17. Long-term equity investment

Unit: RMB Yuan

Investees	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment provision
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint ventures											
II. Associated enterprises											
Qinghai FSL Lithium Energy Exploitation Co., Ltd.	3,689,724.39			-3,307,086.87						382,637.52	
Subtotal	3,689,724.39			-3,307,086.87						382,637.52	
Total	3,689,724.39			-3,307,086.87						382,637.52	

18. Investment property**(1) Investment property adopted the cost measurement mode** Applicable Inapplicable**(2) Investment property adopted the fair value measurement mode** Applicable Inapplicable**(3) List of the investment property failed to completed the certificate of title**

Naught

19. Fixed assets**(1) List of fixed assets**

Unit: RMB Yuan

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Total
I. Original book value:					
1. Opening balance	568,744,717.00	916,122,498.61	20,766,596.02	22,831,274.05	1,528,465,085.68
2. Increased amount of the period	69,504,885.24	75,754,776.21	1,421,566.34	2,907,907.10	149,589,134.89
(1) Purchase	2,294,457.82	23,684,625.72	1,421,566.34	1,693,664.35	29,094,314.23
(2) Transfer of project under construction	67,210,427.42	52,070,150.49	0.00	1,214,242.75	120,494,820.66
(3) Enterprises combination increase					
3. Decreased amount of the period	0.00	85,585,176.66	958,014.06	1,695,433.85	88,238,624.57
(1) Disposal or scrap	0.00	51,284,967.02	958,014.06	1,524,168.82	53,767,149.90
(2) Equipment transformation	0.00	34,300,209.64	0.00	171,265.03	34,471,474.67
4. Closing balance	638,249,602.24	906,292,098.16	21,230,148.30	24,043,747.30	1,589,815,596.00
II. Accumulated desperation					
1. Opening balance	338,302,001.88	693,539,580.39	13,717,406.23	12,707,722.36	1,058,266,710.86
2. Increased amount of the period	20,461,340.36	42,138,179.06	1,295,975.19	3,062,767.68	66,958,262.29
(1) Withdrawal	20,461,340.36	42,138,179.06	1,295,975.19	3,062,767.68	66,958,262.29
3. Decreased amount of the period	0.00	62,516,766.62	800,216.29	1,287,842.20	64,604,825.11
(1) Disposal or scrap	0.00	48,069,474.26	800,216.29	1,210,166.54	50,079,857.09
(2) Equipment transformation	0.00	14,447,292.36	0.00	77,675.66	14,524,968.02
4. Closing balance	358,763,342.24	673,160,992.83	14,213,165.13	14,482,647.84	1,060,620,148.04
III. Impairment provision					
1. Opening balance	0.00	6,930,673.53	0.00	0.00	6,930,673.53

2. Increased amount of the period	0.00	37,879,304.31	0.00	1,346.31	37,880,650.62
(1) Withdrawal	0.00	37,879,304.31	0.00	1,346.31	37,880,650.62
3. Decreased amount of the period	0.00	52,094.36	0.00	0.00	52,094.36
(1) Disposal or scrap	0.00	52,094.36	0.00	0.00	52,094.36
4. Closing balance	0.00	44,757,883.48		1,346.31	44,759,229.79
IV. Book value					
1. Closing book value	279,486,260.00	188,373,221.85	7,016,983.17	9,559,753.15	484,436,218.17
2. Opening book value	230,442,715.12	215,652,244.69	7,049,189.79	10,123,551.69	463,267,701.29

(2) List of temporarily idle fixed assets

Unit: RMB Yuan

Item	Original book value	Accumulated depreciation	Impairment provision	Net book value	Remark
T5, T8, energy-saving lamp production line	180,869,238.81	142,466,206.96	37,880,650.98	522,380.87	Name of the announcement: Announcement on Withdrawing the Preparation for the Assets Impairment on the Idle Equipments and Construction in Progress; the Announcement No.: 2015-030; disclosure website: www.cninfo.com.cn

(3) Fixed assets leased in from financing lease

Naught

(4) Fixed assets leased out from operation lease

Naught

(5) Details of fixed assets failed to accomplish certification of property

Naught

20. Construction in progress**(1) List of construction in progress**

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Construction in progress	32,488,518.68	0.00	32,488,518.68	94,558,082.50	3,695,984.29	90,862,098.21
Total	32,488,518.68	0.00	32,488,518.68	94,558,082.50	3,695,984.29	90,862,098.21

(2) Changes of significant construction in progress

Unit: RMB Yuan

Name of item	Estimated number	Opening balance	Increase d amount of the period	Amount that transferr ed to fixed assets of the period	Other decrease d amount of the period	Closing balance	Proporti on estimate d of the project accumul ative input	Project progress	Accumul ative amount of capitaliz ed interests	Of which: the amount of the capitaliz ed interests of the period	Capitaliz ation rate of the interests of the period	Capital resources
Reforma tion of 9# kiln	7,500,00 0.00	0.00	4,904,80 5.77	0.00	0.00	4,904,80 5.77	65.40%	40.00%				Other
LED third worksho p reconstru ction engineeri ng	3,500,00 0.00	3,362,82 5.81	99,805.7 7	0.00	0.00	3,462,63 1.58	98.93%	97.00%				Other
SGLC color tile engineeri ng for leak repairing of each worksho p	5,000,00 0.00	0.00	2,702,11 0.21	0.00	0.00	2,702,11 0.21	54.04%	80.00%				Other
Commer cial housing	4,350,00 0.00		2,206,74 0.10			2,206,74 0.10	50.73%	50.00%				Other

of Gaoming Jiangbin Shangri- La Garden												
LED second worksho p	4,610,00 0.00	4,423,87 9.64	183,465. 90	4,607,34 5.54			99.94%	100.00%				Other
Gaoming Fuwan semi-fini shed products of lamps and assembly worksho p II	5,070,00 0.00	3,647,74 0.00	1,128,07 6.45	4,775,81 6.45			94.20%	100.00%				Other
Gaoming Fuwan Load and unload station second factory	9,500,00 0.00	7,922,82 3.80	1,226,85 4.17	9,149,67 7.97			96.31%	100.00%				Other
Gaoming Fuwan semi-fini shed products of lamps and assembly worksho p I	7,000,00 0.00	5,053,67 2.00	1,568,34 3.50	6,520,28 7.20	101,728. 30		93.15%	100.00%				Other
Employee departme nt of Gaoming 8#9# floors	15,000,0 00.00	4,030,00 0.00	9,399,64 8.44	13,429,6 48.44			89.53%	100.00%				Other
G project of Fuwan standard	22,800,0 00.00		16,694,5 64.69	16,694,5 64.69			73.22%	100.00%				Other

workshop												
Third District Hard Glass Kiln	8,500,000.00	8,149,794.29	72,780.00		8,222,574.29			/				Other
4 Single-ended automatic production lines	8,000,000.00	7,299,012.41	616,268.77	7,915,281.18			98.94%	100.00%				Other
Reformation of 6# kiln	8,500,000.00	5,906,298.82	1,520,055.85		7,426,354.67			/				Other
8# kiln	11,100,000.00	6,529,485.54	2,256,360.15	8,785,845.69			79.15%	100.00%				Other
Total	120,430,000.00	56,325,532.31	44,579,879.77	71,878,467.16	15,750,657.26	13,276,287.66	--	--				--

(3) List of the withdrawal of the impairment provision of the construction in progress

Unit: RMB Yuan

Item	Withdrawn amount	Reason
Third District Hard Glass Kiln	2,000,000.00	
Total	2,000,000.00	--

Other notes

—The withdrawn amount of the impairment provision of the construction in progress was of RMB2,000,000.00, which formed from the withdrawal of the impairment provision on the difference from the lower part of the recoverable amount compared to the book value of the third district hard glass kiln and the impairment provision should written off along with the scrap the corresponding assets.

—The other decreased amount of the construction in progress of the reporting period was mainly due to the scrap of the glass kiln items.

21. Engineering material

Naught

22. Liquidation of fixed assets

Naught

23. Productive biological assets**(1) Productive biological assets adopted the cost measurement mode** Applicable Inapplicable**(2) Production biological assets adopted the fair value measurement mode** Applicable Inapplicable

24. Oil and gas assets

□ Applicable √ Inapplicable

25. Intangible assets**(1) Information**

Unit: RMB Yuan

Item	Land use right	Patent	Non-patents	Software use right	Total
I. Total original book value					
1. Opening balance	211,719,938.60	20,700,700.00		1,636,664.95	234,057,303.55
2. Increase in the reporting period					
(1) Purchase					
(2) Internal R &D					
(3) Increase from enterprise combination					
3. Decrease in the reporting period					
(1) Purchase					
4. Closing balance	211,719,938.60	20,700,700.00		1,636,664.95	234,057,303.55
II. Total accrued amortization					
1. Opening balance	44,415,425.34	2,145,860.00		381,888.50	46,943,173.84
2. Increase in the reporting period	4,344,643.08	1,945,860.00		327,333.00	6,617,836.08
(1) Withdrawal	4,344,643.08	1,945,860.00		327,333.00	6,617,836.08
3. Decrease in the reporting period					
(1) Disposal					
4. Closing balance	48,760,068.42	4,091,720.00		709,221.50	53,561,009.92
III. Total impairment provision					
1. Opening balance					
2. Increase in the reporting period		16,608,980.00			16,608,980.00
(1) Withdrawal		16,608,980.00			16,608,980.00

3. Decrease in the reporting period					
(1) Disposal					
4. Closing balance		16,608,980.00			16,608,980.00
IV. Total book value of intangible assets					
1. Book value of the period-end	162,959,870.18	0.00		927,443.45	163,887,313.63
2. Book value of the period-begin	167,304,513.26	18,554,840.00		1,254,776.45	187,114,129.71

The proportion the intangible assets formed from the internal R&D through the Company amount the balance of the intangible assets at the period-end was 0.00%.

(2) Details of fixed assets failed to accomplish certification of land use right

Other notes:

—The withdrawn amount of the impairment provision of the intangible assets was of RMB16,608,980.00, which formed from the withdrawal of the impairment provision of the held patent right in full amount owing to the continuously loss caused by the reasons such as the scale as well as the market of the subsidiary Suzhou Mont Lighting Co., Ltd. which already lost the conditions to continue the production.

26. R&D expenses

Naught

27. Goodwill

(1) Original book value of goodwill

Unit: RMB Yuan

Name of the investees or the events formed goodwill	Opening balance	Increase		Decrease		Closing balance
Suzhou Mont Lighting Co., Ltd.	7,360,330.45					7,360,330.45
Total	7,360,330.45					7,360,330.45

(2) Impairment provision of goodwill

Unit: RMB Yuan

Name of the investees or the events formed goodwill	Opening balance	Increase		Decrease		Closing balance
Suzhou Mont Lighting Co., Ltd.		7,360,330.45				7,360,330.45
Total		7,360,330.45				7,360,330.45

Notes to the recognition methods of the test progress of the impairment provision of goodwill, the parameter and the loss of the goodwill provision:

—Owing to the subsidiary Suzhou Mont Lighting Co., Ltd. had a continuously loss caused by the reasons such as the scale as well as the market and recently had lost the conditions to continue the production, the goodwill formed from the merger of the Company which originally not under the same control should be withdrawn for impairment provision in full amount.

28. Long-term unamortized expenses

Unit: RMB Yuan

Item	Opening balance	Increase	Amortization amount	Decrease	Closing balance
Decoration of lease workshop	918,958.73	609,638.00	1,122,171.38		406,425.35
Total	918,958.73	609,638.00	1,122,171.38		406,425.35

29. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets had not been off-set

Unit: RMB Yuan

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	136,195,788.86	20,975,403.88	57,338,514.05	8,767,114.24
Unrealized profits of internal transactions	1,195,795.66	179,369.35	2,493,469.57	374,020.44
Deductible losses	16,661,633.81	4,165,408.45	35,034,691.49	6,463,007.68
Depreciation of fixed assets	66,856,506.21	10,254,446.06	75,006,724.40	11,339,084.49
Payroll payable	47,800,672.81	7,170,100.92	36,914,977.82	5,537,246.67
Estimated liabilities	0.00	0.00	61,438,275.16	9,215,741.27
Total	268,710,397.35	42,744,728.66	268,226,652.49	41,696,214.79

(2) Deferred income tax liabilities had not been off-set

Unit: RMB Yuan

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Appreciation of the enterprise merger assets evaluation not under the same control			18,554,840.00	2,783,226.00
Changes of the fair value of the available-for-sale financial assets	2,603,516,654.14	390,527,498.12	84,882,751.40	12,732,412.71
Changes of the fair value of the tradable financial	44,595.00	6,689.25	8,660.00	1,299.00

assets				
Total	2,603,561,249.14	390,534,187.37	103,446,251.40	15,516,937.71

(3) Deferred income tax assets or liabilities listed by net amount after off-set

Unit: RMB Yuan

Item	Mutual set-off amount of deferred income tax assets and liabilities at the period-end	Amount of deferred income tax assets or liabilities after off-set at the period-end	Mutual set-off amount of deferred income tax assets and liabilities at the period-begin	Amount of deferred income tax assets or liabilities after off-set at the period-begin
Deferred income tax assets		42,744,728.66		41,696,214.79
Deferred income tax liabilities		390,534,187.37		15,516,937.71

(4) List of unrecognized deferred income tax assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Deductible temporary difference	48,954,169.89	0.00
Total	48,954,169.89	0.00

(5) Deductible losses of unrecognized deferred income tax assets will due the following years

Unit: RMB Yuan

Years	Closing balance	Opening balance	Notes
Y2016	2,660,641.73	0.00	
Y2017	3,594,775.22	0.00	
Y2018	6,538,750.63	0.00	
Y2019	9,391,991.19	0.00	
Y2020	16,981,086.28	0.00	
Total	39,167,245.05	0.00	--

Other notes:.

—Owing to the subsidiary Suzhou Mont Lighting Co., Ltd. had a continuously loss caused by the reasons such as the scale as well as the market and recently had lost the conditions to continue the production, the deductible temporary difference should not be executed the deferred income tax assets recognition.

30. Other non-current assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Land purchase and the ownership implicit of relevant items	41,755,700.00	41,755,700.00
Prepayments for business facilities	7,507,504.15	8,844,087.19
Total	49,263,204.15	50,599,787.19

31. Short-term loans**(1) Category of the short-term loans**

Naught

(2) List of the overdue short-term loans failed to repay

Naught

32. Financial liabilities measured by fair value and the changes included in the current gains and losses

Naught

33. Derivative financial liabilities Applicable Inapplicable**34. Notes payable**

The total amount of the overdue unpaid notes payable at the period-end was of RMB0.00.

35. Accounts payable**(1) List of accounts payable**

Unit: RMB Yuan

Category	Closing balance	Opening balance
Accounts payable	396,263,382.12	399,330,968.48
Total	396,263,382.12	399,330,968.48

(2) Notes of the accounts payable aging over one year

Naught

36. Advance from customers**(1) List of advance from customers**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Prepayments	71,531,790.37	60,842,257.61
Total	71,531,790.37	60,842,257.61

(2) Significant advance from customers aging over one year

Naught

(3) Particulars of settled but unfinished projects formed by construction contract at period-end

Naught

37. Payroll payable**(1) List of Payroll payable**

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term salary	58,315,210.64	481,722,955.50	469,041,178.82	70,996,987.32
II. Post-employment benefit-defined contribution plans		37,799,041.89	37,799,041.89	
III. Termination benefits		2,562,417.35	1,554,417.35	1,008,000.00
Total	58,315,210.64	522,084,414.74	508,394,638.06	72,004,987.32

(2) List of Short-term salary

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, subsidy	57,918,469.34	427,024,096.51	414,306,735.75	70,635,830.10
2. Employee welfare		21,191,298.33	21,191,298.33	
3. Social insurance		24,425,834.80	24,425,834.80	
Including: 1. Medical insurance premiums		18,550,526.80	18,550,526.80	
Work-related injury insurance		2,816,409.72	2,816,409.72	
Maternity insurance		3,058,898.28	3,058,898.28	
4. Housing fund	8,056.18	4,602,646.71	4,610,702.89	
5. Labor union budget and employee education budget	388,685.12	4,479,079.15	4,506,607.05	361,157.22
Total	58,315,210.64	481,722,955.50	469,041,178.82	70,996,987.32

(3) List of drawing scheme

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Basic pension benefits		36,365,682.17	36,365,682.17	
Unemployment insurance		1,433,359.72	1,433,359.72	
Total		37,799,041.89	37,799,041.89	

38. Taxes payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
VAT	6,471,716.18	2,711,408.78
Business tax	300,148.90	175,148.06
Corporate income tax	3,666,766.26	4,552,997.21
Personal income tax	869,010.09	693,302.18
Urban maintenance and construction tax	471,260.34	1,095,674.02
Other	1,190,188.54	4,652,583.56
Total	12,969,090.31	13,881,113.81

39. Interest payable

Naught

40. Dividends payable

Naught

41. Other accounts payable**(1) Other accounts payable listed by nature of the account**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Lawsuit compensation	13,872,398.53	0.00
Performance bond	9,053,678.50	7,542,858.19
Related fee of sales	1,924,886.76	1,589,924.29
Intercourse funds	8,076,410.52	8,076,410.52
Other	3,603,126.91	4,714,627.48
Total	36,530,501.22	21,923,820.48

(2) Other significant accounts payable with aging over one year

Unit: RMB Yuan

Item	Closing balance	Unpaid/ Un-carry-over reason
Intercourse funds	8,076,410.52	
Total	8,076,410.52	--

Other notes:

-Balance of other account receivable in closing period increase RMB 14,606,680.74 , of 66.62 % comparing to that in opening period, mainly was some of accusers had not yet drawn the relevant compensation of securities misrepresentation responsibility dispute at period-end .

42. Liabilities classified as holding for sale

Naught

43. Non-current liabilities due within 1 year

Naught

44. Other current-liabilities

Naught

45. Long-term loan

Naught

46. Bonds payable

Naught

47. Long-term payable

Naught

48. Long term payroll payable

Naught

49. Special payable

Naught

50. Accrued liabilities

Unit: RMB Yuan

Item	Closing balance	Opening balance	Formation reasons
Pending litigation	0.00	61,438,275.16	Securities misrepresentation responsibility dispute
Total	0.00	61,438,275.16	--

Other notes, including related important assumptions and estimates of accrued liabilities:

-The Closing estimate liabilities decrease RMB 61,438,275.16, of 100% comparing to that in opening period, mainly was the judgment of securities misrepresentation responsibility dispute had finished, relevant lawsuit compensation had transfer to calculate as other account receivable.

51. Deferred income

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance	Formation reasons
Government subsidies	10,955,833.27	640,000.00	873,558.25	10,722,275.02	Government subsidies related to assets/ income

Total	10,955,833.27	640,000.00	873,558.25	10,722,275.02	--
-------	---------------	------------	------------	---------------	----

Items involved in government subsidies:

Unit: RMB Yuan

Item	Opening balance	Amount of newly subsidy	Amount accrued in non-business income	Other changes	Closing balance	Related to the assets/ income
LED production technical transformation project	9,852,274.95				9,852,274.95	Related to the assets
Production line of 50 million energy-saving fluorescent lamp	774,999.96		154,999.89		620,000.07	Related to the assets
Project of FGD fly ash removal of furnace system	28,166.86		28,166.86			Related to the assets
No electrolytic capacitor drive power supply technology	300,391.50	390,000.00	690,391.50			Related to the income
LED source module technology with new type of low cost silicon substrate		250,000.00			250,000.00	Related to the income
Total	10,955,833.27	640,000.00	873,558.25		10,722,275.02	--

Other notes:

52. Other non-current liabilities

Naught

53. Share capital

Unit: RMB Yuan

	Opening balance	Increase/decrease (+/-)					Closing balance
		Newly issue share	Bonus shares	Capitalization of public reserves	Other	Subtotal	

The sum of shares	978,563,745.00			293,569,123.00		293,569,123.00	1,272,132,868.00
-------------------	----------------	--	--	----------------	--	----------------	------------------

54. Other equity instruments

Naught

55. Capital reserves

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	582,653,147.29		293,569,123.00	289,084,024.29
Other capital reserves	7,239,570.30	780.99		7,240,351.29
Total	589,892,717.59	780.99	293,569,123.00	296,324,375.58

Other notes, including changes and reason of change:

-The decrease of capital premium mainly was in line with the Proposal on 2014 Annual Profit Allocation and Capital Reserve Transfer to Common Shares, approved and reviewed by General Meeting of Shareholders held on 27 May 2015. 3 shares will be increased, with capital reserves, to all shareholders for every 10 shares they hold, with the increased shares totaling 293,569,123.00 shares. The profit allocation plan was completed on 17 Jun. 2015.

- RMB780.99 was the net income from the Company's sale of odd lots stock, in line with the Announcement on the sale of odd lots stock relevant events issued by China Securities Depository and Clearing Co., Ltd. Shenzhen Branch, the Securities Company accepted the entrustment form listed companies with selling odd lots stock and returned the net income to the listed companies, meanwhile, the listed companies recorded the net income into relevant capital reserve of equity of shareholders.

56. Treasury stock

Naught

57. Other comprehensive income

Unit: RMB Yuan

Item	Opening balance	Reporting period					Closing balance
		Amount incurred before income tax	Less: Amount transferred into profit and loss in the current period that recognized into other comprehensive income in	Less: income tax expense	After-tax attribute to the parent company	After-tax attribute to minority shareholder	

			prior period				
II. Other comprehensive reclassified into profits or losses	72,150,338.69	2,535,697,169.30	17,063,266.56	377,795,085.41	2,140,838,817.33		2,212,989,156.02
Profits or losses of change in fair value of available-for-sale financial assets	72,150,338.69	2,535,697,169.30	17,063,266.56	377,795,085.41	2,140,838,817.33		2,212,989,156.02
total	72,150,338.69	2,535,697,169.30	17,063,266.56	377,795,085.41	2,140,838,817.33		2,212,989,156.02

Other notes, including the adjustment of the recognition of initial amount of effective part of the cash flow hedging gains and losses transfer into arbitrated items:

58. Special reserves

Naught

59. Surplus reserves

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	489,281,872.50	2,270,666.26		491,552,538.76
Discretionary surplus reserves	136,886,568.36			136,886,568.36
Total	626,168,440.86	2,270,666.26		628,439,107.12

60. Retained profits

Unit: RMB Yuan

Item	Reporting period	Last period
Opening balance of retained profits before adjustments	777,810,478.44	671,929,537.57
Opening balance of retained profits after adjustments	777,810,478.44	671,929,537.57
Add: Net profit attributable to owners of the Company	53,405,593.12	266,125,048.97
Less: Withdrawal of statutory surplus reserves	2,270,666.26	3,673,908.90
Dividend of common stock payable	215,284,023.90	156,570,199.20
Closing retained profits	613,661,381.40	777,810,478.44

List of adjustment of opening retained profits:

1) RMB0.00 opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for

Business Enterprises and relevant new regulations.

- 2) RMB0.00 opening retained profits was affected by changes on accounting policies.
- 3) RMB0.00 opening retained profits was affected by correction of significant accounting errors.
- 4) RMB0.00 opening retained profits was affected by changes in combination scope arising from same control.
- 5) RMB0.00 opening retained profits was affected totally by other adjustments.

61. Revenues and operating costs

Unit: RMB Yuan

Item	Reporting period		Same period of last year	
	Revenue	Operating costs	Revenue	Operating costs
Main operations	2,845,925,254.23	2,163,709,639.63	3,040,544,631.03	2,230,438,495.76
Other operations	30,733,846.40	21,848,941.68	28,096,569.14	16,616,178.87
Total	2,876,659,100.63	2,185,558,581.31	3,068,641,200.17	2,247,054,674.63

62. Business tax and surcharges

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Business tax	1,570,072.79	1,515,352.86
Urban maintenance and construction tax	14,040,573.35	14,406,425.48
Education Surcharge	6,041,930.37	6,196,766.24
Local education surtax	4,027,937.70	4,131,177.20
Total	25,680,514.21	26,249,721.78

63. Sales expenses

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Transport fees	62,901,799.56	68,265,682.55
Advertising and general publicity expense	32,387,692.25	42,587,178.71
Salary	42,665,935.90	34,327,695.10
Service charges on promotion of energy-saving products	25,217,244.68	26,676,646.80
Sales promotion fee	13,381,454.04	10,694,435.28
Business travel charges	9,128,534.60	6,896,228.68
Dealer meeting expense	5,651,161.95	4,798,758.39
Other	11,778,675.52	13,633,879.03

Total	203,112,498.50	207,880,504.54
-------	----------------	----------------

64. Administrative expenses

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Employee payroll	121,577,653.26	122,535,253.45
Welfare fee	20,195,256.28	21,037,089.42
Depreciation charge	21,057,357.43	21,458,705.08
Tax expenses	16,341,074.77	16,740,361.93
Office expenses	5,702,172.93	4,106,059.73
Amortization of intangible assets	6,617,836.08	5,987,995.30
Land rent and management fee	6,793,028.62	5,649,930.68
Other	43,301,134.72	38,717,843.70
Total	241,585,514.09	236,233,239.29

65. Financial expenses

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Interest expenses		29,697.15
Less: Interest income	15,747,878.09	15,697,401.54
Exchange gains and losses	-15,110,552.47	4,806,513.22
Other	1,987,306.54	1,295,232.13
Total	-28,871,124.02	-9,565,959.04

66. Asset impairment loss

Unit: RMB Yuan

Item	Reporting period	Same period of last year
I. Bad debt loss	6,204,880.86	-501,386.20
II. Inventory falling price loss	19,419,051.26	8,422,624.24
VII. Impairment losses of fix asset impairment loss	37,880,650.62	3,000,000.00
IX. Impairment losses of construction in process	2,000,000.00	
XII. Impairment losses of intangible asset	16,608,980.00	

XIII. Impairment losses of good will	7,360,330.45	
Total	89,473,893.19	10,921,238.04

67. Gains on the changes in the fair value

Unit: RMB Yuan

Source	Reporting period	Same period of last year
2. Financial assets measured by fair value and the changes be included in the current profits and losses	35,935.00	1,105,462.10
Total	35,935.00	1,105,462.10

68. Investment income

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Long-term equity investment income accounted by equity method	-3,307,086.87	-9,117,917.64
Investment income arising from disposal of long-term equity investments		-17,112.47
Investment income received from financial assets measured by fair value and the changes be included in the current profits and losses during holding period	19,505.00	
Investment income received from disposal of financial assets measured by fair value and the changes be included in the current profits and losses during holding period	2,353,948.21	72,494.46
Investment income received from holding of available-for-sale financial assets	3,449,696.24	25,992,879.30
Investment income received from disposal of available-for-sale financial assets	17,063,266.56	1,784,824.81
Other	-55,571.28	499,406.22
Total	19,523,757.86	19,214,574.68

69. Non-operating gains

Unit: RMB Yuan

Item	Reporting period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Total gains from disposal of non-current assets	182,286.57	25,197.24	182,286.57
Including: Gains from disposal of fixed assets	182,286.57	25,197.24	182,286.57
Government subsidies	5,141,174.13	2,174,021.86	5,141,174.13
Account no need to pay		8,135,171.18	
Other	2,304,506.54	1,725,425.02	2,304,506.54
Total	7,627,967.24	12,059,815.30	7,627,967.24

Government subsidies recorded into current profits and losses

Unit: RMB Yuan

Item	Distribution entity	Distribution reason	Nature/type	Whether influence the profits or losses of the year or not	Whether Special subsidy or not	Reporting period	Same period of last year	Related to the assets/ income
Project of FGD fly ash removal of furnace system		Subsidy	Due to engaged in special industry that the state encouraged and supported, gained subsidy (obtaining in line with the law and the regulations of national policy)	No	No	28,166.86	168,999.96	Related to the assets
Production line of 50 million energy-saving fluorescent lamp		Subsidy	Due to engaged in special industry that the state encouraged and	No	No	154,999.89	155,000.00	Related to the assets

			supported, gained subsidy (obtaining in line with the law and the regulations of national policy)					
Subsidiary from Wangjiayizhan		Subsidy	Subsidy from R&D Technical updating and transformation, etc.	No	No	2,019,056.20		Related to the income
Sales award from leader in growth project		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	1,196,830.00	976,478.00	Related to the income
Award from clean energy		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	330,000.00	0.00	Related to the income
Suzhou industry park development of science and technology fund		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	104,812.00	0.00	Related to the income
Technology standard strategy project fund		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	0.00	105,000.00	Related to the income
Special fund (outside		Award	Subsidy from R&D	No	No	0.00	116,000.00	Related to the income

development service)			Technical updating and transformation, etc.					
Government award capital		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	0.00	100,000.00	Related to the income
Construction engineering subsidy		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	0.00	139,646.50	Related to the income
No electrolytic capacitor drive power supply technology		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	690,391.50	22,717.50	Related to the income
Other odd government subsidies		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	616,917.68	390,179.90	Related to the income
Total	--	--	--	--	--	5,141,174.13	2,174,021.86	--

70. Non-operating expenses

Unit: RMB Yuan

Item	Reporting period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Loss on disposal of non-current assets	8,354,989.42	1,312,901.18	8,354,989.42
Including: Loss on disposal of fixed assets	8,354,989.42	1,312,901.18	8,354,989.42
Donation	90,231.94	231,000.00	90,231.94
Lawsuit compensation	130,497,453.69	61,438,275.16	130,497,453.69

Inventory losses	1,288,079.32		1,288,079.32
Other	1,083,135.16	137,012.10	1,083,135.16
Total	141,313,889.53	63,119,188.44	141,313,889.53

71. Income tax expense

(1) Lists of income tax expense

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Current income tax expense	12,134,618.15	63,065,433.36
Deferred income tax expense	-3,826,349.62	-10,602,941.51
Total	8,308,268.53	52,462,491.85

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

Unit: RMB Yuan

Item	Reporting period
Total profits	45,992,993.92
Current income tax expense accounted by tax and relevant regulations	6,898,949.10
Influence of different tax rate suitable to subsidiary	3,713,923.18
Influence of income tax before adjustment	-812,104.98
Influence of non taxable income	-3,076,944.42
Influence of not deductible costs, expenses and losses	1,584,445.65
Income tax expense	8,308,268.53

72. Other comprehensive income

For details, please refer to VII.Notes on major items in consolidated financial statements of the Company, 57

73. Supplementary information to cash flow statement

(1) Other cash received relevant to operating activities

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Deposit interest	14,826,507.40	14,900,326.33
Income from property and rental of	2,895,455.72	2,147,696.85

equipment		
Income from subsidy	4,907,615.88	2,037,304.40
Other	4,451,157.93	2,522,500.23
Total	27,080,736.93	21,607,827.81

(2) Other cash paid relevant to operating activities

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Administrative expenses in cash	46,287,176.76	48,473,834.11
Sales expenses in cash	147,647,779.81	155,489,276.36
Financial expenses in cash	1,987,306.54	1,295,232.13
Lawsuit compensation	178,063,330.32	
Other	930,040.37	7,489,919.57
Total	374,915,633.80	212,748,262.17

(3) Other cash received relevant to investment activity

Naught

(4) Other cash paid relevant to investment activity

Naught

(5) Other cash received relevant to financing activities

Naught

(6) Other cash paid relevant to financing activities

Naught

74. Supplementary information to cash flow statement**(1) Information of net profit to net cash flows generated from operating activities**

Unit: RMB Yuan

Supplementary materials	Reporting period	Last period
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--

Net profit	37,684,725.39	266,665,952.72
Add: Provision for impairment of assets	89,473,893.19	10,921,238.04
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	66,958,262.29	79,889,118.00
Amortization of intangible assets	6,617,836.08	5,987,995.30
Long-term unamortized expenses	1,122,171.38	210,038.06
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	2,462,027.70	514,331.14
Losses on retirement of fixed assets	5,710,675.15	773,372.80
Losses from variation of fair value	-35,935.00	-1,105,462.10
Financial cost (gains: negative)	-8,150,854.62	881,108.77
Investment loss (gains: negative)	-19,523,757.86	-19,214,574.68
Decrease in deferred income tax assets (gains: negative)	-1,048,513.87	-10,409,654.51
Increase in deferred income tax liabilities (“-” means decrease)	-2,777,835.75	-193,287.00
Decrease in inventory (gains: negative)	46,723,993.01	-114,087,591.08
Decrease in accounts receivable from operating activities (gains: negative)	65,879,278.93	-79,704,991.15
Increase in payables from operating activities (decrease: negative)	-102,770,776.59	164,511,151.03
Net cash flows generated from operating activities	188,325,189.43	305,638,745.34
2. Investing and financing activities that do not involving cash receipts and payment:	--	--
3. Net increase in cash and cash equivalents	--	--
Closing balance of cash	933,546,108.37	989,701,235.60
Less: Opening balance of cash	989,701,235.60	897,675,824.22
Net increase in cash and cash equivalents	-56,155,127.23	92,025,411.38

(2) Net Cash paid of obtaining the subsidiary

Naught

(3) Net Cash receive of disposal of the subsidiary

Naught

(4) Cash and cash equivalents

Unit: RMB Yuan

Item	Closing balance	Opening balance
I. Cash	933,546,108.37	989,701,235.60
Including: Cash on hand	36,008.01	13,150.43
Bank deposit on demand	853,647,752.46	915,022,578.88
Other monetary funds on demand	79,862,347.90	74,665,506.29
III. Closing balance of cash and cash equivalents	933,546,108.37	989,701,235.60

75. Note of statement of changes in the owner's equity

Explain "other" project name and adjustment amount of the adjustment of closing balance in previous year, etc.:

Inapplicable

76. The assets with the ownership or use right restricted

Unit: RMB Yuan

Item	Closing book value	Restricted reason
Monetary capital	1,695,096.83	The subsidiary Suzhou Mont Lighting Co., Ltd. was prosecuted to make repayment by the supplier, whose the bank account was frozen
Total	1,695,096.83	--

77. Foreign currency monetary items**(1) Foreign currency monetary items**

Unit: RMB Yuan

Item	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary capital	--	--	935,351.56
Including: USD	143,724.02	6.4936	933,286.29
EUR	291.08	7.0952	2,065.27
Account receivable	--	--	132,068,346.24
Including: USD	20,338,232.45	6.4936	132,068,346.24

(2) Note to oversea entities including: for significant oversea entities, shall disclose main operating place, recording currency and selection basis, if there are changes into recording currency, shall also disclose the reason.

Applicable Inapplicable

78. Arbitrage

According to arbitrage category to disclose arbitrage item, relevant arbitrage tools and been arbitrated risk qualitative and quantitative information:

Inapplicable

79. Other

Inapplicable

VIII. Changes of merge scope

1. Business merger not under same control

Naught

(2) Combined cost and goodwill

Naught

(3) The identifiable assets and liabilities of acquiree at purchase date

Naught

(4) The profit or loss from equity held by the date before acquisition in accordance with the fair value measured again

Whether there is a transaction that through multiple transaction step by step to realize enterprises merger and gaining the control during the reporting period

Yes No

(5) Note to merger could not be determined reasonable consideration or Identifiable assets, Fair value of liabilities of the acquiree at acquisition date or closing period of the merge

Naught

(6) Other notes

Naught

2. Business combination under the same control**(1) Business combination under the same control during the reporting period**

Naught

(2) Combination cost

Naught

(3) The book value of the assets and liabilities of the combined party at combining date

Naught

3. Counter purchase

Naught

4. The disposal of subsidiary

Whether there is a single disposal of the investment to subsidiary and lost control

Yes No

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in reporting period

Yes No

5. Other reasons for the changes in combination scope

There were no other reasons for the changes in combination scope in the Company

6. Other

Naught

IX. Equity in other entities**1. Equity in subsidiary****(1) The structure of the enterprise group**

Name of the subsidiary	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Foshan Chansheng Electronic Ballast	Foshan	Foshan	Production and sales	100.00%	0.00%	Newly established

Co., Ltd.						
Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	Foshan	Foshan	Production and sales	70.00%	0.00%	Newly established
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	Foshan	Foshan	Production and sales	70.00%	0.00%	Newly established
Guangdong Fozhao New Light Sources Technology Co., Ltd.	Foshan	Foshan	Production and sales	100.00%	0.00%	Newly established
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	Xinxiang)	Xinxiang)	Production and sales	100.00%	0.00%	Newly established
Guangdong Fozhao Leasing Co., Ltd.	Foshan	Foshan	Finance lease	100.00%	0.00%	Newly established
Foshan Lighting Lamps & Components Co., Ltd.	Foshan	Foshan	Production and sales	100.00%	0.00%	Newly established
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	Nanjing	Nanjing	Production and sales	100.00%	0.00%	Purchase
Suzhou Mont Lighting Co., Ltd.	Suzhou	Suzhou	Production and sales	50.50%	0.00%	Acquisition, increase capital or shares

(2) Significant not wholly owned subsidiary

Unit: RMB Yuan

Name of the subsidiary	Shareholding proportion of minority shareholder	The profits and losses arbitrate to the minority shareholders	Declaring dividends distribute to minority shareholder	Balance of minority shareholder at closing period

Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	30.00%	733,103.41		29,991,184.52
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	30.00%	1,771,177.61		9,591,427.63
Suzhou Mont Lighting Co., Ltd.	49.50%	-18,225,148.75		-5,389,281.22
Total		-15,720,867.73		34,193,330.93

(3) The main financial information of significant not wholly owned subsidiary

Unit: RMB Yuan

Name of the subsidiary	Closing balance						Opening balance					
	current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	73,220,699.00	35,531,355.54	108,752,054.54	8,781,439.48		8,781,439.48	63,532,557.96	39,007,126.25	102,539,684.21	5,012,747.19		5,012,747.19
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	51,164,104.98	8,097,170.56	59,261,275.54	27,289,850.07		27,289,850.07	49,205,594.26	9,560,697.64	58,766,291.90	32,698,791.79		32,698,791.79
Suzhou Mont Lighting Co., Ltd.	7,308,641.50	1,847,171.96	9,155,813.46	27,826,967.12		27,826,967.12	40,855,146.44	7,957,886.07	48,813,032.51	38,653,601.00		38,653,601.00
Total	131,693,445.48	45,475,698.06	177,169,143.54	63,898,256.67		63,898,256.67	153,593,298.66	56,525,709.96	210,119,008.62	76,365,139.98		76,365,139.98

Unit: RMB Yuan

Name of the	Reporting period	Same period of last year
-------------	------------------	--------------------------

subsidiary	Operation revenue	Net profit	Total comprehensive income	Operating cash flow	Operation revenue	Net profit	Total comprehensive income	Operating cash flow
Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	47,168,759.73	2,443,678.04	2,443,678.04	-5,323,307.55	75,463,816.96	4,073,814.36	4,073,814.36	-13,988,182.76
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	128,813,369.96	5,903,925.36	5,903,925.36	-5,018,556.05	185,149,905.82	10,486,447.81	10,486,447.81	13,679,219.95
Suzhou Mont Lighting Co., Ltd.	26,198,849.98	-28,830,585.17	-28,830,585.17	-3,858,454.50	42,289,128.14	-6,629,012.47	-6,629,012.47	-4,404,066.24

(4) Significant restrictions of using enterprise group assets and pay off enterprise group debt

Naught

(5) Provide financial support or other support for structure entities incorporate into the scope of consolidated financial statements

Naught

2. The transaction of the Company with its owner's equity share changed but still controlling the subsidiary

Naught

3. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

Naught

(2) Main financial information of significant joint venture

Naught

(3) Main financial information of significant associated enterprise

Naught

(4) Summary financial information of insignificant joint venture or associated enterprise

Unit: RMB Yuan

	Closing balance/ reporting period	Opening balance /last period
Joint venture:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprise:	--	--
Total investment book value	382,637.52	3,689,724.39
The total of following items according to the shareholding proportions	--	--
--Net profits	-3,307,086.87	-9,117,917.64
Total comprehensive income	-3,307,086.87	-9,117,917.64

(5) Note to the significant restrictions of the ability of joint venture or associated enterprise transfer funds to the Company

Naught

(6) The excess loss of joint venture or associated enterprise

Naught

(7) The unrecognized commitment related to joint venture investment

Naught

(8) Contingent liabilities related to joint venture or associated enterprise investment

Naught

4. Significant common operation

Naught

5. Equity of structure entity not including in the scope of consolidated financial statements

Naught

6. Other

Naught

X. The risk related financial instruments

The financial instruments of the Company included: monetary funds, accounts receivable, notes receivable, accounts payable, etc. The details of each financial instrument see relevant items of note V.

The main risks of the Company due to financial instruments were credit risk, liquidity risk and market risk. The operating management of the Company was responsible for the risk management target and the recognition of the policies.

1. Credit risk,

Credit risk was one party of the contract failed to fulfill the obligations and causes loss of financial assets of the other party. The credit risk the Company faced was selling on credit which leads to customer credit risk.

The Company will evaluate credit risk of new customer, and set credit limit, once the balance of account receivable over credit limit, require the customer to pay or producing and delivering goods shall be approved by the management of the Company.

The Company through monthly aging analysis of account receivable and monitoring the collection situation of the customer ensured the overall credit risk of the Company was in control scope. Once appear abnormal situation, the Company should conduct necessary measures to requesting the payment timely.

2. Liquidity Risk

Liquidity risk was referred to there risk of incurring capital shortage when performing settlement obligation in the way of cash payment or other financial assets. The policies of the Company were to ensure that there was sufficient cash to pay the due liabilities. The liquidity risk was centralized controlled by the financial department of the Company. The financial department through supervising the balance of the cash and securities can be convert to cash at any time and the rolling prediction of cash flow in future 12 months to ensure the Company have sufficient cash to pay the liabilities under the case of all reasonable prediction, Each financial liability of the Company was estimated due within 1 year.

3. Market risk

Market risk was referred to risk of the fair value or future cash flow of financial instrument changed due to the change of market price, including: exchange rate risk, interest rate risk and other price risk.

A. Exchange rate risk

Exchange rate risk was referred to the possible loss due to changes of exchange rate in the financial activities that economic agents held or used the foreign exchange. The Company's export business was settled by USD which avoided exchange risk the Company faced in transaction.

B. Interest rate risk

Interest rate risk was referred to risk of the fair value or future cash flow of financial instrument changed due to the change of market interest risk. There was no bank loan in the Company, thus no RMB benchmark interest rate changes

C. Other price risk

N/A

XI. The disclosure of the fair value

1. Closing fair value of assets and liabilities calculated by fair value

Unit: RMB Yuan

Item	Closing fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(I) Financial assets calculated by fair value and changes record into current profits or losses	51,600.00			51,600.00
2. Financial assets assigned measured by fair value and the changes be included in the current gains and losses	51,600.00			51,600.00
(2) Equity tool investment	51,600.00			51,600.00
(II) Available-for-sale financial assets	2,787,166,401.96			2,787,166,401.96
(2) Equity tool investment	2,787,166,401.96			2,787,166,401.96
Total assets of consistent fair value measurement	2,787,218,001.96			2,787,218,001.96
II. Inconsistent fair value measurement	--	--	--	--

2. Market price determination basis for persistent and non-persistent first-layer fair value measurement items

The first-layer fair value is determined based on the market price of the stock on the balance sheet date.

3. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 2

Naught

4. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 3

Naught

5. Sensitiveness analysis on unobservable parameters and adjustment information between opening and closing book value of consistent fair value measurement items at level 3

Naught

6. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among consistent fair value measurement items at different levels

Naught

7. Changes in the valuation technique in the current period and the reason for change

Naught

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

Naught

9. Other

Naught

XII. Related party and related Transaction

1. Information related to parent company of the Company

Name of parent company	Registration place	Nature of business	Registered capital	Proportion of share held by parent company against the Company (%)	Proportion of voting rights owned by parent company against the Company (%)
Hong Kong Wah Shing Holding Company Limited	Hong Kong	/	/	13.47%	13.47%
Guangdong Electronics Information Industry Group Ltd.	Guangzhou	Production, sale	RMB462 million	4.75%	4.75%
Shenzhen Guangsheng Investment Development Co., Ltd.	Shenzhen	Investment	RMB120 million	3.11%	3.11%

Guangsheng Investment Development Co., Ltd.	Hong Kong	/	/	1.82%	1.82%
Total				23.14%	23.14%

Notes: Information on the parent company:

-9 Sept. 2015, the Company's original first majority shareholder OSRAM Holding Company Limited signed Equity Transfer Agreement with Guangdong Electronics Information Industry Group Co., Ltd. (Hereinafter referred to as "Electronics Group") Germany OSRAM Company Limited transfer its 100% share equity to Electronics Group. , The relevant transaction was completed on 4 Dec. 2015. Electronics Group became only controlling shareholder of OSRAM Holding (Had renamed as Hong Kong Wah Shing Holding Company Limited (hereinafter referred to as "Hong Kong Wah Shing Holding") and indirectly became the first majority shareholder of the Company.

The first majority shareholder of the Company, Hong Kong Wah Shing Holding Co., Ltd. was the wholly owned subsidiary of Electronics Group, and Electronics Group, Shenzhen Guangsheng Investment Development Co., Ltd. (Hereinafter referred to as " Shenzhen Guangsheng ") and Guangsheng Investment Development Co., Ltd. (Hereinafter referred to as " Guangsheng Investment")were the wholly owned subsidiaries of Guangdong Rising Assets Management Co., Ltd. In line with the relevant stipulation of Corporation Law and Rules on Listed Companies Acquisition, Electronics Group, Shenzhen Guangsheng and Guangsheng Investment were persons acting in concert. As of 31 Dec. 2015, the aforesaid persons acting in concert holding total A, B share of the Company 294,420,550 shares, 23.144 % of total share equity of the Company.

The actual controller of the Company is Guangdong Rising Assets Management Co., Ltd. (GRAM)

2. Subsidiaries of the Company

See details to Notes IX. Equity in other entities, 1. Equity in subsidiary

3. Information on the joint ventures and associated enterprises of the Company

The details of significant joint venture and associated enterprise of the Company, please refer to Notes IX. Equity in other entities, 3.Equity in the joint venture arrangement or associated enterprise

4. Information on other related parties of the Company

Name	Relationship
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Company controlled by related natural person
Hangzhou Times Lighting and Electrical Co., Ltd.	Company controlled by related natural person
Prosperity Electrical (China) Co., Ltd.	Company controlled by related natural person
Prosperity Lamps and Components Ltd.	Shareholder owning over 5% shares
Prosperity (Xinxiang) Electro-Optical Machinery Co., Ltd	Company controlled by related natural person
Prosperity (Xinxiang) Lighting Machinery Co., Ltd.	Company controlled by related natural person
OSRAM (China) Lighting Co., Ltd.	Acting-in-concert party of a corporation with a stake over 5% in the Company

OSRAM Asia Pacific Ltd.	Acting-in-concert party of a corporation with a stake over 5% in the Company
Prosperity Xiteke Lighting (Langfang) Co., Ltd.	Company influenced by related natural person
Shanghai Linxian Mechanical and Electrical Equipment Co., Ltd.	Related natural person as a senior manager in the company
Qinghai Salt Lake Fozhao Lanke Lithium Industry Co., Ltd.	Subsidiary of joint venture
Foshan NationStar Optoelectronics Co.Ltd	Under same actual controller
Henan Guangsheng Technology Investment Co., Ltd.	Under same actual controller
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Under same actual controller

5. List of related-party transactions

(1) Information on acquisition of goods and reception of labor service (unit: ten thousand Yuan)

Information on acquisition of goods and reception of labor service (unit: ten thousand Yuan)

Unit: RMB Yuan

Related-party	Content	Reporting period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
Prosperity Lamps and Components Ltd.	Purchase of raw material	7,847,567.70	12,000,000.00	No	6,811,656.25
Prosperity Electrical (China) Co., Ltd.	Purchase of raw material	22,850,547.95	30,000,000.00	No	28,049,218.92
OSRAM (China) Lighting Co., Ltd.	Purchase of raw material	66,000.00	200,000.00	No	40,000.00
Prosperity (Xinxiang) Electro-Optical Machinery Co., Ltd	Purchase of raw material	169,129.06	1,000,000.00	No	0.00
Hangzhou Times Lighting and Electrical Co., Ltd.	Purchase of raw material	3,110,065.22	5,000,000.00	No	3,108,325.40
Prosperity Lamps and Components Ltd.	Sales commission	1,143,599.60		No	1,428,446.03
Foshan NationStar Optoelectronics Co.Ltd	Purchase of raw material	76,444,384.33	95,621,500.00	No	0.00
Prosperity (Xinxiang) Electro-Optical	Purchase of equipment	305,266.00	2,000,000.00	No	393,964.96

Machinery Co., Ltd					
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Purchase of raw material	1,889,435.70		No	0.00
Shanghai Linxian Mechanical and Electrical Equipment Co., Ltd.	Purchase of raw material	129,270.08		No	0.00

Information of sales of goods and provision of labor service

Unit: RMB Yuan

Related-party	Content	Reporting period	Same period of last year
Prosperity Lamps and Components Ltd.	Sale of products	37,595,265.96	40,568,018.66
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Sale of products	2,519,651.15	6,410,557.09
Prosperity Electrical (China) Co., Ltd.	Sale of products	1,066,171.84	1,125,059.16
OSRAM (China) Lighting Co., Ltd.	Sale of products	11,694,540.97	7,839,576.54
OSRAM Asia Pacific Ltd.	Sale of products	20,274,496.35	49,252,633.46
Shanghai Linxian Mechanical and Electrical Equipment Co., Ltd.	Sale of products	233,882.48	308,556.24
Foshan NationStar Optoelectronics Co.Ltd	Sale of products	460,630.77	
Hangzhou Times Lighting and Electrical Co., Ltd.	Sale of products		32,243.59
Prosperity Xiteke Lighting (Langfang) Co., Ltd.	Sale of products		923.08

(2) Related trusteeship/contract

Naught

(3) Information of related lease

The Company was lessor:

Unit: RMB Yuan

Name of lessee	Category of leased assets	The lease income confirmed in this year	The lease income confirmed in last year
Shanghai Linxian Mechanical and Electrical Equipment Co., Ltd.	House property	90,000.00	90,000.00

The Company was lessee:

Naught

(4) Related-party guarantee

Naught

(5) Inter-bank lending of capital of related parties:

Naught

(6) Related party asset transfer and debt restructuring

Naught

(7) Rewards for the key management personnel

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Chairman of the Board	2,598,750.00	2,430,000.00
Vice chairman of the Board & GM	1,417,500.00	1,822,500.00
Chairman of the Supervisor	520,000.00	618,700.00
Chairman Secretary	716,600.00	921,300.00
CFO	1,559,250.00	1,458,000.00
Other	3,577,700.00	4,740,800.00
Total	10,389,800.00	11,991,300.00

(8) Other related-party transactions

Naught

6. Receivables and payables of related parties

(1) Receivables

Unit: RMB Yuan

Name of item	Related-party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	1,183,367.27	71,002.04	3,448,847.23	206,930.83
Account receivable	Prosperity Electrical (China) Co., Ltd.	0.00	0.00	837,052.54	50,223.15
Account receivable	OSRAM (China) Lighting Co., Ltd.	2,305,508.76	138,330.53	2,630,821.95	157,849.32
Account receivable	Foshan NationStar Optoelectronics Co.Ltd	538,938.00	32,336.28	0.00	0.00
Account receivable	Prosperity Lamps and Components Ltd.	8,110,971.49	486,658.29	6,365,602.04	381,936.12
Account receivable	OSRAM Asia Pacific Ltd.	5,551,463.20	333,087.79	13,267,801.82	796,068.11
Account receivable	Shanghai Linxian Mechanical and Electrical Equipment Co., Ltd.	115,788.02	6,947.28	44,374.26	2,662.46
Prepayment	Henan Guangsheng Technology Investment Co., Ltd.	117,000.00	0.00	0.00	0.00
Other non-current assets	Prosperity (Xinxiang) Electro-Optical Machinery Co., Ltd	0.00	0.00	836,309.00	0.00

(2) Payables

Unit: RMB Yuan

Name of item	Related-party	Closing book balance	Opening book balance
Accounts payable	Prosperity Lamps and	1,733,345.47	2,558,944.00

	Components Ltd.		
Accounts payable	Prosperity Electrical (China) Co., Ltd.	6,457,303.92	8,885,342.91
Accounts payable	Foshan NationStar Optoelectronics Co.Ltd	28,114,401.12	0.00
Accounts payable	Hangzhou Times Lighting and Electrical Co., Ltd.	275,413.63	739,825.37
Accounts payable	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	440,962.32	0.00
Accounts payable	Prosperity (Xinxiang) Electro-Optical Machinery Co., Ltd	0.00	234,694.87
Other account payable	Prosperity (Xinxiang) Lighting Machinery Co., Ltd.	0.00	7,400.00
Other account payable	Prosperity Lamps and Components Ltd.	0.00	408,827.77
Advance from customers	Prosperity Electrical (China) Co., Ltd.	18,133.90	0.00
Advance from customers	Shanghai Linxian Mechanical and Electrical Equipment Co., Ltd.	0.00	6,610.68

7. Related party commitment

(1)

Commitment: Commitments made in acquisition reports or reports on equity changes

Commitment maker: Controlling shareholder

Type of commitment: About share lock-up

Contents: Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made a commitment that within 12 months from the completion of their acquisitions, they shall not transfer or entrust others to manage the shares directly or indirectly held by them in the Company, nor shall they allow the Company to repurchase those shares, except for the case where those shares may be transferred for no compensation due to any business or asset integration with their actual controller or their actual controller's controlled subsidiaries.

Date of making commitment: December 4, 2015

Period of commitment: 12 months

Fulfillment: In execution

(2)

Commitment: Commitments made in acquisition reports or reports on equity changes

Commitment maker: Controlling shareholder

Type of commitment: About avoidance of horizontal competition

Contents: Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made a commitment that the business of Foshan NationStar Optoelectronics Co., Ltd. that is in competition with the business of the Company takes up only a small part in NationStar's total business, they shall gradually reduce or eliminate the horizontal competition as planned through business integration or other ways or arrangements within the coming 24 months.

Date of making commitment: December 4,2015

Period of commitment: 24 months

Fulfillment: In execution

(3)

Commitment: Commitments made in acquisition reports or reports on equity changes

Commitment maker: Controlling shareholder

Type of commitment: About avoidance of horizontal competition

Contents: Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made more commitments as follows to avoid horizontal competition with the Company: 1. They shall conduct supervision and restraint on the production and operation activities of themselves and their relevant enterprises so that besides the enterprise above that is in horizontal competition with the Company for now, if the products or business of them or their relevant enterprises become the same with or similar to those of the Company or its subsidiaries in the future, they shall take the following measures: (1) If the Company thinks necessary, they and their relevant enterprises shall reduce and wholly transfer their relevant assets and business; and (2) If the Company thinks necessary, it is given the priority to acquire first, by proper means, the relevant assets and business of them and their relevant enterprises. 2. All the commitments made by them to eliminate or avoid horizontal competition with the Company are also applicable to their directly or indirectly controlled subsidiaries. They are obliged to urge and make sure that other subsidiaries execute what's prescribed in the relevant document and faithfully honor all the relevant commitments. 3. If they or their directly or indirectly controlled subsidiaries break the aforesaid commitments and thus cause a loss for the Company, they shall compensate the Company on a rational basis.

Date of making commitment: December 4,2015

Period of commitment: Long-standing

Fulfillment: In execution

(4)

Commitment: Commitments made in acquisition reports or reports on equity changes

Commitment maker: Controlling shareholder

Type of commitment: About reduction and regulation of related-party transactions

Contents: Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made a commitment that during their direct or indirect holding of the Company's shares, they shall 1. strictly abide by the regulatory documents of the CSRC and the SZSE, the Company's Articles of Association, etc. and not harm the interests of the Company or other shareholders of the Company in their production and operation activities by taking advantage of their position as the controlling shareholder and actual controller; 2. make sure that they or their other controlled subsidiaries, branch offices, jointly-run or associated companies (the "Relevant Enterprises" for short) will try their best to avoid or reduce related-party transactions with the Company or the Company's subsidiaries; 3. strictly follow the market principle of justness, fairness and equal value exchange for necessary and unavoidable related-party transactions between them and their Relevant Enterprises and the Company, and withdraw from voting when a related-party transaction with them or their Relevant Enterprises is being voted on at a general meeting or a board meeting, and execute the relevant approval procedure and information disclosure duties pursuant to the applicable laws, regulations and regulatory documents. Where the aforesaid commitments are broken and a loss is thus caused for the Company, its subsidiaries or the Company's other shareholders, they shall be obliged to compensate.

Date of making commitment: December 4,2015

Period of commitment: Long-standing

Fulfillment: In execution

(5)

Commitment: Commitments made in acquisition reports or reports on equity changes

Commitment maker: Controlling shareholder

Type of commitment: About independence

Contents: In order to ensure the independence of the Company in business, personnel, asset, organization and finance, Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made the following commitments: 1. They will ensure the independence of the Company in business: (1) They promise that the Company will have the assets, personnel, qualifications and capabilities for it to operate independently as well as the ability of independent, sustainable operation in the market. (2) They promise not to intervene in the Company's business activities other than the execution of their rights as the Company's shareholders. (3) They promise that they and their related parties will not be engaged in business that is substantially in competition with the Company's business. And (4) They promise that they and their related parties will try their best to reduce related-party transactions between them and the Company; for necessary and unavoidable related-party transactions, they promise to operate fairly following the market-oriented principle and at fair prices, and execute the transaction procedure and the duty of information disclosure pursuant to the applicable laws, regulations and regulatory documents. 2. They will ensure the independence of the Company in personnel: (1) They promise that the Company's GM, deputy GMs, CFO, Company Secretary and other senior management personnel will work only for and receive remuneration from the Company, not holding any positions in them or their other controlled subsidiaries other than director and supervisor. (2) They promise the Company's absolute independence from their related parties in labor, human resource and salary management. And (3) They promise to follow the legal procedure in their recommendation of directors, supervisors and senior management personnel to the Company and not to hire or dismiss employees beyond the Company's Board of Directors and General Meeting. 3. They will ensure the independence and completeness of the Company in asset: (1) They promise that the Company will have a production system, a auxiliary production system and supporting facilities for its operation; legally have the ownership or use rights of the land, plants, machines, trademarks, patents and non-patented technology in relation to its production and operation; and have independent systems for the procurement of raw materials and the sale of its products. (2) They promise that the Company will have independent and complete assets all under the Company's control and independently owned and operated by the Company. And (3) They promise that they and their other controlled subsidiaries will not illegally occupy the Company's funds and assets in any way, or use the Company's assets to provide guarantees for the debts of themselves or their other controlled subsidiaries with. 4. They will ensure the independence of the Company in organization: (1) They promise that the Company has a sound corporate governance structure as a joint-stock company with an independent and complete organization structure. And (2) They promise that the operational and management organs within the Company will independently execute their functions according to laws, regulations and the Company's Articles of Association. And 5. They will ensure the independence of the Company in finance: (1) They promise that the Company will have an independent financial department and financial accounting system with normative, independent financial accounting rules. (2) They promise that the Company will have independent bank accounts and not share bank accounts with its related parties. (3) They promise that the Company's financial personnel do not hold concurrent positions in its related parties. (4) They promise that the Company will independently pay its tax according to law. And (5) They promise that the Company can make financial decisions independently and that they will not illegally intervene in the Company's use of its funds.

Date of making commitment: December 4,2015

Period of commitment: Long-standing

Fulfillment: In execution

8. Other

Naught

XIII. Stock payment

1. The Stock payment overall situation

Applicable Inapplicable

2. The Stock payment settled by equity

Applicable Inapplicable

3. The Stock payment settled by cash

Applicable Inapplicable

4. Modification and termination of the stock payment

Naught

5. Other

Naught

XIV. Commitments

1. Significant commitments

Significant commitments at balance sheet date

As of 31 Dec. 2015, The Companies exist the following commitments:

Commitment: Commitments made to minority shareholders

Commitment maker: The Company

Type of commitment: About cash dividends

Contents: The profits distributed by the Company in cash every year shall not be less than 30% of the distributable profits it has achieved in the year.

Date of making commitment: May 27,2009

Period of commitment: Long-standing

Fulfillment: In execution

2. Contingency

(1) Significant contingency at balance sheet date

(1) In line with the first instance judgment of Civil Judgments (2015) SZFJMCZ No. 00751, the Company should make compensation of RMB8,303.00 for the accusers of securities misrepresentation responsibility disputes. The accusers refused to accept the first-instance judgment results, and appealed to Guangdong Higher People's Court, require the Company compensate losses of RMB136,734.00 and interest, meanwhile bare the legal fare of First and Second instances. The aforesaid cases had been hold a hearing by the Guangdong Higher People's Court and the final judgment had not rendered.

According to the Civil Judgment (2015) SZFJMC No. 19751 issued by the Guangzhou Intermediate People's Court for the first instance, the claims of the 30 plaintiffs were overruled. Unsatisfied with the first-instance judgment, the plaintiffs appealed to the Guangdong Higher People's Court, pleading for the court's revoking the judgment and the Company's making compensations of RMB1,231,442.87 for their loss and bearing all the legal fares of the case. Up to the issue date of the auditor's report, the said appeal has been accepted by the higher court, but the trial procedure has not yet begun.

(2) Zhang Kaiming and Shanghai Xin Kai Yuan Lighting Technology Co., Ltd. file a suit to Shanghai Intellectual Property Court with the reason that the Company's production and sale of " T8 to T5 energy saving shaft strut "violate utility patent " An integration of straight tube model fluorescent tube and electronic ballasts " patent no.ZL98122000.2., and required the Company and dealer Shenzhen Xingang Hardware Co., Ltd. compensate direct economy losses RMB1 million, meanwhile bare the legal fee and others in total of RMB107000. The Company considered that the implicated patent case was not conformed to relevant stipulations, requested the State Intellectual Property Office of the Patent Reexamination Board to declare that the involving patent was invalid. The Patent Reexamination Board of the State Intellectual Property Office held an oral hearing on 14 Jan. 2016. As of the date of approval of audit report, the aforesaid case had not issue Decision for investigation.

The Company invested RMB24.36 million to Suzhou Mont Lighting Co., Ltd. with shareholding of 50.5%. Due to the continuous losses caused by the scale and market, so far, Suzhou Mont Lighting Co., Ltd. was without continue producing conditions, unable to repay loans, suing overdue payment by multiple vendors. As of 31 Dec. 2015, the unpaid loan involving law suit was in total of RMB3,003,810.86.

(2) The Company have no significant contingency to disclose, also should be stated

There was no significant contingency in the Company.

3. Other

Naught

XV. Events after balance sheet date

1、 Significant events had not adjusted

Naught

2. Profit distribution

Unit: RMB Yuan

Planning allocation of profits or dividends	15,901,660.85
---	---------------

Profits or dividends approved, reviewed and issue by the declaration	15,901,660.85
--	---------------

3. Sales return

Naught

4. Notes of other significant events

Naught

XVI. Other significant events

1. The accounting errors correction in previous period

Naught

2. Debt restructuring

Naught

3. Replacement of assets

Naught

4. Pension plan

Naught

5. Discontinuing operation

Naught

6. Segment information

Naught

7. Other important transactions and events have an impact on investors' decision-making

Naught

8. Other

Stock incentive fund

The proposal on establishing stock incentive mechanism for middle and senior management staff was approved at

the shareholders' general meeting 2001 held on 16 May 2002, of which, with annual net return on equity being 6% as KPI, if only the annual net return on equity could reach to 6%, the stock incentive funds shall be appropriated based on 5% of net profit, withdrawal percentage of incentive fund will be increased simultaneously with the growth ratio of net return on equity. Such proposal had started to implement from the fiscal year of 2001. There was no equity incentive fund withdrawn at the end of the year in the Company.

There was no other significant event in the Company

XVII. Notes of main items in the financial statements of the Company

1. Accounts receivable

(1) Accounts receivable classified by category

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	12,986,752.44	3.05%	12,986,752.44	100.00%	0.00	0.00	0.00%	0.00	0.00%	0.00
Accounts receivable withdrawal of bad debt provision of by credit risks characteristics:	410,900,049.63	96.40%	23,029,471.45	5.60%	387,870,578.18	355,364,408.20	99.81%	19,571,304.68	5.51%	335,793,103.52
Accounts receivable with insignificant single amount for which bad debt provision separately accrued	2,352,989.65	0.55%	2,352,989.65	100.00%	0.00	664,739.65	0.19%	664,739.65	100.00%	0.00
Total	426,239,791.72	100.00%	38,369,213.54	9.00%	387,870,578.18	356,029,147.85	100.00%	20,236,044.33	5.68%	335,793,103.52

Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

√ Applicable □ Inapplicable

Unit: RMB Yuan

Accounts receivable (entity)	Closing balance			
	Account receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason
Suzhou Mont Lighting Co., Ltd.	12,986,752.44	12,986,752.44	100.00%	Due to the continuous losses caused by the scale and market, so far, Suzhou Mont Lighting Co., Ltd. was without continue producing conditions.
Total	12,986,752.44	12,986,752.44	--	--

In the groups, accounts receivable adopting aging analysis method to withdraw bad debt provision:

√ Applicable □ Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Account receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
Within 1 year	360,487,240.90	21,629,234.46	6.00%
Subtotal of within 1 year	360,487,240.90	21,629,234.46	6.00%
1 to 2 years	8,019,717.06	481,183.02	6.00%
2 to 3 years	14,280,433.39	856,826.00	6.00%
Over 3 years	1,037,132.76	62,227.97	6.00%
Total	383,824,524.11	23,029,471.45	6.00%

Notes:

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision:

□ Applicable √ Inapplicable

In the groups, accounts receivable adopting other methods to withdraw bad debt provision:

(2) Bad debt provision withdrawal, reversed or recovered in the report period

The withdrawal amount of the bad debt provision during the reporting period was of RMB 21,951,466.88 ; the amount of the reversed or collected part during the reporting period was of RMB 0.00 .

(3) Particulars of the actual verification of accounts receivable during the reporting period

Unit: RMB Yuan

Item	Amount
Nanchang Pengqi Industry and Trade Co., Ltd.	1,531,915.58

Shengyang Huawei Lighting Appliance Co., Ltd.	343,466.97
Shijiazhuang Mengtong Trade Co., Ltd.	300,000.00
Wuhan Jianida Trade Co., Ltd.	205,634.00
Other driblet small amount	1,437,281.12
Total	3,818,297.67

(4) Top five of account receivable of closing balance collected by arrears party

Unit:RMB Yuan

Name of the entity	Nature	Closing balance	Aging	Proportion%	Closing balance of bad debt provision
**COMPANY	Goods payment	28,864,908.40	Within 1 year	6.77	1,731,894.51
Suzhou Mont Lighting Co., Ltd.	Goods payment	12,986,752.44	Within 2 year	3.05	12,986,752.44
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	Goods payment	12,795,132.06	Within 1 year	3.00	
Jiangmen Jianghai District **** Decorative Lighting Co., Ltd.	Goods payment	10,777,765.72	Within 1 year	2.53	646,665.94
***LIGHTING DO BRASIL COMERCIO,	Goods payment	10,508,121.03	Within 1 year	2.47	630,487.26
Total		75,932,679.65		17.82	15,995,800.15

(5) Derecogniton of account receivable due to the transfer of financial assets

Naught

(6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Naught

2. Other accounts receivable**(1) Other account receivable classified by category**

Unit: RMB Yuan

Category	Closing balance	Opening balance
----------	-----------------	-----------------

	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	0.00	0.00%	0.00	0.00%	0.00	0.00	0.00%	0.00	0.00%	0.00
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	48,263,507.82	99.39%	1,088,491.67	2.26%	47,175,016.15	147,003,635.15	100.00%	4,674,595.70	3.18%	142,329,039.45
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	295,120.00	0.61%	295,120.00	100.00%	0.00	0.00	0.00%	0.00	0.00%	0.00
Total	48,558,627.82	100.00%	1,383,611.67	2.85%	47,175,016.15	147,003,635.15	100.00%	4,674,595.70	3.18%	142,329,039.45

Other accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

Applicable Inapplicable

In the groups, other accounts receivable adopting aging analysis method to withdraw bad debt provision:

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
Within 1 year	13,557,055.35	813,423.32	6.00%
Subtotal of within 1 year	13,557,055.35	813,423.32	6.00%
1 to 2 years	4,322,610.46	259,356.63	6.00%
2 to 3 years	3,003.72	180.22	6.00%
Over 3 years	258,858.40	15,531.50	6.00%
Total	18,141,527.93	1,088,491.67	6.00%

Notes:

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision

Applicable Inapplicable

In the groups, other accounts receivable adopting other methods to withdraw bad debt provision:

Applicable Inapplicable

(2) Bad debt provision withdrawal, reversed or recovered in the report period

The withdrawal amount of the bad debt provision during the reporting period was of RMB -3,290,984.03 ; the amount of the reversed or collected part during the reporting period was of RMB 0.00 .

(3) Particulars of the actual verification of other accounts receivable during the reporting period

Naught

(4) Other account receivable classified by account nature

Unit: RMB Yuan

Nature	Closing book balance	Opening book balance
Internal business group	30,417,099.89	69,093,706.51
Finance subsidy for efficient lighting promotion project.	0.00	59,524,157.04
VAT export tax refunds	10,002,722.46	9,474,039.36
Performance bond	3,554,295.96	3,279,191.60
Staff borrow and deposit	730,813.84	1,802,527.06
Water & electricity fees	490,494.61	1,128,036.38
Advance money for street light construction	2,523,547.23	2,523,547.23
Other	839,653.83	178,429.97
Total	48,558,627.82	147,003,635.15

(5) Top 5 of the closing balance of the other accounts receivable collected according to the arrears party

Unit: RMB Yuan

Name of the entity	Nature	Closing balance	Aging	Proportion%	Closing balance of bad debt provision
Foshan Lighting Lamps & Components Co., Ltd.	Internal business group	13,631,323.46	Within 1 year	28.07%	0.00
Export rebates	VAT export tax refunds	10,002,722.46	Within 1 year	20.60%	600,163.35
Nanjing Fozhao	Internal business	8,915,708.33	Within 1 year	18.36%	0.00

Lighting Components Manufacturing Co., Ltd.	group				
Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	Internal business group	2,860,553.51	Within 1 year	5.89%	0.00
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	Internal business group	2,792,083.34	Within 1 year	5.75%	0.00
Total	--	38,202,391.10	--	78.67%	600,163.35

(6) Account receivable involving government subsidies

Naught

(7) Other account receivable derecognized due to the transfer of financial assets

Naught

(8) Amount of transfer other account receivable and assets and liabilities formed by its continuous involvement

Other notes:

- Closing balance of other account receivable decreased RMB 98,445,007.33 , of 66.97 % , comparing to that in opening period, mainly was the receivable of Finance subsidy for efficient lighting promotion project, and internal business group.

3. Long-term equity investment

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Investment to the subsidiary	441,949,939.76	24,360,000.00	417,589,939.76	441,949,939.76	0.00	441,949,939.76
Investment to joint ventures and associated enterprises	382,637.52	0.00	382,637.52	3,689,724.39	0.00	3,689,724.39
Total	442,332,577.28	24,360,000.00	417,972,577.28	445,639,664.15	0.00	445,639,664.15

(1) Investment to the subsidiary

Unit: RMB Yuan

Investee	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in the reporting period	Closing balance of impairment provision
Foshan Chansheng Electronic Ballast Co., Ltd.	2,744,500.00			2,744,500.00		
Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	42,000,000.00			42,000,000.00		
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	350,000.00			350,000.00		
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	72,000,000.00			72,000,000.00		
Guangdong Fozhao New Light Sources Technology Co., Ltd.	50,077,000.00			50,077,000.00		
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	35,418,439.76			35,418,439.76		
Guangdong Fozhao Leasing Co., Ltd.	200,000,000.00			200,000,000.00		
Foshan Lighting Lamps & Components Co., Ltd.	15,000,000.00			15,000,000.00		
Suzhou Mont Lighting Co., Ltd.	24,360,000.00			24,360,000.00	24,360,000.00	24,360,000.00
Total	441,949,939.76			441,949,939.76	24,360,000.00	24,360,000.00

(2) Investment to joint ventures and associated enterprises

Unit: RMB Yuan

Investee	Opening balance	Increase/decrease in reporting period								Closing balance	Closing balance of impairment provision
		Additional investment	Negative investment	Investment profit and loss recognized under the equity method	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profits	Withdrawal impairment provision	Other		
I. Joint ventures											
II. Associated enterprises											
Qinghai Salt Lake Fozhao Lanke Lithium Industry Co., Ltd.	3,689,724.39			-3,307,086.87						382,637.52	
Subtotal	3,689,724.39			-3,307,086.87						382,637.52	
Total	3,689,724.39			-3,307,086.87						382,637.52	

(3) Other notes

Naught

4. Revenues and operating costs

Unit: RMB Yuan

Item	Reporting period		Same period of last year	
	Revenue	Operating costs	Revenue	Operating costs
Main operations	2,905,137,467.71	2,309,203,166.69	3,074,905,433.08	2,356,699,902.95
Other operations	26,597,499.01	15,786,736.36	21,859,129.59	11,797,485.10
Total	2,931,734,966.72	2,324,989,903.05	3,096,764,562.67	2,368,497,388.05

5. Investment income

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Long-term equity investment income accounted by cost method		4,888,044.88
Long-term equity investment income accounted by equity method	-3,307,086.87	-9,117,917.64
Investment income arising from disposal of long-term equity investments		-17,112.47
Investment income received from financial assets measured by fair value and the changes be included in the current profits and losses during holding period	19,505.00	
Investment income received from disposal of financial assets measured by fair value and the changes be included in the current profits and losses during holding period	2,353,948.21	72,494.46
Investment income received from holding of available-for-sale financial assets	3,449,696.24	25,992,879.30
Investment income received from disposal of available-for-sale financial assets	17,063,266.56	1,784,824.81
Other	-55,571.28	499,406.22
Total	19,523,757.86	24,102,619.56

6. Other

Naught

XVIII. Supplementary materials

1. Items and amounts of extraordinary gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets	-8,172,702.85	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of official approval documents	4,780,007.27	
Gain/loss from change of fair value of transactional assets and liabilities, and	19,472,654.77	

investment gains from disposal of transactional financial assets and liabilities and available-for-sale financial assets, other than valid hedging related to the Company's common businesses		
Other non-operating income and expenses other than the above	-130,293,226.71	Due to the recognition of relevant compensation of securities misrepresentation responsibility dispute.
Project confirmed with the definition of non-recurring gains and losses and losses	944,428.72	
Less: Income tax effects	-16,925,475.37	
Minority interests effects	344,540.78	
Total	-96,687,904.21	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

Applicable Inapplicable

2. Return on equity (ROE) and earnings per share (EPS)

Profit as of reporting period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to common shareholders of the Company	1.27%	0.0420	0.0420
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	3.58%	0.12	0.12

3. Differences between accounting data under domestic and overseas accounting standards

(1) Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

Applicable Inapplicable

(2) Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

Applicable Inapplicable

(3) Explain reasons for the differences between accounting data under domestic and overseas accounting standards, for audit data adjusting differences had been foreign audited, should indicate the name of the foreign institutions

Naught

4. Other

Naught

Section XI Documents Available for Reference

Investors and interested organizations can find in the Company Secretary Office in the Company's office building the following materials:

1. Financial statements signed and sealed by the legal representative, the person-in-charge of the accounting work and the person-in-charge of the accounting organ;
2. Original document of the Auditor's Report sealed by the CPAs firm as well as signed and sealed by the CPAs; and
3. All originals of the Company's documents and public announcements which were disclosed in the reporting period on the media designated by the CSRC for information disclosure.

The Board of Directors

Foshan Electrical and Lighting Co., Ltd.

24 March 2016