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**Foshan Electrical and Lighting Co., Ltd.**  
**The semi-annual financial report 2018**

# Financial Statements

## I Independent Auditor's Report

Are these interim financial statements audited by an independent auditor?

Yes  No

They are unaudited by such an auditor.

## II Financial Statements

Currency unit for the financial statements and the notes thereto: RMB

### 1. Consolidated Balance Sheet

Prepared by Foshan Electrical and Lighting Co., Ltd.

30 June 2018

Unit: RMB

Item	30 June 2018	31 December 2017
Current assets:		
Monetary assets	914,968,599.68	570,184,208.96
Settlement reserve		
Interbank loans granted		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	67,325,195.40	68,368,192.41
Accounts receivable	994,690,386.07	756,291,432.56
Prepayments	30,415,238.48	33,095,313.35
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Interest receivable	1,589,090.91	12,428,451.86
Dividends receivable		
Other receivables	37,100,965.10	21,215,215.15
Financial assets purchased under resale agreements		
Inventories	718,166,451.66	746,466,889.87
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	348,511,668.85	1,006,062,102.56
Total current assets	3,112,767,596.15	3,214,111,806.72
Non-current assets:		

Loans and advances to customers		
Available-for-sale financial assets	1,010,613,407.54	1,390,581,536.60
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	176,473,300.95	179,414,105.14
Investment property		
Fixed assets	511,806,666.21	483,520,866.64
Construction in progress	189,368,112.34	162,814,991.68
Engineering materials		
Proceeds from disposal of fixed assets		
Productive living assets		
Oil and gas assets		
Intangible assets	153,387,711.51	155,544,720.36
R&D expense		
Goodwill		
Long-term prepaid expense	7,405,224.79	9,088,933.56
Deferred income tax assets	34,933,025.45	37,675,828.79
Other non-current assets	42,106,140.00	43,059,034.80
Total non-current assets	2,126,093,588.79	2,461,700,017.57
Total assets	5,238,861,184.94	5,675,811,824.29
Current liabilities:		
Short-term borrowings		
Borrowings from central bank		
Customer deposits and deposits from banks and other financial institutions		
Interbank loans obtained		
Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable	2,652,485.00	
Accounts payable	679,471,875.75	539,303,554.54
Advances from customers	39,197,246.65	48,706,778.49
Financial assets sold under repurchase agreements		
Handling charges and commissions payable		
Payroll payable	63,799,759.73	81,948,630.59
Taxes payable	46,542,385.81	27,350,670.40
Interest payable		
Dividends payable		
Other payables	35,648,829.55	40,548,489.03
Reinsurance payables		

Insurance contract reserve		
Payables for acting trading of securities		
Payables for underwriting of securities		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	867,312,582.49	737,858,123.05
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Specific payables		
Provisions		
Deferred income	11,780,830.53	11,858,330.49
Deferred income tax liabilities	69,465,031.60	126,460,250.96
Other non-current liabilities		
Total non-current liabilities	81,245,862.13	138,318,581.45
Total liabilities	948,558,444.62	876,176,704.50
Owners' equity:		
Share capital	1,399,346,154.00	1,272,132,868.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	158,608,173.07	285,821,459.07
Less: Treasury shares		
Other comprehensive income	393,631,982.39	716,607,333.78
Specific reserve		
Surplus reserves	772,953,002.36	772,953,002.36
General reserve		
Retained earnings	1,542,346,538.43	1,731,600,796.18
Total equity attributable to owners of the Company as the parent	4,266,885,850.25	4,779,115,459.39
Non-controlling interests	23,416,890.07	20,519,660.40
Total owners' equity	4,290,302,740.32	4,799,635,119.79
Total liabilities and owners' equity	5,238,861,184.94	5,675,811,824.29

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

## 2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	30 June 2018	31 December 2017
Current assets:		
Monetary assets	624,071,920.48	502,169,100.40
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	66,615,195.40	67,268,192.41
Accounts receivable	972,172,168.34	747,430,159.61
Prepayments	66,845,395.68	70,580,941.09
Interest receivable	1,589,090.91	9,744,035.20
Dividends receivable		
Other receivables	72,164,535.91	42,174,877.89
Inventories	646,102,715.85	670,527,529.71
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	339,075,203.39	777,495,203.31
Total current assets	2,788,636,225.96	2,887,390,039.62
Non-current assets:		
Available-for-sale financial assets	1,010,613,407.54	1,390,581,536.60
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	660,266,403.21	663,207,207.40
Investment property		
Fixed assets	425,385,486.39	404,667,257.11
Construction in progress	187,700,809.13	161,024,975.28
Engineering materials		
Proceeds from disposal of fixed assets		
Productive living assets		
Oil and gas assets		
Intangible assets	109,868,785.34	112,251,734.86
R&D expense		
Goodwill		
Long-term prepaid expense	6,193,662.18	8,209,699.77
Deferred income tax assets	32,668,456.01	32,985,075.62
Other non-current assets	42,106,140.00	42,661,573.80
Total non-current assets	2,474,803,149.80	2,815,589,060.44
Total assets	5,263,439,375.76	5,702,979,100.06
Current liabilities:		
Short-term borrowings		

Financial liabilities at fair value through profit or loss		
Derivative financial liabilities		
Notes payable	2,652,485.00	
Accounts payable	877,507,812.49	719,912,246.75
Advances from customers	37,809,995.34	47,306,971.94
Payroll payable	43,953,007.55	60,345,714.81
Taxes payable	35,237,842.58	13,294,037.24
Interest payable		
Dividends payable		
Other payables	99,671,341.22	96,824,757.90
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	1,096,832,484.18	937,683,728.64
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Specific payables		
Provisions		
Deferred income	11,548,330.26	11,548,330.26
Deferred income tax liabilities	69,465,031.60	126,460,250.96
Other non-current liabilities		
Total non-current liabilities	81,013,361.86	138,008,581.22
Total liabilities	1,177,845,846.04	1,075,692,309.86
Owners' equity:		
Share capital	1,399,346,154.00	1,272,132,868.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	166,211,779.15	293,425,065.15
Less: Treasury shares		
Other comprehensive income	393,635,179.08	716,608,088.78
Specific reserve		
Surplus reserves	772,953,002.36	772,953,002.36
Retained earnings	1,353,447,415.13	1,572,167,765.91
Total owners' equity	4,085,593,529.72	4,627,286,790.20

Total liabilities and owners' equity	5,263,439,375.76	5,702,979,100.06
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Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

### 3. Consolidated Income Statement

Unit: RMB

Item	H1 2018	H1 2017
1. Revenue	2,064,779,289.99	2,023,925,582.84
Including: Operating revenue	2,064,779,289.99	2,023,925,582.84
Interest income		
Premium income		
Handling charge and commission income		
2. Operating costs and expenses	1,812,566,821.34	1,764,705,009.46
Including: Cost of sales	1,579,291,867.89	1,546,931,779.85
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surtaxes	21,962,518.24	20,386,602.33
Selling expense	103,917,010.47	81,651,993.69
Administrative expense	104,474,031.52	98,790,821.60
Finance costs	-13,085,476.61	-7,115,907.36
Asset impairment loss	16,006,869.83	24,059,719.35
Add: Gain on changes in fair value ("-" for loss)		
Investment income ("-" for loss)	24,509,870.36	14,009,282.02
Including: Share of profit or loss of joint ventures and associates	179,781.56	1,543,965.79
Foreign exchange gain ("-" for loss)		
Asset disposal income ("-" for loss)		-10,790.68
Other income	1,018,385.17	3,302,994.36
3. Operating profit ("-" for loss)	277,740,724.18	276,522,059.08
Add: Non-operating income	1,669,856.43	2,719,401.52
Less: Non-operating expense	191,749.42	4,758,983.01
4. Profit before taxation ("-" for loss)	279,218,831.19	274,482,477.59
Less: Income tax expense	47,044,145.70	42,597,501.35
5. Net profit ("-" for net loss)	232,174,685.49	231,884,976.24
5.1 Net profit from continuing	232,174,685.49	231,884,976.24

operations (“-” for net loss)		
5.2 Net profit from discontinued operations (“-” for net loss)		
Net profit attributable to owners of the Company as the parent	229,277,455.82	228,494,660.57
Net profit attributable to non-controlling interests	2,897,229.67	3,390,315.67
6. Other comprehensive income, net of tax	-322,975,351.39	23,025,471.14
Attributable to owners of the Company as the parent	-322,975,351.39	23,025,471.14
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes in net liabilities or assets caused by remeasurements on defined benefit pension schemes		
6.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
6.2 Items that may subsequently be reclassified to profit or loss	-322,975,351.39	23,025,471.14
6.2.1 Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method		
6.2.2 Gain/Loss on changes in fair value of available-for-sale financial assets	-322,972,909.70	23,025,471.14
6.2.3 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
6.2.4 Effective gain/loss on cash flow hedges		
6.2.5 Differences arising from translation of foreign currency-denominated financial statements	-2,441.69	
6.2.6 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	-90,800,665.90	254,910,447.38
Attributable to owners of the Company as the parent	-93,697,895.57	251,520,131.71



Attributable to non-controlling interests	2,897,229.67	3,390,315.67
8. Earnings per share		
8.1 Basic earnings per share	0.1638	0.1633
8.2 Diluted earnings per share	0.1638	0.1633

Where business combinations under common control occurred in the Current Period, the net profit achieved by the acquirees before the combinations was RMB0.00, with the amount for the same period of last year being RMB0.00.

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

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

Unit: RMB

Item	H1 2018	H1 2017
1. Operating revenue	2,004,288,444.76	1,980,196,404.29
Less: Cost of sales	1,587,394,320.53	1,549,957,656.10
Taxes and surtaxes	17,214,406.11	14,028,299.06
Selling expense	91,117,192.72	74,062,826.39
Administrative expense	96,241,158.47	98,398,538.37
Finance costs	-12,655,059.12	-4,474,253.64
Asset impairment loss	15,224,655.05	23,053,208.55
Add: Gain on changes in fair value ("-" for loss)		
Investment income ("-" for loss)	21,037,840.32	12,903,476.48
Including: Share of profit or loss of joint ventures and associates	179,781.56	1,543,965.79
Asset disposal income ("-" for loss)		
Other income	561,343.06	3,285,240.00
2. Operating profit ("-" for loss)	231,350,954.38	241,358,845.94
Add: Non-operating income	1,572,451.59	2,461,593.41
Less: Non-operating expense	164,104.09	2,041,377.50
3. Profit before taxation ("-" for loss)	232,759,301.88	241,779,061.85
Less: Income tax expense	32,947,939.09	34,045,999.98
4. Net profit ("-" for net loss)	199,811,362.79	207,733,061.87
4.1 Net profit from continuing operations ("-" for net loss)	199,811,362.79	207,733,061.87
4.2 Net profit from discontinued operations ("-" for net loss)		
5. Other comprehensive income, net of tax	-322,972,909.70	23,025,471.14
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes in net liabilities or assets caused by remeasurements on		

defined benefit pension schemes		
5.1.2 Share of other comprehensive income of investees that will not be reclassified into profit or loss under equity method		
5.2 Items that may subsequently be reclassified to profit or loss	-322,972,909.70	23,025,471.14
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit or loss under equity method		
5.2.2 Gain/Loss on changes in fair value of available-for-sale financial assets	-322,972,909.70	23,025,471.14
5.2.3 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
5.2.4 Effective gain/loss on cash flow hedges		
5.2.5 Differences arising from translation of foreign currency-denominated financial statements		
5.2.6 Other		
6. Total comprehensive income	-123,161,546.91	230,758,533.01
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

## 5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2018	H1 2017
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	1,769,237,743.67	1,754,303,637.97
Net increase in customer deposits and deposits from banks and other financial institutions		
Net increase in loans from central bank		
Net increase in loans from other financial institutions		

Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Net increase in proceeds from disposal of financial assets at fair value through profit or loss		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Tax rebates	47,287,499.42	42,499,505.18
Cash generated from other operating activities	33,545,832.35	28,893,716.10
Subtotal of cash generated from operating activities	1,850,071,075.44	1,825,696,859.25
Payments for commodities and services	1,131,421,056.92	1,114,835,724.72
Net increase in loans and advances to customers		
Net increase in deposits in central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	339,556,840.55	371,942,160.26
Taxes paid	137,020,623.78	262,092,182.25
Cash used in other operating activities	97,348,775.81	107,889,979.24
Subtotal of cash used in operating activities	1,705,347,297.06	1,856,760,046.47
Net cash generated from/used in operating activities	144,723,778.38	-31,063,187.22
2. Cash flows from investing activities:		
Proceeds from disinvestment	660,000,000.00	
Investment income	34,539,472.29	15,011,705.23
Net proceeds from disposal of fixed assets, intangible assets and other		1,626,000.00

long-lived assets		
Net proceeds from disposal of subsidiaries or other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	694,539,472.29	16,637,705.23
Payments for acquisition of fixed assets, intangible assets and other long-lived assets	90,700,439.05	108,664,080.94
Payments for investments		20,000,000.00
Net increase in pledged loans granted		
Net payments for acquisition of subsidiaries and other business units		
Cash used in other investing activities	3,304,699.80	
Subtotal of cash used in investing activities	94,005,138.85	128,664,080.94
Net cash generated from/used in investing activities	600,534,333.44	-112,026,375.71
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Increase in borrowings obtained		
Net proceeds from issuance of bonds		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayment of borrowings		
Payments for interest and dividends	405,163,764.00	522,068,416.83
Including: Dividends paid by subsidiaries to non-controlling interests		5,660,290.78
Cash used in other financing activities		
Subtotal of cash used in financing activities	405,163,764.00	522,068,416.83
Net cash generated from/used in financing activities	-405,163,764.00	-522,068,416.83
4. Effect of foreign exchange rate changes on cash and cash equivalents	1,385,343.10	912,356.51
5. Net increase in cash and cash equivalents	341,479,690.92	-664,245,623.25

equivalents		
Add: Cash and cash equivalents, beginning of the period	570,184,208.96	1,479,283,642.54
6. Cash and cash equivalents, end of the period	911,663,899.88	815,038,019.29

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

## 6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	H1 2018	H1 2017
<b>1. Cash flows from operating activities:</b>		
Proceeds from sale of commodities and rendering of services	1,712,676,401.03	1,700,716,001.72
Tax rebates	47,263,864.23	42,499,505.18
Cash generated from other operating activities	26,388,452.49	24,406,290.15
Subtotal of cash generated from operating activities	1,786,328,717.75	1,767,621,797.05
Payments for commodities and services	1,263,659,844.11	1,363,028,963.41
Cash paid to and for employees	209,185,383.63	167,453,782.97
Taxes paid	87,060,201.23	200,061,046.37
Cash used in other operating activities	85,851,338.88	101,737,482.16
Subtotal of cash used in operating activities	1,645,756,767.85	1,832,281,274.91
Net cash generated from/used in operating activities	140,571,949.90	-64,659,477.86
<b>2. Cash flows from investing activities:</b>		
Proceeds from disinvestment	440,000,000.00	35,000,000.00
Investment income	30,667,499.69	28,724,845.24
Net proceeds from disposal of fixed assets, intangible assets and other long-lived assets		1,580,000.00
Net proceeds from disposal of subsidiaries or other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	470,667,499.69	65,304,845.24
Payments for acquisition of fixed assets, intangible assets and other long-lived assets	85,557,155.41	99,538,768.93

Payments for investments		
Net payments for acquisition of subsidiaries and other business units		
Cash used in other investing activities	3,304,699.80	
Subtotal of cash used in investing activities	88,861,855.21	99,538,768.93
Net cash generated from/used in investing activities	381,805,644.48	-34,233,923.69
3. Cash flows from financing activities:		
Capital contributions received		
Increase in borrowings obtained		
Net proceeds from issuance of bonds		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayment of borrowings		
Payments for interest and dividends	405,163,764.00	516,408,126.05
Cash used in other financing activities		
Sub-total of cash used in financing activities	405,163,764.00	516,408,126.05
Net cash generated from/used in financing activities	-405,163,764.00	-516,408,126.05
4. Effect of foreign exchange rate changes on cash and cash equivalents	1,384,289.90	912,356.51
5. Net increase in cash and cash equivalents	118,598,120.28	-614,389,171.09
Add: Cash and cash equivalents, beginning of the period	502,169,100.40	1,235,417,964.88
6. Cash and cash equivalents, end of the period	620,767,220.68	621,028,793.79

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

## 7. Consolidated Statements of Changes in Owners' Equity

H1 2018

Unit: RMB

Item	H1 2018											
	Equity attributable to owners of the Company as the parent										Non-controlling interest	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	General reserve		
Preferred		Perpetual	Other									

		shares	bonds										
1. Balances as of end of prior year	1,272,132,868.00				285,821,459.07		716,607,333.78		772,953,002.36		1,731,600,796.18	20,519,660.40	4,799,635,119.79
Add: Adjustments for changed accounting policies													
Adjustments for corrections of previous errors													
Adjustments for business combinations under common control													
Other adjustments													
2. Balances as of beginning of the year	1,272,132,868.00				285,821,459.07		716,607,333.78		772,953,002.36		1,731,600,796.18	20,519,660.40	4,799,635,119.79
3. Increase/decrease in the period ("-" for decrease)	127,213,286.00				-127,213,286.00		-322,975,351.39				-189,254,257.75	2,897,229.67	-509,332,379.47
3.1 Total comprehensive income							-322,975,351.39				229,277,455.82	2,897,229.67	-90,800,665.90
3.2 Capital increased and reduced by owners													
3.2.1 Ordinary shares increased by shareholders													
3.2.2 Capital increased by holders of other equity instruments													
3.2.3 Share-based payments included in owners' equity													

3.2.4 Other													
3.3 Profit distribution											-418,537	-418,537	
3.3.1 Appropriation to surplus reserves													
3.3.2 Appropriation to general reserve													
3.3.3 Appropriation to owners (or shareholders)											-418,537	-418,537	
3.3.4 Other													
3.4 Carryforwards within owners' equity	127,213,286.00				-127,213,286.00								
3.4.1 Increase in capital (or share capital) from capital reserves	127,213,286.00				-127,213,286.00								
3.4.2 Increase in capital (or share capital) from surplus reserves													
3.4.3 Surplus reserves used to make up losses													
3.4.4 Other													
3.5 Specific reserve													
3.5.1 Withdrawn for the period													
3.5.2 Used during the period													
3.6 Other													
4. Balances as of end of the period	1,399,346,154.00				158,608,173.07		393,631,982.39		772,953,002.36		1,542,346,538.43	23,416,890.07	4,290,302,740.32

31 December 2017

Unit: RMB



Item	H1 2017												
	Equity attributable to owners of the Company as the parent										Non-controlling interest	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	General reserve			Retained earnings
Preferred shares		Perpetual bonds	Other										
1. Balances as of end of prior year	1,272,132,868.00				285,821,459.07		1,133,971,372.25		733,924,951.81		1,564,615,925.99	15,008,066.44	5,005,474,643.56
Add: Adjustments for changed accounting policies													
Adjustments for corrections of previous errors													
Adjustments for business combinations under common control													
Other adjustments													
2. Balances as of beginning of the year	1,272,132,868.00				285,821,459.07		1,133,971,372.25		733,924,951.81		1,564,615,925.99	15,008,066.44	5,005,474,643.56
3. Increase/decrease in the period ("-" for decrease)							-417,364,038.47		39,028,050.55		166,984,870.19	5,511,593.96	-205,839,523.77
3.1 Total comprehensive income							-417,364,038.47				740,308,725.30	5,511,593.96	328,456,280.79
3.2 Capital increased and reduced by owners													
3.2.1 Ordinary shares increased by shareholders													
3.2.2 Capital increased by													

holders of other equity instruments													
3.2.3 Share-based payments included in owners' equity													
3.2.4 Other													
3.3 Profit distribution								39,028,050.55		-573,323,855.11		-534,295,804.56	
3.3.1 Appropriation to surplus reserves								39,028,050.55		-39,028,050.55			
3.3.2 Appropriation to general reserve													
3.3.3 Appropriation to owners (or shareholders)										-534,295,804.56		-534,295,804.56	
3.3.4 Other													
3.4 Carryforwards within owners' equity													
3.4.1 Increase in capital (or share capital) from capital reserves													
3.4.2 Increase in capital (or share capital) from surplus reserves													
3.4.3 Surplus reserves used to make up losses													
3.4.4 Other													
3.5 Specific reserve													
3.5.1 Withdrawn for the period													
3.5.2 Used during the period													

3.6 Other													
4. Balances as of end of the period	1,272,132,868.00				285,821,459.07		716,607,333.78		772,953,002.36		1,731,600,796.18	20,519,660.40	4,799,635,119.79

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

## 8. Statements of Changes in Owners' Equity of the Company as the Parent

H1 2018

Unit: RMB

Item	H1 2018										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Total owners' equity
		Preferred shares	Perpetual bonds	Other							
1. Balances as of end of prior year	1,272,132,868.00				293,425,065.15		716,608,088.78		772,953,002.36	1,572,167,765.91	4,627,286,790.20
Add: Adjustments for changed accounting policies											
Adjustments for corrections of previous errors											
Other adjustments											
2. Balances as of beginning of the year	1,272,132,868.00				293,425,065.15		716,608,088.78		772,953,002.36	1,572,167,765.91	4,627,286,790.20
3. Increase/decrease in the period ("-" for decrease)	127,213,286.00				-127,213,286.00		-322,972,909.70			-218,720,350.78	-541,693,260.48
3.1 Total comprehensive income							-322,972,909.70			199,811,362.79	-123,161,546.91
3.2 Capital increased and reduced by owners											
3.2.1 Ordinary shares increased by shareholders											

3.2.2 Capital increased by holders of other equity instruments											
3.2.3 Share-based payments included in owners' equity											
3.2.4 Other											
3.3 Profit distribution										-418,531,713.57	-418,531,713.57
3.3.1 Appropriation to surplus reserves											
3.3.2 Appropriation to owners (or shareholders)										-418,531,713.57	-418,531,713.57
3.3.3 Other											
3.4 Carryforwards within owners' equity	127,213,286.00					-127,213,286.00					
3.4.1 Increase in capital (or share capital) from capital reserves	127,213,286.00					-127,213,286.00					
3.4.2 Increase in capital (or share capital) from surplus reserves											
3.4.3 Surplus reserves used to make up losses											
3.4.4 Other											
3.5 Specific reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used during the period											
3.6 Other											

4. Balances as of end of the period	1,399,346,154.00				166,211,779.15		393,635,179.08		772,953,002.36	1,353,447,415.13	4,085,593,529.72
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31 December 2017

Unit: RMB

Item	H1 2017										
	Share capital	Other equity instruments			Capital reserves	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Total owners' equity
		Preferred shares	Perpetual bonds	Other							
1. Balances as of end of prior year	1,272,132,868.00				293,425,065.15		1,133,971,372.25		733,924,951.81	1,448,907,867.73	4,882,362,124.94
Add: Adjustments for changed accounting policies											
Adjustments for corrections of previous errors											
Other adjustments											
2. Balances as of beginning of the year	1,272,132,868.00				293,425,065.15		1,133,971,372.25		733,924,951.81	1,448,907,867.73	4,882,362,124.94
3. Increase/decrease in the period ("-" for decrease)							-417,363,283.47		39,028,050.55	123,259,898.18	-255,075,334.74
3.1 Total comprehensive income							-417,363,283.47			696,583,753.29	279,220,469.82
3.2 Capital increased and reduced by owners											
3.2.1 Ordinary shares increased by shareholders											
3.2.2 Capital increased by holders of other equity instruments											

3.2.3 Share-based payments included in owners' equity											
3.2.4 Other											
3.3 Profit distribution								39,028,050.55	-573,323,855.11	-534,295,804.56	
3.3.1 Appropriation to surplus reserves								39,028,050.55	-39,028,050.55		
3.3.2 Appropriation to owners (or shareholders)									-534,295,804.56		
3.3.3 Other											
3.4 Carryforwards within owners' equity											
3.4.1 Increase in capital (or share capital) from capital reserves											
3.4.2 Increase in capital (or share capital) from surplus reserves											
3.4.3 Surplus reserves used to make up losses											
3.4.4 Other											
3.5 Specific reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used during the period											
3.6 Other											
4. Balances as of end of the period	1,272,132,868.00				293,425,065.15		716,608,088.78		772,953,002.36	1,572,167,765.91	4,627,286,790.20

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

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### III Company Profile

Foshan Electrical and 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 20 October 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 October 1993, and was listed in Shenzhen Stock Exchange for trade on 23 November 1993. The Company was approved to issue 50,000,000 B shares on 23 July 1995. And, as approved to change into a foreign-invested stock limited company on 26 August 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 11 December 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 Annual General Meeting of 2006, 2007, 2008, 2014, and 2017 the Company implemented the plan of capitalization of capital reserve, after the transfer, the registered capital of the Company has increased to RMB1,399,346,154.00

Credibility code of the Company: 91440000190352575W.

Legal representative: Mr. He Yong

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

Main business of the company and its subsidiaries (hereinafter referred to as “the Company”): lighting products and electro technical products.

The business term of the Company is long-term, which was calculated from the date of issuance of License of Business Corporation.

The Financial Report was approved and authorized for issue by the Board of Directors on 28 August 2018.

#### (II). Scope of the Consolidated Financial Statements

The consolidation scope of the financial statement during the Reporting Period including the Company and the 10 subordinate subsidiaries such as Foshan Lighting Chanchang Optoelectronics Co., Ltd.( referred to as “Chanchang Company”), Foshan Chansheng Electronic Ballast Co., Ltd. ( referred to as “Chansheng Company”), Foshan Taimei Times Lamps and Lanterns Co., Ltd. ( referred to as “Taimei Company”), Nanjing Fozhao Lighting Components Co., Ltd. ( referred to as “Nanjing Fozhao”), FSL (Xinxiang) Lighting Co., Ltd. ( referred to as “Xinxiang Company”), Foshan Electrical and Lighting New Light Source Technology Co., Ltd. ( referred to as “New Light Source Company”), Guangdong Fozhao Leasing Co., Ltd. ( referred to as “Leasing Company”), Foshan Lighting Lamps & Components Co., Ltd. ( referred to as “Lamps & Components Company”) and FSL Zhida Electric Technology Co., Ltd( referred to as “Zhida Electric Technology”), and FSL Lighting GmbH (referred to as “FSL Europe”).

For details, see relevant contents in Note VIII “Changes in the consolidation scope”, and Note IX “Equities in other entities”

### IV Basis for Preparation of Financial Statements

#### 1. Preparation Basis

The financial statements of the Company are based on the continuing operation, and are confirmed and measured according to the actual transactions and events, the Accounting Standards for Business Enterprises -

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Basic Standards, other various specific accounting standards, the application guide, the interpretation of accounting standards for business enterprises (hereinafter referred to as the Accounting Standards for Business Enterprises). And based on the following important accounting policies, and accounting estimations, they are prepared according to the relevant regulations of Rules for the Information Disclosure of Companies Publicly Issuing Securities No. 15 - General Provisions on Financial Reporting of China Securities Regulatory Commission (Revised in 2014). Except the Cash Flow Statement prepared under the principle of cash basis, the rest of financial statement of the Company are prepared under the principle of accrual basis.

The Company didn't find anything like being suspicious of the ability of continuing operation within 12 months from the end of the Reporting Period with all available information.

## **2. Continuation**

The Company has no matters affecting the continuing operation of the Company and is expected to have the ability to continue to operate in the next 12 months. The financial statements of the Company are prepared on the basis of continuing operation.

## **V Important Accounting Policies and Estimations**

Reminders of the specific accounting policies and accounting estimations:

The Company confirmed the specific accounting policies and estimations according to production and operation features, mainly reflecting in the method of provision for accounts receivables bad debt (Note 11. Account Receivables), pricing method of inventory (Note 12. Inventory), depreciation of fixed assets and amortization of intangible assets (Note 16. Fixed Assets and Note 21. Intangible Assets), and recognized time point of income (Note 28. Income), etc.

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

The financial statements prepared by the Company are in compliance with the Accounting Standards for Business Enterprises, which factually and completely present the Company's and the consolidated financial positions, business results and cash flows, as well as other relevant information.

### **2. Fiscal Year**

A fiscal year starts on January 1<sup>st</sup> and ends on December 31<sup>st</sup> according to the Gregorian calendar.

### **3. Operating Cycle**

An operating cycle for the Company 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 statements of the Company, and the financial statements are listed and presented by Renminbi.

### **5. Accounting Treatment Methods for Business Combinations under the Same Control or not under the Same Control**

#### **1. Business combinations under the same control**

For the merger of enterprises under the same control, if the consideration of the merging enterprise is that it makes payment in cash, transfers non-cash assets or bear its debts, it shall, on the date of merger, regard the



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share of the book value among final controller's consolidated financial statement of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

If the consideration of the merging enterprise is that it issues equity securities, it shall, on the date of merger, regard the share of the book value among final controller's consolidated financial statement of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The total face value of the stocks issued shall be regarded as the capital stock, while the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

## 2. Business combinations not under the same control

The Company measured the paid assets as the consideration of business combination and liabilities happened or undertaken by fair value. The difference between fair value and its book value shall be included into the current losses and gains. The Company distributed combined cost on the purchasing date.

The difference of the combination cost greater than the fair value of the identifiable net assets of the acquiree acquired is recognized as goodwill; the difference of the combination cost less than the fair value of the identifiable net assets of the acquiree acquired is included into current losses and gains.

As for the assets other than intangible assets acquired from the acquiree in a business combination (not limited to the assets which have been recognized by the acquiree), if the economic benefits brought by them are likely to flow into the Company and their fair values can be measured reliably, they shall be separately recognized and measured in light of their fair values; intangible asset whose fair value can be measured reliably shall be separately recognized as an intangible asset and shall be measured in light of its fair value; As for the liabilities other than contingent liabilities acquired from the acquiree, if the performance of the relevant obligations is likely to result in any out-flow of economic benefits from the Company, and their fair values can be measured reliably, they shall be separately recognized and measured in light of their fair values; As for the contingent liabilities of the acquiree, if their fair values can be measured reliably, they shall be separately recognized as liabilities and shall be measured in light of their fair values.

## 6. Methods for Preparing Consolidated Financial Statements

### 1. Principle of determining the scope of consolidation

The scope of consolidation of the consolidated financial statements of the Company is determined on the basis of control. Control means that the investors has the right to invest in the investee and enjoy a variable return through the participation of the relevant activities of the investee, and has the ability to use the power over the investee to affect the amount of its return. The Company includes the subsidiaries with actual right of control (including separate entity controlled by the Parent Company) into consolidated financial statements.

### 2. Principles, procedures and methods for the preparation of consolidated statements

#### (1) Principles, procedures and methods for the preparation of consolidated statements

All subsidiaries included into the scope of consolidated financial statements adopted same accounting policies and fiscal year with the Company. If the accounting policies and fiscal year of the subsidiaries are different to the Company's, necessary adjustment should be made in accordance with the Company's accounting policies and fiscal year when consolidated financial statements are prepared.

The consolidated financial statements are based on the financial statements of the Parent Company and subsidiaries included into the consolidated scope. The consolidated financial statements are prepared by the Company who makes adjustment to long-term equity investment to subsidiaries by equity method according to

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other relevant materials after the offset of the share held by the Parent Company in the equity capital investment of the Parent Company and owner's equity of subsidiaries and the significant transactions and intrabrand within the Company.

For the balance formed because the current loss shared by the minority shareholders of the subsidiary is more than the share enjoyed by the minority shareholders of the subsidiary in the initial shareholders' equity, if the Articles of Corporation or Agreement didn't stipulate that minority shareholders should be responsible for it, then the balance need to offset the shareholders' equity of the Company; if the Articles of Corporation or Agreement stipulated that minority shareholders should be responsible for it, then the balance need to offset the minority shareholders' equity.

#### (2) Treatment method of increasing or disposing subsidiaries during the Reporting Period

During the Reporting Period, if the subsidiaries were added due to Business combinations under the same control, then initial book balance of consolidated balance sheet need to be adjusted; the income, expenses, and profits of subsidiaries from the combination's period-begin to the end of the reporting period need to be included into consolidated income statement; the cash flow of subsidiaries from the combination's period-begin to the end of the reporting period need to be included into consolidated cash flow statement. if the subsidiaries were added due to Business combinations not under the same control, then initial book balance of consolidated balance sheet doesn't need to be adjusted; the income, expenses, and profits of subsidiaries from the purchasing date to the end of the reporting period need to be included into consolidated income statement; the cash flow of subsidiaries from purchasing date to the end of the reporting period need to be included into consolidated cash flow statement.

During the Reporting Period, if the Company disposed the subsidiaries, then the income, expenses, and profits of subsidiaries from period-begin to the disposal date need to be included into consolidated income statement; the cash flow of subsidiaries from period-begin to the disposal date need to be included into consolidated cash flow statement.

### **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

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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 to 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.

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(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: the transactional financial liabilities; and 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

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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 two 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.

#### 7. Recognition method of fair value

Fair value refers to the price that market participants got from the sale of an asset or the price paid for the transfer of a liability among the orderly transactions happened on the measurement date. For a financial instrument with active market, its fair value shall be determined by the quotes in the active market. For a financial instrument with no active market, its fair value shall be determined by adopting value appraisal techniques. When the value is appraised, by adopting the value appraisal techniques applying to the current situations with the support of enough available data and other information, the Company chooses the same input value with features of assets and liabilities considered by market participants in the transactions of relevant assets and liabilities, and gives priority in use of observable input value as far as possible. Unobservable input value shall be used when the relevant observable input value cannot be obtained or the obtainment is not practical.

## 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	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	For an account receivable with a significant single amount, the impairment test shall be carried out on it separately. If there is any objective evidence of impairment, the impairment loss is recognized and the bad-debt provision is made according to the difference

	between the present value of the account receivable's future cash flows and its carrying amount. As for non-significant accounts receivable for which separate impairment provisions are not necessary as proved by the impairment test, as well as other significant accounts receivable that have not been impaired as proved by a separate impairment test, they shall be grouped according to their credit risks and account ages, and then the impairment test is carried out on a group basis.
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**(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	Aging analysis method
Internal transaction group	Other methods

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

Applicable  Not applicable

Aging	Withdrawal proportion of account receivables	Withdrawal proportion of other account receivables
Within 1 year (including 1 year)	3.00%	3.00%
1 to 2 years	10.00%	10.00%
2 to 3 years	30.00%	30.00%
3 to 4 years	50.00%	50.00%
4 to 5 years	80.00%	80.00%
Over 5 years	100.00%	100.00%

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

Applicable  Not applicable

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

Applicable  Not applicable

**(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 their return ability
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.

**12. Inventory**

Is the Company subject to any disclosure requirements for special industries?

No.

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#### 1. Classification of inventory

Inventory refers to finished products, goods in process, and materials consumed in the production process or the provision of labor services held by the Company for sale in daily activities, mainly including raw materials, goods in process, materials in transit, finished products, commodities, turnover materials, and commissioned processing materials. Turnover materials include low-value consumables and packaging.

#### 2. Pricing method of inventory sent out

The inventory is valued at actual cost when acquired, and inventory costs include procurement costs, processing costs and other costs. The weighted average method is used when receiving or sending out inventory.

#### 3. Basis for determining the net realizable value of inventory and the method of withdrawal for inventory impairment

Net realizable value refers to the estimated selling price of the inventory minus the estimated cost to be incurred at the time of completion, the estimated selling expenses and the relevant taxes and fees in daily activities. In determining the net realizable value of inventory, the conclusive evidence obtained is used as the basis and the purpose of holding the inventory and the impact of the events after the balance sheet date should be taken into account.

For finished products, the materials used for sale and other goods used for direct sale, the net realizable value is determined by the estimated selling price of the inventory minus the estimated selling expenses and related taxes in the process of normal production and operation.

For materials inventory needs to be processed, the net realizable value is determined by the estimated selling price of the finished products minus the estimated cost to be incurred, the estimated sales costs and the relevant taxes and fees in the process of normal production and operation.

#### 4. Inventory system

The inventory system of the Company is perpetual inventory.

#### 5. Amortization method of turnover materials

Low-value consumables are amortized in one-off method.

The packaging is amortized in one-off method.

### 13. Assets Held for Sale

#### 1. Assets held for sale

When a company relies mainly on selling (including the exchanges of non-monetary assets with commercial substance) instead of continuing to use a non-current asset or disposal group to recover its book value, the non-current asset or disposal group is classified as asset held for sale. The non-current assets mentioned above do not include investment properties that are subsequently measured by the fair value model, biological assets measured by fair value less net selling costs, assets formed from employee remuneration, financial assets, deferred income tax assets and rights generated from insurance contracts.

Disposal group refers to a group of assets that are disposed of together as a whole through sale or other means in a transaction, and the liabilities directly related to these assets transferred in the transaction. In certain circumstances, the disposal group includes goodwill obtained in business combination.

The Company recognizes non-current assets or disposal groups that meet both of the following conditions as held for sale: ① Assets or disposal groups can be sold immediately under current conditions based on the practice of selling such assets or disposal groups in similar transactions; ② Sales are highly likely to occur, that is, the Company has already made a resolution on a sale plan and obtained a certain purchase commitment, and the sale is expected to will be completed within one year, and the sale has been approved if relevant regulations



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require relevant authority or regulatory authority of the Company to approve it.

Non-current assets or disposal groups specifically obtained by the Company for resale will be classified by the Company as a held-for-sale category on the acquisition date when they meet the stipulated conditions of “expected to be sold within one year” on the acquisition date, and may well satisfy the category of held-for-sale within a short time (which is usually 3 months).

If one of the following circumstances cannot be controlled by the Company and the transaction between non-related parties fails to be completed within one year, and there is sufficient evidence that the Company still promises to sell the non-current assets or disposal groups, the Company should continue to classify the non-current assets or disposal groups as held-for-sale: ①The purchaser or other party unexpectedly sets conditions that lead to extension of the sale. The Company has already acted on these conditions in a timely manner and it is expected to be able to successfully deal with the conditions that led to the extension of the sale within one year after the conditions were set. ②Due to unusual circumstances, the non-current assets or disposal groups held for sale failed to be sold within one year. In the first year, the Company has taken necessary measures for these new conditions and the assets or disposal groups meet the conditions of held-for-sale again. If the Company loses control of a subsidiary due to the sale of investments to its subsidiaries, whether or not the Company retains part of the equity investment after the sale, when the proposed sale of the investment to the subsidiary meets the conditions of held-for-sale, the investment to the subsidiary will be classified as held-for-sale in the individual financial statement of the parent company, and all the assets and liabilities of the subsidiary will be classified as held-for-sale in the consolidated financial statement.

When the company initially measures or re-measures non-current assets or disposal groups held for sale on the balance sheet date, if the book value is higher than the fair value minus the net amount of the sale costs, the book value will be written down to the net amount of fair value minus the sale costs, and the amount written down will be recognized as impairment loss of assets and included in the current profit and loss, and provision for impairment of held-for-sale assets will be made. For the confirmed amount of impairment loss of assets of the disposal groups held for sale, the book value of goodwill of the disposal groups will be offset first, and then the book value of various non-current assets in the disposal groups will be offset according to the proportions.

If the net amount that the fair value of the non-current assets or disposal groups held for sale on the follow-up balance sheet date minus the sale costs increases, the previous written-down amount will be restored, and reversed to the asset impairment loss confirmed after the assets being classified as held-for-sale. The reversed amount will be included in the current profit or loss. The book value of goodwill that has been deducted cannot be reversed.

Non-current assets held for sale or non-current assets in the disposal group are not subject to depreciation or amortization. Interest and other expenses of liabilities in the disposal group held for sale will be confirmed as before.

When a non-current asset or disposal group ceases be classified as held-for-sale or a non-current asset is removed out from the held-for-sale disposal group due to failure in meeting the classification conditions for the category of held-for-sale, it will be measured by one of the followings whichever is lower:

- ① The book value before being classified as held for sale will be adjusted according to the depreciation, amortization or impairment that would have been recognized under the assumption that it was not classified as held for sale;
- ② The recoverable amount.

## 2. Termination of operation

Termination of operation refers to a separately identifiable constituent part that satisfies one of the following conditions that has been disposed of by the Company or is classified as held-for-sale:

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- (1) This constituent part represents an independent main business or a separate main business area.
  - (2) This constituent part is part of an associated plan that is intended to be disposed of in an independent main business or a separate major business area.
  - (3) This constituent part is a subsidiary that is specifically acquired for resale.

### 3. Presentation

In the balance sheet, the Company distinguishes the non-current assets held for sale or the assets in the disposal group held for sale separately from other assets, and distinguish the liabilities in the disposal group held for sale separately from other liabilities. The non-current assets held for sale or the assets in the disposal group held for sale are not be offset against the liabilities in the disposal group held for sale. They are presented as current assets and current liabilities respectively.

The Company lists profit and loss from continuing operations and profit and loss from operating profits in the income statement. For the termination of operations for the current period, the Company restates the information originally presented as profit or loss of continuing operation in the current financial statements to profit or loss of termination of the comparable accounting period. If the termination of operation no longer meets the conditions of held-for-sale, the Company restates the information originally presented as a profit and loss of termination in the current financial statements to profit or loss of continuing operation of the comparable accounting period.

## 14. Long-term Equity Investments

Long-term equity investment refers to the Company's long-term equity investment with control, joint control or significant influence on the investee. The long-term equity investment of the Company which has no control, joint control or significant influence on the investee is accounted for as financial assets available-for-sale or financial assets at fair value and changes recognized in profit or loss for the current period. For details of accounting policies, please refer to 10. Financial instruments in Notes V.

Joint control refers to the control that is common to an arrangement in accordance with the relevant agreement, and the relevant activities of the arrangement must be agreed upon by the participant who has shared the control. Significant influence refers to the Company has the power to participate in decision-making on the financial and operating policies of the investee, but can't control or jointly control the formulation of these policies with other parties.

### 1. Investment cost recognition for long-term equity investments

(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.

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(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 profit/loss

The long-term equity investment with joint control (except for the common operator) or significant influence on the investee is accounted by equity method. In addition, the Company's financial statements use cost method to calculate long-term equity investments that can control the investee.

### (1) Long-term equity investment accounted by cost method

When the cost method is used for accounting, the long-term equity investment is priced at the initial investment cost, and the cost of the long-term equity investment is adjusted according to additional investment or recovered investment. Except the price actually paid when acquired investment or cash dividends or profits that have been declared but not yet paid included in the consideration, current investment income is recognized by the cash dividends or profits declared by the investee.

### (2) Long-term equity investment accounted by equity method

When the equity method is used for accounting, if the initial investment cost of the long-term equity investment is greater than the fair value of the investee's identifiable net assets, the initial investment cost of the long-term equity investment shall not be adjusted; if the initial investment cost is less than the fair value of the investee's identifiable net assets, the difference shall be recorded into the current profits and losses, and the cost of the long-term equity investment shall be adjusted at the same time.

When the equity method is used for accounting, the investment income and other comprehensive income shall be recognized separately according to the net profit or loss and other comprehensive income realized by the investee, and the book value of the long-term equity investment shall be adjusted at the same time. The part entitled shall be calculated according to the profits or cash dividends declared by the investee, and the book value of the long-term equity investment shall be reduced accordingly. For other changes in the owner's equity other than the net profit or loss, other comprehensive income and profit distribution of the investee, the book value of the long-term equity investment shall be adjusted and included in the capital reserve. When the share of the net profit or loss of the investee is recognized, the net profit of the investee shall be adjusted and recognized according to the fair value of the identifiable assets of the investee when the investment is made. If the accounting policies and accounting periods adopted by the investee are inconsistent with the Company, the financial statements of the investee shall be adjusted according to the accounting policies and accounting periods of the Company and the investment income and other comprehensive income shall be recognized accordingly. For the transactions between the Company and associates and joint ventures, if the assets made or sold don't constitute business, the unrealized gains and losses of the internal transactions are offset by the proportion attributable to the Company, and the investment gains and losses are recognized accordingly. However, the loss of unrealized internal transactions incurred by the Company and the investee attributable to the impairment loss of the transferred assets shall not be offset. If the assets made to associates or joint ventures constitute business, and the investor makes long-term equity investment but does not obtain the control, the fair value of the investment shall be taken as the initial investment cost of the new long-term equity investment, and the difference between initial investment and the book value of the investment is fully recognized in profit or loss for the current period. If the assets sold by the Company to joint ventures or associates constitute business, the

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difference between the consideration and the book value of the business shall be fully credited to the current profits and losses. If the assets purchased by Company from joint ventures or associates constitute business, conduct accounting treatment in accordance with the provisions of Accounting Standard for Business Enterprises No. 20 - Business combination, and the profits or losses related to the transaction shall be recognized in full.

When the net loss incurred by the investee is recognized, the book value of the long-term equity investment and other long-term equity that substantially constitute the net investment in the investee shall be written down to zero. In addition, if the Company has an obligation to bear additional losses to the investee, the estimated liabilities are recognized in accordance with the obligations assumed and included in the current investment losses. If the investee has realized net profit in later period, the Company will resume the recognition of the income share after the income share has made up the unrecognized loss share.

### (3) Acquisition of minority interests

In the preparation of the consolidated financial statements, capital reserve shall be adjusted according to the difference between the long-term equity investment increased due to the purchase of minority interests and the share of the net assets held by the subsidiary from the date of purchase (or the date of combination) calculated according to the proportion of the new shareholding ratio, and retained earnings shall be adjusted if the capital reserve is insufficient to offset.

### (4) Disposal of long-term equity investment

In the consolidated financial statements, the parent company partially disposes of the long-term equity investment in the subsidiary without the loss of control, and the difference between the disposal price and the net assets of the subsidiary corresponding to the disposal of the long-term equity investment is included in the shareholders' equity. If the disposal of long-term equity investment in subsidiaries results in the loss of control over the subsidiaries, handle in accordance with the relevant accounting policies described in 6. "Preparation method of consolidated financial statements" in Notes V.

In other cases, the difference between the book value and the actual acquisition price shall be recorded into the current profits and losses for the disposal of the long-term equity investment.

For long-term equity investment accounted by the equity method and residual equity after disposal still accounted by the equity method, other comprehensive income originally included in the shareholders' equity shall be treated in the same basis of the investee directly disposing related assets or liabilities by corresponding proportion. The owner's equity recognized by the change of the owner's equity of the investee other than the net profit or loss, other comprehensive income and profit distribution is carried forward proportionally into the current profits and losses.

For long-term equity investment accounted by the cost method and residual equity after disposal still accounted by the cost method, other comprehensive income accounted by equity method or recognized by financial instrument and accounted and recognized by measurement criteria before the acquisition of the control over the investee is treated in the same basis of the investee directly disposing related assets or liabilities, and carried forward proportionately into the current profits and losses. Other changes of owner's equity in net assets of the investee accounted and recognized by the equity method other than the net profit or loss, other comprehensive income and profit distribution are carried forward proportionally into the current profits and losses.

### 3. Impairment provisions for long-term equity investments

For the relevant testing method and provision making method, see 22. Impairment of Long-term Assets in Notes V herein.

## 15. Investment Real Estates

Measurement mode of investment real estates

Not applicable

## 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 accounting year and unit price is higher. No fixed assets may be recognized unless it simultaneously meets the conditions as follows: ① The economic benefits pertinent to the fixed asset are likely to flow into the Company; and ② The cost of the fixed asset can be measured reliably.

### (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 years	5%	31.67%-3.17%
Machinery equipments	Average method of useful life	2—10 years	5%	47.50%-9.50%
Transportation vehicle	Average method of useful life	5—10 years	5%	19.00%-9.50%
Electronic equipment	Average method of useful life	2—8 years	5%	47.50%-11.88%

### (3) Recognition Basis, Pricing and Depreciation Method of Fixed Assets by Finance Lease

Not applicable

## 17. Construction in Progress

### 1. Pricing of construction in progress

The constructions are accounted according to the actual costs incurred. The constructions shall be carried forward into fixed assets at the actual cost when reach intended usable condition. The borrowing expenses eligible for capitalization incurred before the delivery of the construction are included in the construction cost; after the delivery, the relevant interest expense shall be recorded into the current profits and losses.

### 2. Standard and time of construction in progress carrying forward into fixed assets

The Company's construction in progress is carried forward into fixed assets when the construction completes and reaches intended usable condition. The criteria for determining the intended usable condition shall meet one of the following:

- (1) The physical construction (including installation) of fixed assets has been completed or substantially completed;
- (2) Has been produced or run for trial, and the results indicate that the assets can run normally or can produce stable products stably, or the results of the trial operation show that it can operate normally;
- (3) The amount of the expenditure on the fixed assets constructed is little or almost no longer occurring;
- (4) The fixed assets purchased have reached the design or contract requirements, or basically in line with the

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design or contract requirements.

### 3. Provision for impairment of construction in progress

Please refer to Note 22: Long-term Asset Impairment under Note V for the impairment test method and provision for impairment of construction in progress.

## 18. Borrowing Costs

The borrowing costs refer to interest and other related costs incurred by the Company as a result of borrowings, including interest on borrowings, amortization of discounts or premiums, ancillary expenses and exchange differences arising from foreign currency borrowings. The borrowing costs incurred by the Company directly attributable to the acquisition, construction or production of assets eligible for capitalization are capitalized and included in the cost of the relevant assets. Other borrowing costs are recognized as expenses according to the amount at the time of occurrence, and are included in the current profits and losses.

### 1. Principle of capitalization of borrowing costs

Borrowing costs can be capitalized when all the following conditions are met: Asset expenditure has already occurred; borrowing costs have already occurred; construction or production activities necessary to bring the assets to the intended useable or sellable status have already begun.

### 2. Capitalization period of borrowing costs

Capitalization period refers to the period from the capitalization of borrowing costs starting to the end of capitalization, excluding the period when capitalization is suspended.

If assets that meet the conditions of capitalization are interrupted abnormally in the course of construction or production, and the interruption time exceeds 3 consecutive months, the capitalization of borrowing costs shall be suspended. The borrowing costs incurred during the interruption are recognized as expenses and included in current profits and losses until the acquisition or construction of the assets is resumed. The capitalization of the borrowing costs continues if the interruption is a procedure necessary for the purchase or production of assets eligible for capitalization to meet the intended useable or sellable status.

The borrowing costs shall cease to be capitalized when the purchased or produced assets that meet the conditions of capitalization meet the intended useable or sellable status. The borrowing costs incurred after the assets eligible for capitalization meet the intended useable or sellable status can be included in the current profits and losses when incurred.

### 3. Calculation method of capitalized amount of borrowing costs

During the period of capitalization, the capitalization amount of interests (including amortization of discounts or premiums) for each accounting period is determined in accordance with the following provisions:

(1) For special borrowings for the acquisition or construction of assets eligible for capitalization, the interest expenses actually incurred in the current period of borrowings shall be recognized after deducting the interest income obtained by depositing the unused borrowing funds into the bank or investment income obtained from temporary investment.

(2) Where the general borrowing is occupied for the acquisition or construction of assets eligible for capitalization, the Company multiplies the weighted average of the asset expenditure of the accumulated asset expenditure exceeding the special borrowing by the capitalization rate of the general borrowing to calculate the amount of interest that should be capitalized for general borrowings. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

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## 19. Biological Assets

Not applicable

## 20. Oil-gas Assets

Not applicable

## 21. Intangible Assets

### (1) Pricing Method, Useful Life and Impairment Test

#### 1. Recognition criteria of intangible assets

Intangible assets are identifiable non-monetary assets that are owned or controlled by the Company without physical form. The intangible assets are recognized when all the following conditions are met: (1) Conform to the definition of intangible assets; (2) Expected future economic benefits related to the assets are likely to flow into the Company; (3) The costs of the assets can be measured reliably.

#### 2. Initial measurement of intangible assets

Intangible assets are initially measured at cost. Actual costs are determined by the following principles:

(1) The cost of the acquisition of intangible assets, including the purchase price, relevant taxes and other expenses directly attributable to the intended use of the asset. The payment of purchase price of intangible assets exceeding normal credit terms is deferred, and the cost of intangible assets having financing nature in essence shall be recognized based on the present value of the purchase price. The difference between the actual payment price and the present value of the purchase price shall be recorded into the current profits and losses in the credit period except that can be capitalized in accordance with the Accounting Standard for Business Enterprises No. 17 - Borrowing Cost.

(2) The cost of investing in intangible assets shall be recognized according to the value agreed upon in the investment contract or agreement, except that the value of the contract or agreement is unfair.

#### 3. Subsequent measurement of intangible assets

The Company shall determine the useful life when it obtains intangible assets. The useful life of intangible assets is limited, and the years of the useful life or output that constitutes the useful life or similar measurement units shall be estimated. The intangible assets are regarded as intangible assets with uncertain useful life if the term that brings economic benefits to the Company is unforeseeable

Intangible assets with limited useful life shall be amortized by straight line method from the time when the intangible assets are available until can't be recognized as intangible assets; intangible assets with uncertain useful life shall not be amortized. The Company reviews the estimated useful life and amortization method of intangible assets with limited useful life at the end of each year, and reviews the estimated useful life of intangible assets with uncertain useful life in each accounting period. For intangible assets that evidence shows the useful life is limited, the useful life shall be estimated and the intangible assets shall be amortized in the estimated useful life.

#### 4. Recognition criteria and withdrawal method of intangible asset impairment provision

The impairment test method and withdrawal method for impairment provision of intangible assets are detailed in Note 22: Long-term asset impairment under Note V.

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## **(2) Accounting Policy for Internal Research and Development Expenditures**

The expenditures in internal research and development projects of the Company are classified into expenditures in research stage and expenditures in development stage. The expenditures in research stage are included in the current profits and losses when incurred. The expenditures in development stage are recognized as intangible assets when meeting the following conditions:

- (1) The completion of the intangible assets makes it technically feasible for using or selling;
- (2) Having the intention to complete and use or sell the intangible assets;
- (3) The way in which an intangible asset generates economic benefits, including the proof that the products produced with the intangible asset have market or the proof of its usefulness if the intangible asset has market and will be used internally;
- (4) Having sufficient technical, financial resources and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;
- (5) Expenditure attributable to the development stage of intangible assets can be measured reliably.

The cost of self-developed intangible assets includes the total expenditure incurred since meeting intangible assets recognition criterion until reaching intended use. Expenditures that have been expensed in previous periods are no longer adjusted.

Non-monetary assets exchange, debt restructuring, government subsidies and the cost of intangible assets acquired by business combination are recognized according to relevant provisions of Accounting Standard for Business Enterprises No. 7 - Non-monetary assets exchange, Accounting Standard for Business Enterprises No. 12 - Debt restructuring, Accounting Standards for Business Enterprises No. 16 - Government subsidies, Accounting Standard for Business Enterprises No. 20 - Business combination respectively.

## **22. Impairment of Long-term Assets**

For non-current non-financial assets such as fixed assets, construction in progress, intangible assets with limited useful life, investment real estate measured in cost mode and long-term equity investments in subsidiaries, joint ventures and associates, the Company determines whether there is indication of impairment at balance sheet date. If there is indication of impairment, then estimate the amount of its recoverable value and test the impairment. Goodwill, intangible assets with uncertain useful life and intangible assets that have not yet reached useable state shall be tested for impairment every year, whether or not there is any indication of impairment.

If the impairment test results indicate that the recoverable amount of the asset is lower than its book value, the impairment provision shall be made at the difference and included in the impairment loss. The recoverable amount is the higher of the fair value of the asset minus the disposal cost and the present value of the expected future cash flow of the asset. The fair value of the asset is recognized according to the price of the sales agreement in the fair trade; if there is no sales agreement but there is an active market, the fair value is recognized according to the buyer's bid of the asset; if there is no sales agreement or active market, the fair value of asset shall be estimated based on the best information that can be obtained. Disposal costs include legal costs related to disposal of assets, related taxes, handling charges, and direct costs incurred to enable the asset reaching sellable status. The present value of the expected future cash flows of the assets is recognized by the amount discounted at appropriate discount rate according to the expected future cash flows arising from the continuing use of the asset and the final disposal. The provision for impairment of assets is calculated and recognized on the basis of individual assets. If it is difficult to estimate the recoverable amount of individual assets, the recoverable amount of the asset group shall be recognized by the asset group to which the asset



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belongs. The asset group is the smallest portfolio of assets that can generate cash inflows independently. The book value of the goodwill presented separately in the financial statements shall be apportioned to the asset group or portfolio of asset groups that is expected to benefit from the synergies of the business combination when the impairment test is conducted. The corresponding impairment loss is recognized if the test results indicate that the recoverable amount of the asset group or portfolio of asset groups containing the apportioned goodwill is lower than its book value. The amount of the impairment loss shall offset the book value of the goodwill apportioned to the asset group or portfolio of asset groups, and offset the book value of other assets in proportion according to the proportion of the book value of other assets except the goodwill in the asset group or portfolio of asset groups.

Once the impairment loss of the above asset is recognized, the portion that the value is restored will not be written back in subsequent periods.

### **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 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**

Welfare after demission mainly includes defined contribution plans and defined benefit plans. Of which defined contribution plans mainly include basic endowment insurance, unemployment insurance, annuity funds, etc., 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**

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 owning to relieve the labor relationship and the date the Group recognizes the cost

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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.

#### **(4) Accounting Treatment of the Welfare of Other Long-term Staffs**

The inside employee retirement plan is treated by adopting the same principle with the above dismissal 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 (dismissal welfare) under the condition that they meet the recognition conditions of estimated liabilities.

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**

Not applicable

### **27. Other Financial Instruments such as Preferred Shares and Perpetual Capital Securities**

Not applicable

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## 28. Revenue

Is the Company subject to any disclosure requirements for special industries?

No

### 1. Sale of goods

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 could be reliably measured; and ④ The relevant economic benefits may flow into the Company, and the relevant cost which had occurred or will occur could be reliably measured.

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.

### 2. Provision of labor services

In the case that the results of the labor service transaction can be reliably estimated, the income from the provision of labor services shall be recognized at the balance sheet date by the percentage of completion method according to the progress of the labor transaction.

The result of the provision of labor services can be reliably estimated refers that all the following conditions are met: ① The amount of income can be measured reliably; ② The relevant economic benefits are likely to inflow to the enterprise; ③ The progress of the transaction can be reliably determined; ④ The cost incurred and to be incurred in the transaction can be measured reliably.

If the result of the provision of labor services can’t be reliably estimated, the income from the provision of labor services shall be recognized according to the cost of labor services that have incurred and are expected to be compensated, and the cost of labor services that have incurred is recognized as the current expenses. If the cost of labor services already incurred isn’t expected to be compensated, the income will not be recognized.

If the contract or agreement between the Company and other enterprises includes the sale of goods and the provision of labor services, and the sale of goods and the provision of labor services can be distinguished and measured separately, the sale of goods and the provision of labor services shall be dealt with separately; if the sale of goods and the provision of labor services can’t be distinguished or can’t be measured separately, the contract will be treated as sale of goods.

### 3. Income from transferring the right to use assets

The operating income is calculated and recognized according to the time and method stipulated by relevant contracts and agreements.

### 4. Interest income

Recognized when all the following conditions are met: ① The amount of income can be measured reliably; ② Economic benefits related to the transaction can inflow.

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## 29. Government Subsidies

### (1) Judgment Basis and Accounting Treatment of Government Subsidies Related to Assets

The government subsidies related to assets refer to the government subsidies obtained for acquisition, construction or otherwise formation of long-term assets. The government subsidies related to income refer to the government subsidies except the government subsidies related to assets.

The specific standard of classifying the government subsidies as subsidies related to assets: government subsidies for acquisition, construction or otherwise formation of long-term assets.

If the government documents do not specify the subsidy object, the bases that the Company classified the government subsidies as assets-related subsidies or income-related subsidies were as follows: (1) If the specific items for which the subsidy is targeted are stipulated in government documents, divide according to the relative proportion of the amount of expenditure that forms assets and the amount of expenditure included in the cost in the budget for that particular project, and the proportion shall be reviewed at each balance sheet date and changed as necessary; (2) if the government documents only have a general statement of the purpose and do not specify a specific project.

If a government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If a government subsidy is a non-monetary asset, it shall be measured at its fair value, and shall be measured at a nominal amount (RMB1) when the fair value cannot be obtained reliably.

For confirmed government subsidies that need to be returned, if there is relevant deferred income, the book balance of related deferred income shall be written off and the excess shall be charged to profit or loss for the Current Period; for other circumstances, it shall be directly charged to profit or loss for the Current.

The Company adopts the gross method to confirm government subsidies. The government subsidies related to assets are recognized as deferred income, and are charged to the current profit or loss in a reasonable and systematic manner within the useful lives of the relevant assets (subsidies related to the daily activities of the Company are included in other income; while subsidies unrelated to the daily activities of the Company are included in non-operating income). Government subsidies measured at nominal amounts are directly charged to profit or loss for the Current Period. Where the relevant assets are sold, transferred, scrapped or damaged before the end of their useful lives, the balance of related undistributed deferred income shall be transferred to the profit or loss of the asset disposal in the Current Period.

### (2) Judgment Basis and Accounting Treatment of Government Subsidies Pertinent to Incomes

The specific criteria that the Company classifies government subsidies as income related is: other government subsidies other than asset-related government subsidies.

Government subsidies related to income are treated as follows:

(1) government subsidies used to compensate the relevant costs, expenses or losses of the Company in the subsequent period shall be recognized as deferred income, and shall be included in the current profit and loss during the period of confirming the relevant costs, expenses or losses (subsidies related to the daily activities of the Company are included in other income; while subsidies unrelated to the daily activities of the Company are included in non-operating income);

(2) government subsidies used to compensate the relevant costs, expenses or losses incurred by the Company shall be directly included in the current profits and losses (subsidies related to the daily activities of the Company are included in other income; while subsidies unrelated to the daily activities of the Company are included in

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non-operating income).

For government subsidies that include both assets-related and income-related parts, they should be distinguished separately for accounting treatment; for government subsidies that are difficult to be distinguished, they should be classified as income-related.

### **30. Deferred Income Tax Assets/Deferred Income Tax Liabilities**

The income tax of the Company includes the current income tax and deferred income tax. Both are recorded into the current gains and losses as income tax expenses or revenue, except in the following circumstances:

- (1) The income tax generated from the business combination shall be adjusted into goodwill;
- (2) The income tax related to the transaction or event directly included in shareholders' equity shall be recorded into shareholders' equity.

At the balance sheet date, the Company recognizes the deferred income tax assets or deferred income tax liabilities in accordance with the balance sheet liability method for the temporary difference between the book value of assets or liabilities and its tax base.

The Company recognizes all taxable temporary differences as deferred income tax liabilities unless taxable temporary differences arise in the following transactions:

- (1) The initial recognition of goodwill or the initial recognition of the assets or liabilities arising from a transaction with the following characteristics: the transaction is not a business combination and neither the accounting profit nor the taxable income is incurred at the time of the transaction;
- (2) The time of write-back of taxable temporary differences related to the investments in subsidiaries, associates and joint ventures can be controlled and the temporary differences are likely to not be written back in the foreseeable future.

The Company recognizes the deferred income tax assets arising from deductible temporary differences, subject to the amount of taxable income obtained to offset the deductible temporary differences, unless the deductible temporary differences arise in the following transactions:

- (1) The transaction is not a business combination, and the transaction does not affect the accounting profit or the amount of taxable income;
- (2) The deductible temporary differences related to the investments in subsidiaries, associates and joint ventures are not met simultaneously: Temporary differences are likely to be written back in the foreseeable future and are likely to be used to offset the taxable income of deductible temporary differences in the future.

At the balance sheet date, the Company measures the deferred income tax assets and deferred income tax liabilities at the applicable tax rate of the period expected to recover the asset or pay off the liabilities according to tax law, and reflects the income tax effect of expected assets recovery or liabilities payoff method at the balance sheet date.

At the balance sheet date, the Company reviews the book value of the deferred income tax assets. If it is likely that sufficient taxable income will not be available to offset the benefit of the deferred income tax assets in the future period, the book value of the deferred income tax assets will be written down. If it is probable that sufficient taxable income will be available, the amount of write-down will be written back.

### **31. Lease**

#### **(1) Accounting Treatment of Operating Lease**

- (1) The lease fee paid by the Company for rented assets shall be apportioned using the straight-line method over

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the entire lease term without deducting the rent-free period and shall be included in the current period expenses. The initial direct costs related to the lease transaction paid by the Company are included in current expenses. When the lessor of the asset assumes the lease-related expenses that should be borne by the Company, the Company should deduct the part of the expenses from the total rental amount, and the deducted rental expenses are apportioned during the lease term and included in the current expenses.

(2) The rental fees received by the company for leasing assets are apportioned on a straight-line basis over the entire lease term without deducting the rent-free period and are recognized as lease income. The initial direct expenses related to lease transactions paid by the company are included in the current expenses; if the amount is larger, they are capitalized and are recorded in the current period in stages on the same basis as the recognition of lease income during the entire lease period.

When the company assumes the lease-related expenses that should be borne by the lessee, the company deducts the expenses from the total amount of rental income and allocates the deducted rental expenses during the lease period.

## **(2) Accounting Treatments of Financial Lease**

(1) Financing leased assets: on the lease starting date, the Company recorded 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, recognized the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treated the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges. The company adopted the effective interest method to amortize the unrecognized financing expenses during the asset lease period and included it into financial expenses.

(2) Assets leased by finance: On the lease beginning date, the Company recognized the financial lease receivables, and the difference between the sum of unguaranteed residual values and its present value as unrealized financing income. It is recognized as lease income during any lease period in the future. The initial direct costs incurred by the Company in relation to the lease transaction, were included in the initial measurement of the financial lease receivable and the amount of revenue recognized during the lease period shall be reduced.

## **32. Other Significant Accounting Policies and Estimates**

Not applicable

## **33. Changes in Main Accounting Policies and Estimates**

### **(1) Change of Accounting Policies**

Applicable  Not applicable

### **(2) Significant Changes in Accounting Estimates**

Applicable  Not applicable

### 34. Other

None

## VI Taxes

### 1. Main Taxes and Tax Rates

Category of taxes	Tax basis	Tax rate
VAT	Sales volume from goods selling or taxable service	3%, 6%, 10%, 11%, 16%, 17%
Urban maintenance and construction tax	Turnover tax payable	7%, 5%
Enterprise income tax	Taxable income	15%, 25%
Educational surtax	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%

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

Taxpayer	Income tax rate
Foshan Electrical and Lighting Co., Ltd.	15%
Foshan Lighting Chanchang Optoelectronics Co., Ltd.	25%
Foshan Chansheng Electronic Ballast Co., Ltd.	25%
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	25%
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	25%
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	25%
FSL New Light Source Technology Co., Ltd.	25%
Guangdong Fozhao Leasing Co., Ltd.	25%
Foshan Lighting Lamps and Lanterns Co., Ltd.	25%
FSL Zhida Electric Technology Co., Ltd.	25%
FSL Lighting GMBH	15%

### 2. Tax Preference

The Company passed the re-examination for High-tech Enterprises in 2017, as well as won the “Certificate of High-tech Enterprise” 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 January 2017.

### 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

Item	Ending balance	Beginning balance
Cash on hand	53,998.39	52,031.79
Bank deposits	909,808,121.57	565,323,109.99
Other monetary funds	5,106,479.72	4,809,067.18
Total	914,968,599.68	570,184,208.96
Of which: total amount deposited overseas	334,199.31	183,066.93

Other notes:

The ending balance of other monetary funds in the Reporting Period was the refundable deposits saved in securities company, cash deposits, and e-commerce balance, among which the using right of cash deposits of future foreign exchange settlement of RMB 2,447,280.00 and margin of RMB 857,419.80 were restricted.

### 2. Financial Assets at Fair Value through Profit or Loss

Naught

### 3. Derivative Financial Assets

Applicable  Not applicable

### 4. Notes Receivable

#### (1) Notes Receivable Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	67,325,195.40	68,368,192.41
Total	67,325,195.40	68,368,192.41

#### (2) Notes Receivable Pledged by the Company at the Period-end

Unit: RMB

Item	Amount
Bank acceptance bill	3,500,000.00
Total	3,500,000.00



**(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

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	113,776,579.30	
Total	113,776,579.30	

**(4) Notes Transferred to Accounts Receivable because Drawer of the Notes Fails to Executed the Contract or Agreement**

Naught

**5. Accounts Receivable**

**(1) Accounts Receivable Disclosed by Category**

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable with significant single amount for which bad debt provision separately accrued	9,975,968.91	0.95%	9,975,968.91	100.00%		10,061,641.64	1.25%	10,061,641.64	100.00%	
Accounts receivable withdrawn bad debt provision according to credit risks characteristics	1,042,311,223.06	99.05%	47,620,836.99	4.57%	994,690,386.07	795,800,674.49	98.75%	39,509,241.93	4.96%	756,291,432.56
Total	1,052,287,191.97	100.00%	57,596,805.90	5.47%	994,690,386.07	805,862,316.13	100.00%	49,570,883.57	6.15%	756,291,432.56

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

Applicable  Not applicable

Unit: RMB

Accounts receivable (by unit)	Ending balance			
	Accounts receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason
Suzhou Mont Lighting Co., Ltd.	9,975,968.91	9,975,968.91	100.00%	The debtor was at a continuous loss due to

				the scale and market and other reasons, so now it is not suitable to produce continuously.
Total	9,975,968.91	9,975,968.91	--	--

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

Applicable  Not applicable

Unit: RMB

Aging	Ending balance		
	Accounts receivable	Bad debt provision	Withdrawal proportion
Subitem within 1 year			
Within 1 year	988,309,695.40	29,649,290.86	3.00%
Subtotal within 1 year	988,309,695.40	29,649,290.86	3.00%
1 to 2 years	32,213,727.24	3,221,372.72	10.00%
2 to 3 years	5,878,621.63	1,763,586.49	30.00%
3 to 4 years	1,334,879.69	667,439.85	50.00%
4 to 5 years	11,275,760.17	9,020,608.14	80.00%
Over 5 years	3,298,538.93	3,298,538.93	100.00%
Total	1,042,311,223.06	47,620,836.99	4.57%

Notes of confirming the basis of the groups:

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

Applicable  Not applicable

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

Naught

## (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 8,026,000.50; 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

Item	Amount
Other retails accounts	78.17
Total	78.17

## (4) Top 5 of the Ending Balance of the Accounts Receivable Collected according to the Arrears Party

Unit: RMB

Name of units	Relationship	Amount	Aging	Proportion of ending balance of the total accounts	Ending balance of bad debt provision
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				receivable	
No. 1	Non-connected relationship	191,461,593.37	Within 1 year	18.19%	5,743,847.80
No. 2	Non-connected relationship	20,747,221.00	Within 2 years	1.97%	684,803.17
No. 3	Non-connected relationship	20,371,305.32	Within 1 year	1.94%	611,139.16
No. 4	Non-connected relationship	19,409,126.02	Within 1 year	1.84%	582,273.78
No. 5	Non-connected relationship	15,148,133.08	Within 1 year	1.44%	454,443.99
Total		267,137,378.79		25.39%	8,076,507.90

**(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) Listed by Aging Analysis**

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	22,468,064.03	73.87%	25,971,834.21	78.48%
1 to 2 years	3,604,426.17	11.85%	2,782,505.53	8.41%
2 to 3 years	111,031.47	0.37%	3,250,778.25	9.82%
Over 3 years	4,231,716.81	13.91%	1,090,195.36	3.29%
Total	30,415,238.48	--	33,095,313.35	--

**(2) Top 5 of the Ending Balance of the Prepayment Collected according to the Prepayment Target**

Unit: RMB

Name of units	Relationship	Ending balance	Aging	Proportion of the total number
No. 1	Non-connected supplier	2,900,000.00	Over 3 years	9.53%
No. 2	Non-connected supplier	2,152,731.21	Within 1 year	7.08%
No. 3	Non-connected supplier	1,556,175.80	Within 1 year	5.12%

No. 4	Non-connected supplier	1,463,911.36	Within 1 year	4.81%
No. 5	Non-connected supplier	1,318,800.00	Within 2 year	4.34%
Total		9,391,618.37		30.88%

## 7. Interest Receivable

### (1) Category of Interest Receivable

Unit: RMB

Item	Ending balance	Beginning balance
Deposits on a regular basis	222,714.96	1,726,993.91
Bank financial products		4,745,863.01
Structural deposits	1,366,375.95	5,955,594.94
Total	1,589,090.91	12,428,451.86

### (2) Significant Overdue Interest

Naught

## 8. Dividend Receivable

Naught

## 9. Other Accounts Receivable

### (1) Other Accounts Receivable Disclosed by Category

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	40,239,298.09	99.27%	3,138,332.99	7.80%	37,100,965.10	24,013,060.03	98.79%	2,797,844.88	11.65%	21,215,215.15
Other accounts receivable with insignificant single amount for which bad debt provision	295,120.00	0.73%	295,120.00	100.00%		295,120.00	1.21%	295,120.00	100.00%	

separately accrued										
Total	40,534,418.09	100.00%	3,433,452.99	8.47%	37,100,965.10	24,308,180.03	100.00%	3,092,964.88	12.72%	21,215,215.15

Other receivable with single significant amount and withdrawal bad debt provision separately at the end of the Period

Applicable  Not applicable

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

Applicable  Not applicable

Unit: RMB

Aging	Ending balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Subitem within 1 year			
Within 1 year	33,350,359.64	1,000,510.79	3.00%
Subtotal within 1 year	33,350,359.64	1,000,510.79	3.00%
1 to 2 years	3,432,152.41	343,215.24	10.00%
2 to 3 years	167,542.81	50,262.84	30.00%
3 to 4 years	3,088,998.23	1,544,499.12	50.00%
4 to 5 years	2,000.00	1,600.00	80.00%
Over 5 years	198,245.00	198,245.00	100.00%
Total	40,239,298.09	3,138,332.99	7.80%

Notes of confirming the basis of the groups:

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

Applicable  Not applicable

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

Applicable  Not applicable

## (2) Bad Debt Provision Withdrawal, Reversed or Recovered in the Reporting Period

The amount of bad debt provision was RMB 340,488.11, the amount of reversed or recovered bad debt provision in the Reporting Period 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

Nature	Ending carrying amount	Beginning carrying amount
VAT export tax refunds	18,007,536.67	5,712,812.04
Performance bond	4,671,837.37	4,377,639.20
Staff borrow and deposit	8,327,131.18	4,343,208.32
Rent, water & electricity fees	420,600.59	1,293,281.97
Advance money for street light construction	3,777,672.16	3,777,672.16

Internal business group	295,120.00	295,120.00
Others	5,034,520.12	4,508,446.34
Total	40,534,418.09	24,308,180.03

**(5) Top 5 Other Accounts Receivable in Ending Balance Collected according to the Arrears Party**

Unit: RMB

Name of units	Nature	Ending balance	Aging	Proportion of ending balance of the total other accounts receivable	Ending balance of bad debt provision
No. 1	Export rebates	18,007,536.67	Within 1 year	44.43%	540,226.10
No. 2	Advance money for street light construction	3,777,672.16	Within 4 years	9.32%	1,299,397.36
No. 3	Others	2,122,656.00	Within 1 year	5.24%	63,679.68
No. 4	Margin	2,098,341.00	1-2 years	5.18%	209,834.10
No. 5	Reserved funds	1,272,056.18	Within 1 year	3.14%	38,161.69
Total	--	27,278,262.01	--	67.30%	2,151,298.93

**(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

**10. Inventory**

**(1) Category of Inventory**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves	Carrying value	Carrying amount	Falling price reserves	Carrying value
Raw materials	131,750,416.99	2,109,125.27	129,641,291.72	104,733,828.43	2,513,798.75	102,220,029.68
Goods in process	55,616,044.37		55,616,044.37	39,662,967.77		39,662,967.77

Inventory goods	400,549,699.56	15,543,022.09	385,006,677.47	466,813,177.48	10,984,333.96	455,828,843.52
Self-manufactured semi-finished product	146,454,910.82	1,151,374.87	145,303,535.95	146,868,534.26	972,725.26	145,895,809.00
Low-value fugitive items	2,598,902.15		2,598,902.15	2,859,239.90		2,859,239.90
<b>Total</b>	<b>736,969,973.89</b>	<b>18,803,522.23</b>	<b>718,166,451.66</b>	<b>760,937,747.84</b>	<b>14,470,857.97</b>	<b>746,466,889.87</b>

Whether the Company needs to comply with the disclosure requirements of Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 4 - Listed companies engaged in seed industry and planting business

No

## (2) Falling Price Reserves of Inventory

Unit: RMB

Item	Beginning balance	Increased amount		Decreased amount		Ending balance
		Withdrawal	Other	Reverse or write-off	Other	
Raw materials	2,513,798.75	89,155.54		493,829.02		2,109,125.27
Inventory goods	10,984,333.96	7,319,251.26		2,760,563.13		15,543,022.09
Self-manufactured semi-finished product	972,725.26	231,974.42		53,324.81		1,151,374.87
<b>Total</b>	<b>14,470,857.97</b>	<b>7,640,381.22</b>		<b>3,307,716.96</b>		<b>18,803,522.23</b>

Reason for the withdrawal and reverse of falling price reserves of inventory:

Item	Basis for provision for falling price of inventory	Reasons for the reverse or write-off of falling price reserves of inventory of Reporting Period	Remark
Raw materials	According to the lower of inventory cost and net realizable value	Raw materials sales or scrapping	
Inventory goods	According to the lower of inventory cost and net realizable value	Products sales or scrapping	

Reason for the withdrawal of falling price reserves of inventory: withdrawn for non-circulation of a small number of raw materials; some inventory goods were temporarily idle for product classification.

## (3) Notes of the Ending Balance of the Inventory which Includes Capitalized Borrowing Expenses

Naught

## (4) Completed Unsettled Assets Formed from the Construction Contact at the Period-end

Naught

## 11. Held-for-sale Assets

Naught

## 12. Non-current Assets Due within 1 Year

Naught

## 13. Other Current Assets

Unit: RMB

Item	Ending balance	Beginning balance
Deductible input tax of VAT	28,511,668.85	25,823,261.05
Advance payment of enterprise income tax		238,841.51
Bank financial products (Note)		470,000,000.00
Structural deposits (Note)	320,000,000.00	510,000,000.00
Total	348,511,668.85	1,006,062,102.56

Other notes:

Note: the bank principal-guaranteed financial products with maturity date more than three months but investment cycle shorter than a year and structural deposit products which cannot be terminated in advance.

## 14. Available-for-sale Financial Assets

### (1) List of Available-for-sale Financial Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Available-for-sale equity instruments	1,016,463,407.54	5,850,000.00	1,010,613,407.54	1,396,431,536.60	5,850,000.00	1,390,581,536.60
Measured by fair value	706,985,098.14		706,985,098.14	1,086,953,227.20		1,086,953,227.20
Measured by cost	309,478,309.40	5,850,000.00	303,628,309.40	309,478,309.40	5,850,000.00	303,628,309.40
Total	1,016,463,407.54	5,850,000.00	1,010,613,407.54	1,396,431,536.60	5,850,000.00	1,390,581,536.60

### (2) Available-for-sale Financial Assets Measured by Fair Value at the Period-end

Unit: RMB

Category of the available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale liabilities instruments		Total
Cost of the equity	243,884,887.46			243,884,887.46



instruments/amortized cost of the debt instruments			
Fair value	706,985,098.14		706,985,098.14
Changed amount of the fair value that be accumulatively recorded in other comprehensive income	463,100,210.68		463,100,210.68

### (3) Available-for-sale Financial Assets Measured by Cost at the Period-end

Unit: RMB

Investee	Carrying amount				Depreciation reserves				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	292,574,133.00			292,574,133.00					4.62%	10,971,417.60
Guangdong Development Bank Co., Ltd.	500,000.00			500,000.00					Less than 5.00%	
Foshan Focheng Road Development Company Limited	4,554,176.40			4,554,176.40					7.66%	
<b>Total</b>	<b>309,478,309.40</b>			<b>309,478,309.40</b>	<b>5,850,000.00</b>			<b>5,850,000.00</b>	<b>--</b>	<b>10,971,417.60</b>

**(4) Changes of the Impairment of the Available-for-sale Financial Assets during the Reporting Period**

Unit: RMB

Category of the available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale liabilities instruments		Total
Withdrawn impairment balance at the period-begin	5,850,000.00			5,850,000.00
Withdrawn impairment balance at the period-end	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**

Naught

**15. Investment Held-to-maturity**

Naught

**16. Long-term Accounts Receivable**

Naught

**17. Long-term Equity Investment**

Unit: RMB

Investee	Beginning balance	Increase/decrease								Ending balance	Ending 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											
Shenzhen Primatronix (Nanho) Electronic	179,414,105.14			179,781.56			3,120,585.75			176,473,300.95	

s Ltd.										
Subtotal	179,414,105.14			179,781.56			3,120,585.75			176,473,300.95
Total	179,414,105.14			179,781.56			3,120,585.75			176,473,300.95

Other notes:

The actual controller of Shenzhen Primatronix (Nanho) Electronics Ltd. is Guangdong Electronics Information Industrial (group) Corp.

## 18. Investment Property

### (1) Investment Property Adopting Cost Measurement Mode

Applicable  Not applicable

### (2) Investment Property Adopting Fair Value Measurement Mode

Applicable  Not applicable

### (3) List of the Investment Property Failed to Completed the Property Certificate

Naught

## 19. Fixed Assets

### (1) List of Fixed Assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Total
I. Original carrying value					
1. Beginning balance	682,933,149.57	689,839,173.35	23,667,381.11	24,917,745.28	1,421,357,449.31
2. Increased amount of the period	27,268,792.63	33,501,668.80	28,376.07	2,589,689.54	63,388,527.04
(1) Purchase	797,188.08	26,133,191.07	28,376.07	463,880.06	27,422,635.28
(2) Transfer of project under construction	26,471,604.55	7,368,477.73		2,125,809.48	35,965,891.76
(3) Enterprises combination increase					
3. Decreased		827,279.14	547,960.00	28,165.00	1,403,404.14

amount of the period					
(1) Disposal or scrap		787,806.01	547,960.00	28,165.00	1,363,931.01
(2) Equipment transformation		39,473.13			39,473.13
4. Ending balance	710,201,942.20	722,513,563.01	23,147,797.18	27,479,269.82	1,483,342,572.21
II. Accumulated desperation					
1. Beginning balance	409,156,400.86	491,616,205.03	16,048,566.76	18,722,379.66	935,543,552.31
2. Increased amount of the period	11,537,432.84	21,228,837.48	684,845.71	1,547,267.76	34,998,383.79
(1) Withdrawal	11,537,432.84	21,228,837.48	684,845.71	1,547,267.76	34,998,383.79
3. Decreased amount of the period		751,551.71	520,562.00	26,946.75	1,299,060.46
(1) Disposal or scrap		746,239.29	520,562.00	26,946.75	1,293,748.04
(2) Equipment transformation		5,312.42			5,312.42
4. Ending balance	420,693,833.70	512,093,490.80	16,212,850.47	20,242,700.67	969,242,875.64
III. Depreciation reserves					
1. Beginning balance		2,292,602.33		428.03	2,293,030.36
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal or scrap					
4. Ending balance		2,292,602.33		428.03	2,293,030.36
IV. Carrying value					
1. Ending carrying value	289,508,108.50	208,127,469.88	6,934,946.71	7,236,141.12	511,806,666.21

2. Beginning carrying value	273,776,748.71	195,930,365.99	7,618,814.35	6,194,937.59	483,520,866.64
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## (2) List of Temporarily Idle Fixed Assets

Unit: RMB

Item	Original carrying value	Accumulated depreciation	Depreciation reserves	Carrying value	Remark
T5, T8, energy-saving lamp production line	7,987,825.52	5,990,334.69	1,945,921.54	51,569.29	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
Total	7,987,825.52	5,990,334.69	1,945,921.54	51,569.29	

## (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 Certificate of Property

Other notes

The standard workshop E of the Company had been completed and put into use as well as carried over to fixed assets in this year. As of 30 June 2018, the related certificates of property were in progress. The management believed there were no substantial legal impediments in proceeding with the certificates of property and no significant unfavorable effects to normal operation of the Company.

## 20. Construction in Progress

### (1) List of Construction in Progress

Unit: RMB

Item	Ending balance	Beginning balance
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	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Construction in progress	189,368,112.34		189,368,112.34	162,814,991.68		162,814,991.68
Total	189,368,112.34		189,368,112.34	162,814,991.68		162,814,991.68

## (2) Changes of Significant Construction in Progress

Unit: RMB

Name of item	Estimated number	Beginning balance	Increased amount	Amount that transferred to fixed assets of the period	Other decreased amount of the period	Ending balance	Proportion of the project accumulative input	Project progress	Accumulative amount of capitalized interests	Of which: the amount of the capitalized interests of the period	Capitalization rate of the interests of the period	Capital resources
Fuwan intelligent workshop H	51,500,000.00	25,715,029.09	9,608,307.84			35,323,336.93	68.59%	75.00%				Other
Fuwan standard workshop K3	24,500,000.00	14,115,345.92	4,909,412.88			19,024,758.80	77.65%	85.00%				Other
Fuwan standard workshop K2	24,500,000.00	13,281,620.60	5,009,432.38			18,291,052.98	74.66%	85.00%				Other
Fuwan standard workshop J3	23,000,000.00	12,491,825.29	4,057,472.64			16,549,297.93	71.95%	75.00%				Other
Fuwan standard workshop K1	23,000,000.00	12,652,955.32	4,065,493.50			16,718,448.82	72.69%	75.00%				Other
Fuwan standard workshop J1	21,500,000.00	11,760,018.73	3,755,783.46			15,515,802.19	72.17%	80.00%				Other

Fuwan standard workshop J2	21,500,000.00	11,621,457.94	3,755,783.45			15,377,241.39	71.52%	80.00%				Other
Automatic system of intelligent production workshop (workshop H)	21,920,000.00	8,479,333.21				8,479,333.21	38.68%	60.00%				Other
LEDT8 automatic line transformation (16033) LED third workshop	8,000,000.00	6,971,142.75	321,629.83			7,292,772.58	91.16%	99.00%				Other
70,000 m <sup>2</sup> factory constructed by Gao Ming	7,500,000.00		6,026,386.72			6,026,386.72	80.35%	85.00%				Other
Family housing of Gao Ming, Building 8#	9,000,000.00	5,827,528.35	1,871,498.77			7,699,027.12	85.54%	99.00%				Other
Fuwan standard workshop E	30,000,000.00	24,045,444.08	1,781,059.03	25,826,503.11		0.00	86.09%	100.00%				Other
Total	265,920,000.00	146,961,701.28	45,162,260.50	25,826,503.11		166,297,458.67	--	--				--

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### (3) List of the Withdrawal of the Impairment Provision of the Construction in Progress

Naught

#### 21. Engineering Material

Naught

#### 22. Liquidation of Fixed Assets

Naught

#### 23. Productive Biological Assets

##### (1) Productive Biological Assets Adopting Cost Measurement Mode

Applicable  Not applicable

##### (2) Productive Biological Assets Adopting Fair Value Measurement Mode

Applicable  Not applicable

#### 24. Oil and Gas Assets

Applicable  Not applicable

#### 25. Intangible Assets

##### (1) Information

Unit: RMB

Item	Land use right	Patent	Non-patents	Using right of Software	Total
I. Original carrying value					
1. Beginning balance	211,719,938.60	200,000.00		2,773,651.87	214,693,590.47
2. Increased amount of the period					
(1) Purchase					
(2) Internal R &D					
(3) Increase from enterprise combination					
3. Decrease in the Reporting Period					



(1) Disposal					
4. Ending balance	211,719,938.60	200,000.00		2,773,651.87	214,693,590.47
II. Total accrued amortization					
1. Beginning balance	57,449,354.58	200,000.00		1,499,515.53	59,148,870.11
2. Increased amount of the period	1,936,493.01			220,515.84	2,157,008.85
(1) Withdrawal	1,936,493.01			220,515.84	2,157,008.85
3. Decrease in the Reporting Period					
(1) Disposal					
4. Ending balance	59,385,847.59	200,000.00		1,720,031.37	61,305,878.96
III. Depreciation reserves					
1. Beginning balance					
2. Increased amount of the period					
(1) Withdrawal					
3. Decrease in the Reporting Period					
(1) Disposal					
4. Ending balance					
IV. Carrying value					
1. Ending carrying value	152,334,091.01			1,053,620.50	153,387,711.51
2. Beginning carrying value	154,270,584.02			1,274,136.34	155,544,720.36

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

## (2) Details of Land Use Right Failed to Accomplish Certificate of Title

Naught

## 26. R&D Expenses

Naught

## 27. Goodwill

### (1) Original Carrying value of Goodwill

Naught

### (2) Impairment Provision of Goodwill

Naught

## 28. Long-term Unamortized Expenses

Unit: RMB

Item	Beginning balance	Increased amount	Amortization amount	Other decreased amount	Ending balance
Maintenance and decoration expenses	9,088,933.56	1,176,201.48	2,859,910.25		7,405,224.79
Total	9,088,933.56	1,176,201.48	2,859,910.25		7,405,224.79

## 29. Deferred Income Tax Assets/Deferred Income Tax Liabilities

### (1) Deferred Income Tax Assets Had not Been Off-set

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	112,256,028.63	17,243,788.29	99,556,953.91	15,311,430.81
Unrealized profits of internal transactions	1,324,545.88	198,681.88	1,795,625.87	269,343.88
Deductible losses	897,811.61	224,452.90	10,594,861.17	2,648,715.29
Depreciation of fixed assets	69,138,726.15	10,701,998.82	67,261,836.57	10,420,465.38
Payroll payable	43,760,690.41	6,564,103.56	60,172,489.55	9,025,873.43
Total	227,377,802.68	34,933,025.45	239,381,767.07	37,675,828.79

### (2) Deferred Income Tax Liabilities Had not Been Off-set

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Changes in fair value of	463,100,210.68	69,465,031.60	843,068,339.74	126,460,250.96

available-for-sale financial assets				
Total	463,100,210.68	69,465,031.60	843,068,339.74	126,460,250.96

### (3) Deferred Income Tax Assets or Liabilities Listed by Net Amount after Off-set

Unit: RMB

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		34,933,025.45		37,675,828.79
Deferred income tax liabilities		69,465,031.60		126,460,250.96

### (4) List of Unrecognized Deferred Income Tax Assets

Naught

### (5) Deductible Losses of Unrecognized Deferred Income Tax Assets will Due in the Following Years

Naught

### 30. Other Non-current Assets

Unit: RMB

Item	Ending balance	Beginning balance
Land purchase and the ownership implicit of relevant items	41,755,700.00	41,755,700.00
Prepayments for business facilities	350,440.00	1,303,334.80
Total	42,106,140.00	43,059,034.80

### 31. Short-term Loans

Naught

### 32. Financial Liabilities at Fair Value through Profit or Loss

Naught

### 33. Derivative Financial Liabilities

Applicable  Not applicable

### 34. Notes Payable

Unit: RMB

Category	Ending balance	Beginning balance
Bank acceptance bill	2,652,485.00	
Total	2,652,485.00	

The total unpaid notes payable due at the Period end was RMB0.00.

### 35. Accounts Payable

#### (1) List of Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Accounts payable	679,471,875.75	539,303,554.54
Total	679,471,875.75	539,303,554.54

#### (2) Notes of the Accounts Payable Aging Over One Year

Naught

### 36. Advance from Customers

#### (1) List of Advance from Customers

Unit: RMB

Item	Ending balance	Beginning balance
Advance from customers	39,197,246.65	48,706,778.49
Total	39,197,246.65	48,706,778.49

#### (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

Item	Beginning balance	Increase	Decrease	Ending balance
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I. Short-term salary	81,948,630.59	301,930,908.07	320,079,778.93	63,799,759.73
II. Welfare after demission - defined contribution plans		19,477,061.62	19,477,061.62	
Total	81,948,630.59	321,407,969.69	339,556,840.55	63,799,759.73

## (2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	81,567,715.47	276,124,154.89	294,250,945.69	63,440,924.67
2. Employee welfare		6,308,719.45	6,308,719.45	
3. Social insurance		12,488,143.47	12,488,143.47	
Including: Medical insurance premiums		10,721,495.58	10,721,495.58	
Work-related injury insurance		757,389.39	757,389.39	
Maternity insurance		1,009,258.50	1,009,258.50	
4. Housing fund		4,841,241.50	4,841,241.50	
5. Labor union budget and employee education budget	380,915.12	2,168,648.76	2,190,728.82	358,835.06
Total	81,948,630.59	301,930,908.07	320,079,778.93	63,799,759.73

## (3) List of Drawing Scheme

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits		18,665,445.40	18,665,445.40	
2. Unemployment insurance		811,616.22	811,616.22	
Total		19,477,061.62	19,477,061.62	

## 38. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	14,500,324.87	10,282,705.33
Corporate income tax	23,592,375.47	9,181,098.01
Personal income tax	1,782,936.65	1,591,053.45
Urban maintenance and construction tax	1,013,577.10	830,070.63
Education surcharge	723,983.65	596,707.51

Property tax	2,708,665.52	893,895.36
Land use tax	2,051,969.88	3,831,261.26
Other taxes	168,552.67	143,878.85
<b>Total</b>	<b>46,542,385.81</b>	<b>27,350,670.40</b>

### 39. Interest Payable

Naught

### 40. Dividends Payable

Naught

### 41. Other Accounts Payable

#### (1) Other Accounts Payable Listed by Nature of the Account

Unit: RMB

Item	Ending balance	Beginning balance
Compensation for lawsuit	1,762,533.43	1,762,533.43
Performance bond	23,904,066.25	22,458,290.53
Others	9,982,229.87	16,327,665.07
<b>Total</b>	<b>35,648,829.55</b>	<b>40,548,489.03</b>

#### (2) Other Significant Accounts Payable with Aging Over One Year

Naught

### 42. Held-for-sale Liabilities

Naught

### 43. Non-current Liabilities Due within 1 Year

Naught

### 44. Other Current Liabilities

Naught

### 45. Long-term Borrowings

Naught

#### 46. Bonds Payable

Naught

#### 47. Long-term Accounts Payable

Naught

#### 48. Long-term Payroll Payable

Naught

#### 49. Specific Accounts Payable

Naught

#### 50. Provisions

Naught

#### 51. Deferred Income

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
Government subsidy	11,858,330.49		77,499.96	11,780,830.53	Government subsidy related to assets/income
Total	11,858,330.49		77,499.96	11,780,830.53	--

Item involving government subsidies:

Unit: RMB

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Amount offset cost in the Reporting Period	Other changes	Ending balance	Related to assets/related income
LED production technical transformation project	9,852,274.95						9,852,274.95	Related to assets
Production line of 50 million	310,000.23		77,499.96				232,500.27	Related to assets

energy-saving fluorescent lamp								
Construction of Electro-optical Institute of Foshan Electrical and Lighting Co., Ltd.	1,000,000.00						1,000,000.00	Related to income
Standard optical components testing laboratory capacity construction	272,669.78						272,669.78	Related to income
Overseas protection plan of intellectual property of FSL	250,000.00						250,000.00	Related to income
Standard research on cool LED light with wide angle	173,385.53						173,385.53	Related to income
<b>Total</b>	<b>11,858,330.49</b>		<b>77,499.96</b>				<b>11,780,830.53</b>	<b>--</b>

## 52. Other Non-current Liabilities

Naught

## 53. Share Capital

Unit: RMB

	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Bonus issue from profit	Other	Subtotal	
The sum of shares	1,272,132,868.00			127,213,286.00		127,213,286.00	1,399,346,154.00



## 54. Other Equity Instrument

Naught

## 55. Capital Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium (premium on stock)	278,575,487.53		127,213,286.00	151,362,201.53
Other capital reserves	7,245,971.54			7,245,971.54
Total	285,821,459.07		127,213,286.00	158,608,173.07

Other notes, including changes and reason of change:

The decrease in capital premium (premium on stock) was mainly caused by the review and approval of the 2017 Profit Distribution and Bonus Issue from Profit Plan on the shareholders meeting held on 26 April 2018, in which, the Company issues one share for every 10 share in capital reserves to the whole shareholders. The total bonus issue from profit was 127,213,286.00 shares. The aforesaid profit distribution and bonus issue from profit plan has been carried out completely on 16 May 2018.

## 56. Treasury Shares

Naught

## 57. Other Comprehensive Income

Unit: RMB

Item	Beginning balance	Reporting Period					Ending balance
		Income before taxation in the Current Period	Less: recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period	Less: Income tax expense	Attributable to owners of the Company as the parent after tax	Attributable to non-controlling interests after tax	
II. Other comprehensive income that may subsequently be reclassified to profit or loss	716,607,333.78	-379,970,570.75		-56,995,219.36	-322,975,351.39		393,631,982.39
Gains or losses from changes in fair value of available-for-sale financial assets	716,608,088.78	-379,968,129.06		-56,995,219.36	-322,972,909.70		393,635,179.08
Differences arising from	-755.00	-2,441.69			-2,441.69		-3,196.69

translation of foreign currency-denominated financial statements							
Total of other comprehensive income	716,607,333.78	-379,970,570.75		-56,995,219.36	-322,975,351.39		393,631,982.39

## 58. Specific Reserve

Naught

## 59. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	636,066,434.00			636,066,434.00
Discretionary surplus reserves	136,886,568.36			136,886,568.36
Total	772,953,002.36			772,953,002.36

## 60. Retained Profits

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained profits before adjustments	1,731,600,796.18	1,564,615,925.99
Beginning balance of retained profits after adjustments	1,731,600,796.18	1,564,615,925.99
Add: Net profit attributable to owners of the Company as the parent	229,277,455.82	228,494,660.57
Dividend of ordinary shares payable	418,531,713.57	534,295,804.56
Ending retained profits	1,542,346,538.43	1,258,814,782.00

List of adjustment of beginning retained profits:

- (1) RMB0.00 beginning retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- (2) RMB0.00 beginning retained profits was affected by changes in accounting policies.
- (3) RMB0.00 beginning retained profits was affected by correction of significant accounting errors.
- (4) RMB0.00 beginning retained profits was affected by changes in combination scope arising from same control.
- (5) RMB0.00 beginning retained profits was affected totally by other adjustments.

## 61. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same Period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	2,048,839,316.62	1,568,876,663.19	2,010,535,149.65	1,537,416,165.51
Other operations	15,939,973.37	10,415,204.70	13,390,433.19	9,515,614.34
Total	2,064,779,289.99	1,579,291,867.89	2,023,925,582.84	1,546,931,779.85

## 62. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same Period of last year
Urban maintenance and construction tax	8,264,474.00	7,980,261.34
Education Surcharge	5,949,176.10	5,707,899.61
Property tax	4,231,277.07	3,045,704.60
Land use tax	2,590,984.95	2,621,884.53
Vehicles and vessels use tax	6,668.80	13,909.92
Stamp duty	906,543.92	1,016,936.24
Embankment-protection fees		6.09
Environmental protection tax	13,393.40	
Total	21,962,518.24	20,386,602.33

## 63. Selling Expense

Unit: RMB

Item	Reporting Period	Same Period of last year
Employee's remuneration	30,104,690.49	30,517,319.21
Freight	36,843,018.64	31,103,632.14
Business travel charges	4,436,361.10	5,183,499.37
Business propagandize fees and advertizing fees	9,922,450.58	3,408,430.38
Dealer meeting expense	2,444,484.12	857,144.15
Sales promotion fees	7,768,266.90	6,799,707.29
Other	12,397,738.64	3,782,261.15
Total	103,917,010.47	81,651,993.69

## 64. Administrative Expense

Unit: RMB

Item	Reporting Period	Same Period of last year
Employee's remuneration	65,793,996.37	57,456,446.88
Office expenses	5,211,417.98	5,128,247.37

Rent of land and management charge	3,135,605.89	3,054,887.77
Amortization of intangible assets	2,157,008.85	2,157,808.85
Depreciation charge	7,850,977.37	9,552,900.65
Other	20,325,025.06	21,440,530.08
<b>Total</b>	<b>104,474,031.52</b>	<b>98,790,821.60</b>

## 65. Finance Costs

Unit: RMB

Item	Reporting Period	Same Period of last year
Interest expense		
Less: Interest income	4,879,439.87	15,609,163.27
Foreign exchange gains or losses	-9,341,097.44	6,502,463.05
Other	1,135,060.70	1,990,792.86
<b>Total</b>	<b>-13,085,476.61</b>	<b>-7,115,907.36</b>

## 66. Asset Impairment Loss

Unit: RMB

Item	Reporting Period	Same Period of last year
I. Bad debt loss	8,366,488.61	10,677,806.99
II. Inventory falling price loss	7,640,381.22	13,381,912.36
<b>Total</b>	<b>16,006,869.83</b>	<b>24,059,719.35</b>

## 67. Gain on Changes in Fair Value

Naught

## 68. Investment Income

Unit: RMB

Item	Reporting Period	Same Period of last year
Long-term equity investment income accounted by equity method	179,781.56	1,543,965.79
Investment income received from holding of available-for-sale financial assets	10,971,417.60	6,560,422.50
Income received from financial products and structural deposits	13,358,671.20	6,404,893.95
Other		-500,000.22
<b>Total</b>	<b>24,509,870.36</b>	<b>14,009,282.02</b>

## 69. Asset Disposal Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Income from disposal of fixed assets		-10,790.68
Total		-10,790.68

## 70. Other Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Subsidy for stabilizing posts	792,403.17	17,754.36
Supporting fund for import and export		3,249,240.00
Other	225,982.00	36,000.00
Total	1,018,385.17	3,302,994.36

## 71. Non-operating Income

Unit: RMB

Item	Reporting Period	Same Period of last year	Amount recorded in the current non-recurring profit or loss
Government subsidy	914,699.96	584,709.96	914,699.96
Other	755,156.47	2,134,691.56	755,156.47
Total	1,669,856.43	2,719,401.52	1,669,856.43

Government subsidies recorded into current profit or loss

Unit: RMB

Item	Distribution entity	Distribution reason	Nature	Whether influence the profits or losses of the year or not	Special subsidy or not	Reporting Period	Same period of last year	Related to assets/related income
Production line of 50 million energy-saving fluorescent lamp		Subsidy	Due to engaged in special industry that the state encouraged and supported, gained subsidy (obtaining in line with the law and the	No	No	77,499.96	77,499.96	Related to assets

			regulations of national policy)					
Chancheng District Economy and Science Promotion Bureau Talent Subsidy		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No		300,000.00	Related to income
Governmental reward fund		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No		20,000.00	Related to income
Other odd government subsidies		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	837,200.00	187,210.00	Related to income
Total	--	--	--	--	--	914,699.96	584,709.96	--

## 72. Non-operating Expense

Unit: RMB

Item	Reporting Period	Same Period of last year	Amount recorded in the current non-recurring profit or loss
Total losses from disposal of non-current assets	70,182.97	4,244,373.75	70,182.97
Of which: losses from disposal of fixed assets	70,182.97	4,244,373.75	70,182.97
Donations		2,000.00	
Lawsuit compensation	65,000.00		65,000.00
Other	56,566.45	512,609.26	56,566.45
Total	191,749.42	4,758,983.01	191,749.42

## 73. Income Tax Expense

### (1) List of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same Period of last year
------	------------------	--------------------------

Current income tax expense	44,301,342.36	39,780,075.57
Deferred income tax expense	2,742,803.34	2,817,425.78
Total	47,044,145.70	42,597,501.35

## (2) Adjustment Process of Accounting Profit and Income Tax Expense

Unit: RMB

Item	Reporting Period
Profit before taxation	279,218,831.19
Current income tax expense accounted at statutory/applicable tax rate	41,671,742.41
Influence of applying different tax rates by subsidiaries	4,549,768.16
Influence of income tax before adjustment	2,495,315.01
Influence of non-taxable income	-1,672,679.87
Income tax expense	47,044,145.70

## 74. Other Comprehensive Income

Refer to Note 57 for details.

## 75. Cash Flow Statement

### (1) Cash Generated from Other Operating Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
Deposit interest	10,461,602.02	17,037,947.97
Income from insurance compensation	50,333.58	132,451.15
Cash deposit income	1,729,639.24	-3,637,333.34
Property and rental income	2,110,828.30	1,737,139.33
Income from subsidy	1,911,331.54	5,010,204.36
Income from waste	8,814,180.41	5,756,171.75
Other	8,467,917.26	2,857,134.88
Total	33,545,832.35	28,893,716.10

### (2) Cash Used in Other Operating Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
Administrative expense paid in cash	20,080,875.34	25,668,559.80
Selling expense paid in cash	70,572,897.55	74,020,250.31
Finance costs paid in cash	343,210.94	237,632.16
Other	6,351,791.98	7,963,536.97
Total	97,348,775.81	107,889,979.24

### (3) Cash Generated from Other Investing Activities

Naught

### (4) Cash Used in Other Investing Activities

Unit: RMB

Item	Reporting Period	Same Period of last year
The future foreign exchange settlement security deposit	2,447,280.00	
Security deposit on quota	857,419.80	
Total	3,304,699.80	

### (5) Cash Generated from Other Financing Activities

Naught

### (6) Cash Used in Other Financing Activities

Naught

## 76. Supplemental Information for Cash Flow Statement

### (1) Supplemental Information for Cash Flow Statement

Unit: RMB

Supplemental information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	232,174,685.49	231,884,976.24
Add: Provision for impairment of assets	16,006,869.83	24,059,719.35
Depreciation of fixed assets, oil-gas assets, and productive living assets	34,998,383.79	36,399,142.47
Amortization of intangible assets	2,157,008.85	2,157,808.85
Amortization of long-term prepaid expenses	2,859,910.25	1,647,573.52
Losses from disposal of fixed assets, intangible assets and other long-lived assets (gains: negative)		166,326.42
Losses on scrap of fixed assets (gains: negative)	70,182.97	4,088,838.01
Investment loss (gains: negative)	-24,509,870.36	-14,009,282.02
Decrease in deferred income tax assets (gains: negative)	2,742,803.34	2,817,425.78
Decrease in inventory (gains: negative)	23,967,773.95	17,780,154.35



Decrease in accounts receivable generated from operating activities (gains: negative)	-280,200,774.50	-214,104,001.05
Increase in accounts payable used in operating activities (decrease: negative)	134,456,804.77	-123,951,869.14
Net cash generated from/used in operating activities	144,723,778.38	-31,063,187.22
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Net increase/decrease of cash and cash equivalent:	--	--
Ending balance of cash	911,663,899.88	815,038,019.29
Less: beginning balance of cash	570,184,208.96	1,479,283,642.54
Net increase in cash and cash equivalents	341,479,690.92	-664,245,623.25

## (2) Net Cash Paid For Acquisition of Subsidiaries

Naught

## (3) Net Cash Receive from Disposal of the Subsidiaries

Naught

## (4) Cash and Cash Equivalent

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	911,663,899.88	570,184,208.96
Including: Cash on hand	53,998.39	52,031.79
Bank deposit on demand	909,808,121.57	565,323,109.99
Other monetary fund on demand	1,801,779.92	4,809,067.18
III. Ending balance of cash and cash equivalents	911,663,899.88	570,184,208.96

## 77. Notes to Items of the Statements of Changes in Owners' Equity

Notes to the name of "Other" of ending balance of the same period of last year adjusted and the amount adjusted:

Not applicable

## 78. Assets with Restricted Ownership or Right to Use

Unit: RMB

Item	Ending carrying value	Reason for restriction
------	-----------------------	------------------------

Monetary capital	3,304,699.80	Security deposit of future foreign exchange settlement and quota
Notes payable	3,500,000.00	Pledged for FSL Bank Notes Pool
Total	6,804,699.80	--

## 79. Foreign Currency Monetary Items

### (1) Foreign Currency Monetary Items

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary capital	--	--	12,621,526.35
Including: USD	1,851,278.58	6.6166	12,249,169.85
EUR	48,664.51	7.6515	372,356.50
Account receivable	--	--	377,725,324.07
Including: USD	57,087,525.93	6.6166	377,725,324.07
Advances from customers			19,944,524.61
Including: USD	2,929,395.82	6.6166	19,382,640.38
EUR	73,434.52	7.6515	561,884.23
Prepayments			669,198.69
Including: USD	101,139.36	6.6166	669,198.69
Accounts payable			849,507.92
Including: USD	128,390.40	6.6166	849,507.92
Other accounts payable			463,625.16
Including: USD	70,070.00	6.6166	463,625.16

**(2) Notes to Overseas Entities Including: for Significant Oversea Entities, Main Operating Place, Recording Currency and Selection Basis Shall Be Disclosed; if there Are Changes in Recording Currency, Relevant Reasons Shall Be Disclosed.**

Applicable  not applicable

## 80. Arbitrage

Qualitative and quantitative information of relevant arbitrage instruments, hedged risk in line with the type of arbitrage to disclose:

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**81. Other**

**VIII. Changes of Consolidation Scope**

**1. Business Combination Not under the Same Control**

**(1) Business Combination Not under the Same Control during the Reporting Period**

Naught

**(2) Combination Cost and Goodwill**

Naught

**(3) The Identifiable Assets and Liabilities of Acquiree on Purchase Date**

Naught

**(4) Gains or losses from Re-measurement of Equity Held before the Purchase Date at Fair Value**

Whether there is a transaction that through multiple transaction step by step to realize business combination and gaining the control during the Reporting Period

Yes  No

**(5) Notes to Reasonable Consideration or Fair Value of Identifiable Assets and Liabilities of the Acquiree that Cannot Be Determined on the Acquisition Date or during the Period-end of the Merger**

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 Carrying Value of Assets and Liabilities of the Combined Party on the Combination Date

Naught

### 3. Counter Purchase

Naught

### 4. The Disposal of Subsidiary

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

Yes  No

Whether there are several disposals of the investment to the subsidiary and lost controls?

Yes  No

### 5. Changes in Combination Scope for Other Reasons

Note to changes in combination scope for other reasons (such as newly establishment or liquidation of subsidiaries, etc.) and relevant information:

Naught

### 6. Other

Naught

## IX. Equity in Other Entities

### 1. Equity in Subsidiary

#### (1) Subsidiaries

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Foshan Chansheng Electronic Ballast Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
Foshan Lighting Lamps & Components Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
Guangdong Fozhao New Light Sources Technology Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
FSL Chanchang	Foshan	Foshan	Production and	100.00%		Newly

Optoelectronics Co., Ltd.			sales			established
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	Foshan	Foshan	Production and sales	70.00%		Newly established
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	Xinxiang)	Xinxiang)	Production and sales	100.00%		Newly established
Guangdong Fozhao Leasing Co., Ltd.	Foshan	Foshan	Finance lease	100.00%		Newly established
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	Nanjing	Nanjing	Production and sales	100.00%		Acquired
FSL Zhida Electric Technology Co., Ltd.	Foshan	Foshan	Production and sales	51.00%		Newly established
FSL Lighting GmbH)	Germany	Germany	Production and sales	100.00%		Newly established

## (2) Significant Non-wholly-owned Subsidiary

Unit: RMB

Name	Shareholding proportion of non-controlling shareholders	The profit or loss attributable to the non-controlling shareholders	Declaring dividends distributed to non-controlling shareholders	Balance of non-controlling shareholders at the period-end
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	30.00%	1,063,485.63		7,656,339.44
FSL Zhida Electric Technology Co., Ltd.	49.00%	1,833,744.04		15,760,550.63

## (3) The Main Financial Information of Significant Not Wholly-owned Subsidiary

Unit: RMB

Name	Ending balance						Beginning 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 Taimei Times Lamps	57,511,714.36	16,910,024.47	74,421,738.83	48,900,607.37		48,900,607.37	74,373,986.81	15,493,351.95	89,867,338.76	67,891,159.40		67,891,159.40

and Lanterns Co., Ltd.												
FSL Zhida Electric Technolo gy Co., Ltd.	87,826,8 82.64	10,663,6 20.19	98,490,5 02.83	51,234,2 77.06		51,234,2 77.06	89,763,0 66.89	10,457,8 49.42	100,220, 916.31	56,707,0 25.32		56,707,0 25.32

Unit: RMB

Name	Reporting Period				Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	73,606,152.8 7	3,544,952.10	3,544,952.10	11,967,649.4 2	82,641,917.3 2	2,008,910.10	2,008,910.10	23,327,544.4 9
FSL Zhida Electric Technology Co., Ltd.	56,884,635.5 4	3,742,334.78	3,742,334.78	-6,170,821.36	66,773,802.1 5	5,689,066.62	5,689,066.62	-3,415,460.1 7

#### (4) Significant Restrictions on Using the Assets and Liquidating the Liabilities of the Company

Naught

#### (5) Financial Support or Other Supports Provided to Structural Entities Incorporated 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

#### (1) Note to the Owner' s Equity Share Changed in Subsidiary

Naught

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**(2) The Transaction's Influence on the Equity of Non-controlling Shareholders and the Owner's Equity Attributable to the Company as the Parent**

Naught

**3. Equity in Joint Ventures or Associated Enterprises**

**(1) Significant Joint Ventures or Associated Enterprises**

Naught

**(2) Main Financial Information of Significant Joint Ventures**

Naught

**(3) Main Financial Information of Significant Associated Enterprise**

Naught

**(4) Summary Financial Information of Insignificant Joint Ventures or Associated Enterprises**

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/The same period of last year
Joint venture:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprise:	--	--
Total carrying value of investments	176,473,300.95	179,414,105.14
The total of following items according to the shareholding proportions	--	--
--net profit	179,781.56	1,543,965.79
--total comprehensive income	179,781.56	1,543,965.79

**(5) Note to the Significant Restrictions on the Ability of Joint Ventures or Associated Enterprises to Transfer Funds to the Company**

Naught

**(6) The Excess Loss of Joint Ventures or Associated Enterprises**

Naught

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#### **(7) The Unrecognized Commitment Related to Investment to Joint Ventures**

Naught

#### **(8) Contingent Liabilities Related to Investment to Joint Ventures or Associated Enterprises**

Naught

#### **4. Significant Common Operation**

Naught

#### **5. Equity in the Structured Entity Excluded in the Scope of Consolidated Financial Statements**

Naught

#### **6. Other**

Naught

### **X. The Risk Related to 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 VII.

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.

#### **(I) 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.

#### **(II) Liquidity Risk**

Liquidity risk is referred to their risk of incurring capital shortage when performing settlement obligation in the way of cash payment or other financial assets. The policies of the Company are to ensure that there was sufficient cash to pay the due liabilities. The liquidity risk is 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.

#### **(III) 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.

#### 1. Exchange rate risk

Exchange rate risk was referred to risk of possible losses due to changes of exchange rate. The exchange rate risk undertaken by the Company was mainly generated from USD and EUR. On 30 June 2018, all assets and liabilities of the Company were balances in RMB except that the balances of assets and liabilities presented in the Note VII (79) Foreign Currency Monetary Items were in USD and EUR. The exchange rate risk generated from those balance of assets and liabilities in foreign currency might influence the running performance of the Company to some extent.

The Company made efforts to avoid exchange rate risk through forward exchange settlement, improving operation management and promoting the international competitiveness of the Company, etc.

#### 2. Interest rate risk

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

#### 3. Other price risk

Naught

## XI. The Disclosure of Fair Value

### 1. Ending Fair Value of Assets and Liabilities at Fair Value

Unit: RMB

Item	Ending 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) Available-for-sale financial assets	706,985,098.14			706,985,098.14
(1) equity instrument investment	706,985,098.14			706,985,098.14
The total amount of assets consistently measured at fair value	706,985,098.14			706,985,098.14
II. Inconsistent fair value measurement	--	--	--	--

### 2. Market Price Recognition Basis for Consistent and Inconsistent Fair Value Measurement Items at Level 1

In line with the market price of shares on the balance sheet date

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**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 Beginning and Ending Carrying Value of Consistent Fair Value Measurement Items at Level 3**

Naught

**6. Explain the Reason for Conversion and the Governing Policy 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 Such Changes**

Naught

**8. Fair Value of Financial Assets and Liabilities Not Measured at Fair Value**

Naught

**9. Other**

Naught

**XII. Connected Party and Connected Transaction**

**1. Information Related to the Company as the Parent of the Company**

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the Company as the parent against the Company (%)	Proportion of voting rights owned by the Company as the parent against the Company (%)
Hong Kong Wah Shing Holding Company Limited	Hong Kong	Investment	HKD110,000	13.47%	13.47%
Shenzhen Rising	Shenzhen	Investment	RMB120 million	5.12%	5.12%

Investment Development Co., Ltd.					
Guangdong Electronics Information Industry Group Ltd.	Guangzhou	Sales & Production	RMB462 million	4.74%	4.74%
Rising Investment Development Co., Ltd.	Hong Kong	Investment	HKD1 million	1.82%	1.82%
Guangdong Rising Finance Holding Co., Ltd.	Zhuhai	Investment	RMB1393 million	0.54%	0.54%
Total				25.70%	25.70%

Notes: Information on the Company as the parent of the Company:

The largest shareholder of the Company, Hong Kong Wah Shing Holding Co., Ltd., was the wholly-owned subsidiary of Electronics Group, and Electronics Group, Shenzhen Rising Investment Development Co., Ltd. ( Hereinafter referred to as " Shenzhen Rising " ), Guangdong Rising Finance Holding Co., Ltd. ( Hereinafter referred to as GD Rising Finance) and Rising Investment Development Co., Ltd. ( Hereinafter referred to as " Rising Investment" ) were the wholly-owned subsidiaries of Guangdong Rising Assets Management Co., Ltd. (Hereinafter referred to as "Rising Company"). In line with the relevant stipulation of Corporation Law and Rules on Listed Companies Acquisition, Electronics Group, Shenzhen Rising and Rising Investment were persons acting in concert, and the Rising Company was the actual controller of the Company. As of 30 June 2018, the aforesaid persons acting in concert holding total A, B share of the Company 359,632,344 shares, 25.70 % of total share equity of the Company. Guangdong Rising Assets Management Co., Ltd. became the actual controller of the Company.

The final controller of the Company was Guangdong Rising Assets Management Co., Ltd.

## 2. Subsidiaries of the Company

Refer to Note IX Equity in Other Entities-1. Equity in Subsidiary for details.

## 3. Information on the Joint Ventures and Associated Enterprises of the Company

Refer to Note IX Equity in Other Entities-1. Equity in Joint Ventures or Associated Enterprises for details of significant joint ventures or associated enterprises of the Company.

## 4. Information on Other Connected Parties

Name	Relationship with the Company
PROSPERITY LAMPS & COMPONENTS LTD	Shareholder owning over 5% shares
Foshan NationStar Optoelectronics Co. Ltd.	Under same actual controller
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Under same actual controller
Guangdong Rising Optoelectronics Co., Ltd.	Under same actual controller

Guangdong Rising Data Solid State Disk Co., Ltd.	Under same actual controller
Guangdong Huayuebao New Energy Co., Ltd.	Under same actual controller
Guangdong Rising Finance Limited	Under same actual controller
Guangdong Zhongke Hongwei Semiconductor Equipment Co., Ltd.	Under same actual controller
Hangzhou Times Lighting and Electrical Co., Ltd.	Company controlled by related natural person
Henan Rising Technology Investment Co., Ltd.	Under same actual controller
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Company controlled by related natural person
Prosperity Electrical (China) Co., Ltd.	Company controlled by related natural person
OSRAM (China) Lighting Co., Ltd.	Company controlled by related natural person with significant influence
Guangdong Electronic Technology Research Institute	Under same actual controller

## 5. List of Connected Transactions

### (1) Information on Acquisition of Goods and Reception of Labor Service

Information on acquisition of goods and reception of labor service

Unit: RMB

Connected 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 materials	3,844,498.14	6,000,000.00	No	670,457.93
Prosperity Electrical (China) Co., Ltd.	Purchase of materials	729,882.89	0.00		-32,104.28
Hangzhou Times Lighting and Electrical Co., Ltd.	Purchase of materials	368,916.04	2,000,000.00	No	1,138,676.40
Foshan Nation Star Optoelectronics Co., Ltd.	Purchase of materials	43,595,754.55	200,000,000.00	No	38,972,909.25
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Purchase of materials	5,172,863.77	11,000,000.00	No	4,100,354.77
Guangdong HYB New Energy Co., Ltd.	Purchase of materials		0.00		933,432.24
Guangdong Electronic Technology Research Institute	Purchase of equipment	760,683.76	3,000,000.00	No	
MTM	Purchase of	323,282.05	1,000,000.00	No	164,400.00

Semiconductor Equipment Co., Ltd.	equipment				
Guangdong Rising Data Solid State Disk Co., Ltd.	Purchase of equipment	1,600,000.00	0.00		
Total		56,395,881.20		No	45,948,126.31

Information of sales of goods and provision of labor service

Unit: RMB

Connected party	Content	Reporting Period	Same period of last year
Prosperity Lamps and Components Ltd.	Sale of products	18,871,809.73	14,820,551.42
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Sale of products	46,299.15	38,649.58
Prosperity Electrical (China) Co., Ltd.	Sale of products	175,397.67	177,652.13
Foshan Nation Star Optoelectronics Co., Ltd.	Sale of products		3,353.85
Hangzhou Times Lighting and Electrical Co., Ltd.	Sale of products		25,852.99
Guangdong Rising Optoelectronics Co., Ltd.	Sale of products	568.97	
Total		19,094,075.52	15,066,059.97

## (2) Information on Connected Trusteeship/Contract

Naught

## (3) Information on Connected Lease

The Company was lessor:

Naught

The Company was lessee:

Unit: RMB

Name of lessor	Category of leased assets	The lease fee confirmed in the Reporting Period	The lease fee confirmed in the same period of last year
Guangdong Electronics Information Industry Group Ltd.	Vehicles	8,333.31	

## (4) Information on Connected Guarantee

Naught

## (5) Information on Inter-bank Lending of Capital of Related Parties

Naught

## (6) Information on Assets Transfer and Debt Restructuring by Connected Party

Naught

## (7) Information on Remuneration for Key Management Personnel

Unit: RMB

Item	Reporting period	Same period of last year
Chairman of the Board	0.00	0.00
Director & GM	700,000.00	700,000.00
Chairman of the Supervisor	0.00	0.00
Secretary of the Board	400,000.00	400,000.00
CFO	400,000.00	400,000.00
Other	2,695,000.00	2,671,500.00
Total	4,195,000.00	4,171,500.00

## (8) Other Connected Transactions

Naught

## 6. Accounts Receivable and Payable of Connected Party

### (1) Accounts Receivable

Unit: RMB

Item	Connected party	Ending balance		Beginning balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Interest receivable	Guangdong Rising Finance Co., Ltd.			1,622,133.34	
Accounts receivable	Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	86,367.27	68,983.64	86,367.27	43,183.64
Accounts receivable	Guangzhou Diansheng Property Management Co., Ltd.	660.00	19.80		
Accounts receivable	Prosperity Lamps and Components Ltd.	8,037,364.18	241,120.93	4,487,199.01	134,615.97
Accounts receivable	OSRAM (China) Lighting Co., Ltd.	117,554.16	19,740.45	117,554.16	11,755.42
Other accounts	Henan Rising High-tech			117,000.00	117,000.00

receivable	Investment Co., Ltd.				
Other accounts receivable	Guangdong Electronics Information Industry Group Ltd.	5,000.00	150.00	5,000.00	500.00
Prepayment	MTM Semiconductor Equipment Co., Ltd.	221,368.00		141,840.00	
Prepayment	Prosperity Electrical (China) Co., Ltd.	7,521.37		7,521.37	
Total		8,475,834.98	330,014.82	6,584,615.15	307,055.03

## (2) Accounts Payable

Unit: RMB

Item	Connected party	Ending carrying amount	Beginning carrying amount
Accounts payable	Prosperity Lamps and Components Ltd.	3,359,930.74	529,296.77
Accounts payable	Prosperity Electrical (China) Co., Ltd.	1,026,400.70	204,381.06
Accounts payable	Foshan Nation Star Optoelectronics Co., Ltd.	22,430,878.36	27,606,272.62
Accounts payable	Hangzhou Times Lighting and Electrical Co., Ltd.	138,597.54	467,927.45
Accounts payable	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	2,035,725.44	1,806,876.22
Other accounts payable	Prosperity Lamps and Components Ltd.	463,625.16	438,666.14
Other accounts payable	Prosperity Electrical (China) Co., Ltd.	100,000.00	100,000.00
Other accounts payable	MTM Semiconductor Equipment Co., Ltd.	54,624.00	102,484.00
Other accounts payable	Guangdong Electronic Technology Research Institute	89,000.00	
Other accounts payable	Guangdong Electronics Information Industry Group Ltd.	2,777.76	11,111.12
Advances from customers	Prosperity Electrical (China) Co., Ltd.	40,279.46	45,694.74
Total		29,741,839.16	31,312,710.12

## 7. Commitments of Connected Party

(1)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

Type of commitment: About avoidance of horizontal competition

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Contents: Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made a commitment that the elimination of the horizontal competition between Foshan NationStar Optoelectronics Co., Ltd. and the Company through business integration or other ways or arrangements shall be completed before December 4, 2019.

Date of commitment making: 4 December 2017

Term of commitment: 24 months

Fulfillment: In execution

(2)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

Type of commitment: 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 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 commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

(3)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

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

Content: 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



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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 commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

(4)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

Type of commitment: 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 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, an 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. (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. 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

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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 commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

## **8. Other**

Naught

## **XIII. Stock Payment**

### **1. The Overall Situation of Stock Payment**

Applicable  Not applicable

### **2. The Stock Payment Settled in Equity**

Applicable  Not applicable

### **3. The Stock Payment Settled in Cash**

Applicable  Not applicable

### **4. Modification and Termination of the Stock Payment**

Naught

## **5. Other**

Naught

## **XIV. Commitments and Contingency**

### **1. Significant Commitments**

Significant commitments on the balance sheet date

Naught

### **2. Contingency**

#### **(1) Significant Contingency on Balance Sheet Date**

Naught

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**(2) In Despite of no Significant Contingency to Disclose, the Company Shall Also Make Relevant Statements**

There was no significant contingency in the Company.

**3. Other**

Naught

**XV. Events after Balance Sheet Date**

**1. Significant Non-adjusted Events**

Naught

**2. Profit Distribution**

Naught

**3. Sales Return**

Naught

**4. Notes to Other Events after Balance Sheet Date**

Naught

**XVI. Other Significant Events**

**1. The Accounting Errors Correction in Previous Period**

Naught

**2. Debt Restructuring**

Naught

**3. Assets Replacement**

Naught

**4. Pension Plan**

Naught

## 5. Discontinued Operations

Naught

## 6. Segment Information

Naught

## 7. Other Significant Transactions and Events with Influence on Investors' Decision-making

Naught

## 8. Other

Naught

## XVII. Notes of Main Items in the Financial Statements of the Company as the Parent

### 1. Accounts Receivable

#### (1) Accounts Receivable Disclosed by Category

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable with significant single amount for which bad debt provision separately accrued	9,975,968.91	0.97%	9,975,968.91	100.00%		10,061,641.64	1.26%	10,061,641.64	100.00%	
Accounts receivable withdrawal of bad debt provision of by credit risks characteristics:	1,017,592,180.55	99.03%	45,420,012.21	4.46%	972,172,168.34	785,497,260.78	98.74%	38,067,101.17	4.85%	747,430,159.61
Total	1,027,568,149.46	100.00%	55,395,981.12	5.39%	972,172,168.34	795,558,902.42	100.00%	48,128,742.81	6.05%	747,430,159.61

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

√ Applicable □ Not applicable

Unit: RMB

Accounts receivable (by unit)	Ending balance			
	Accounts receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason

Suzhou Mont Lighting Co., Ltd.	9,975,968.91	9,975,968.91	100.00%	The debtor is not qualified to continuously produce for the time being for continuing losses caused by the scale and market.
Total	9,975,968.91	9,975,968.91	--	--

In the groups, accounts receivable adopted aging analysis method to withdraw bad debt provision:

Applicable  Not applicable

Unit: RMB

Aging	Ending balance		
	Accounts receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
Within 1 year	939,833,869.32	28,195,016.08	3.00%
Subtotal of within 1 year	939,833,869.32	28,195,016.08	3.00%
1 to 2 years	31,496,786.31	3,149,678.63	10.00%
2 to 3 years	5,826,031.83	1,747,809.55	30.00%
3 to 4 years	795,562.73	397,781.36	50.00%
4 to 5 years	11,179,760.17	8,943,808.14	80.00%
Over 5 years	2,985,918.45	2,985,918.45	100.00%
Total	992,117,928.81	45,420,012.21	4.58%

Notes to the determination basis for the group:

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

Applicable  Not applicable

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

Unit: RMB

Name of the group	Ending balance		
	Accounts receivable	Bad debt provision	Withdrawal reason
Internal business group	25,474,251.74	0.00	Intercourse fund among subsidiaries was not withdrawn
Total	25,474,251.74	0.00	

## (2) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB7,267,309.90; the amount of the reversed or collected part during the Reporting Period was of RMB 0.00.

## (3) Accounts Receivable with Actual Verification during the Reporting Period

Unit: RMB

Item	Amount verified
Other driblet small amount	71.59
Total	71.59

**(4) Top 5 Accounts Receivable in Ending Balance Collected according to the Arrears Party**

Unit: RMB

Name	Relationship with the Company	Ending balance	Aging	Proportion to the ending balance of accounts receivable (%)	Ending balance of bad debt provision
No. 1	Non-connected party	191,461,593.37	Within 1 year	18.63%	5,743,847.80
No. 2	Non-connected party	20,371,305.32	Within 1 year	1.98%	611,139.16
No. 3	Non-connected party	19,409,126.02	Within 1 year	1.89%	582,273.78
No. 4	Non-connected party	18,329,030.59	Within 2 years	1.78%	612,257.46
No. 5	Non-connected party	15,148,133.08	Within 1 year	1.47%	454,443.99
Total	--	264,719,188,.38	--	25.76%	8,003,962.19

**(5) Accounts Receivable Derecognized due to the Transfer of Financial Assets**

Naught

**(6) The Amount of Assets and Liabilities Generated from the Transfer and the Continued Involvement of Accounts Receivable**

Naught

**2. Other Accounts Receivable**

**(1) Other Accounts Receivable Disclosed by Category**

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	75,245,816.55	99.61%	3,081,280.64	4.09%	72,164,535.91	44,939,194.60	99.35%	2,764,316.71	6.15%	42,174,877.89

Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	295,120.00	0.39%	295,120.00	100.00%		295,120.00	0.65%	295,120.00	100.00%	
Total	75,540,936.55	100.00%	3,376,400.64	4.47%	72,164,535.91	45,234,314.60	100.00%	3,059,436.71	6.76%	42,174,877.89

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

Applicable  Not applicable

In the groups, other accounts receivable adopted aging analysis method to withdraw bad debt provision:

Applicable  Not applicable

Unit: RMB

Aging	Ending balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
Within 1 year	31,953,716.08	958,611.48	3.00%
Subtotal of within 1 year	31,953,716.08	958,611.48	3.00%
1 to 2 years	3,353,071.99	335,307.20	10.00%
2 to 3 years	167,542.81	50,262.84	30.00%
3 to 4 years	3,088,998.23	1,544,499.12	50.00%
4 to 5 years	2,000.00	1,600.00	80.00%
Over 5 years	191,000.00	191,000.00	100.00%
Total	38,756,329.11	3,081,280.64	7.95%

Notes to the determination basis for the Group:

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

Applicable  Not applicable

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

Applicable  Not applicable

Unit: RMB

Name of the group	Ending balance		
	Other accounts receivable	Bad debt provision	Withdrawal reason
Internal business group	36,489,487.44	0.00	Intercourse fund among subsidiaries was not withdrawn
Total	36,489,487.44	0.00	

## (2) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB 316,963.93; the amount of the reversed or collected part during the Reporting Period was of RMB0.00.

Naught

### (3) Other Account Receivable Classified by Account Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Internal business group	36,784,607.44	21,987,838.89
VAT export tax refunds	18,007,536.67	5,712,812.04
Performance bond	4,007,646.20	4,377,639.20
Staff borrowings and petty cash	8,029,988.61	4,142,205.92
Rental fees and Water & electricity fees	420,000.59	1,293,281.97
Advance money for street light construction	3,777,672.16	3,777,672.16
Other	4,513,484.88	3,942,864.42
Total	75,540,936.55	45,234,314.60

### (4) The Top Five Other Account Receivable Classified by Debtor at Period-end

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other accounts receivable	Ending balance of bad debt provision
No. 1	VAT export tax refunds	18,007,536.67	Within 1 year	23.84%	540,226.10
No. 2	Advance money for street light construction	3,777,672.16	Within 4 years	5.00%	1,299,397.36
No. 3	Others	2,122,656.00	Within 1 year	2.81%	63,679.68
No. 4	Margin	2,098,341.00	1 to 2 years	2.78%	209,834.10
No. 5	Provident fund	1,270,550.18	Within 1 year	1.68%	38,116.51
Total	--	27,276,756.01	--	36.11%	2,151,253.75

### (5) Account Receivable Involving Government Subsidies

Naught

### (6) Other Accounts Receivable Derecognized due to the Transfer of Financial Assets

Naught

### (7) Amount of Assets and Liabilities Generated from the Transfer and Continuous Involvement of Other Accounts Receivable

Naught



### 3. Long-term Equity Investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment to subsidiaries	508,153,102.26	24,360,000.00	483,793,102.26	508,153,102.26	24,360,000.00	483,793,102.26
Investment to joint ventures and associated enterprises	176,473,300.95		176,473,300.95	179,414,105.14		179,414,105.14
Total	684,626,403.21	24,360,000.00	660,266,403.21	687,567,207.40	24,360,000.00	663,207,207.40

#### (1) Investment to the Subsidiary

Unit: RMB

Investee	Beginning balance	Increase	Decrease	Ending balance	Depreciation reserve withdrawn	Ending balance of depreciation reserve
Foshan Chansheng Electronic Ballast Co., Ltd.	2,744,500.00			2,744,500.00		
FSL Chanchang Optoelectronics Co., Ltd.	82,507,350.00			82,507,350.00		
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		
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	35,418,439.76			35,418,439.76		
Guangdong Fozhao New Light Sources Technology Co., Ltd.	50,077,000.00			50,077,000.00		
Guangdong Fozhao Financing	200,000,000.00			200,000,000.00		

Leasing Co., Ltd.						
Foshan Lighting Lamps & Components Co., Ltd.	15,000,000.00				15,000,000.00	
FSL Zhida Electric Technology Co., Ltd.	25,500,000.00				25,500,000.00	
FSL Lighting GMBH	195,812.50				195,812.50	
Suzhou Mont Lighting Co., Ltd.	24,360,000.00				24,360,000.00	24,360,000.00
<b>Total</b>	<b>508,153,102.26</b>				<b>508,153,102.26</b>	<b>24,360,000.00</b>

## (2) Investment to Joint Ventures and Associated Enterprises

Unit: RMB

Investee	Beginning balance	Increase/decrease								Ending balance	Ending balance of depreciation reserve
		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		
<b>I. Joint ventures</b>											
<b>II. Associated enterprises</b>											
Shenzhen Primatronix (Nanho) Electronics Ltd.	179,414,105.14			179,781.56			3,120,585.75			176,473,300.95	
<b>Subtotal</b>	<b>179,414,105.14</b>			<b>179,781.56</b>			<b>3,120,585.75</b>			<b>176,473,300.95</b>	
<b>Total</b>	<b>179,414,105.14</b>			<b>179,781.56</b>			<b>3,120,585.75</b>			<b>176,473,300.95</b>	

## (3) Other Notes

Naught

#### 4. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	1,951,987,821.57	1,545,234,231.64	1,932,419,061.23	1,513,940,853.47
Other operations	52,300,623.19	42,160,088.89	47,777,343.06	36,016,802.63
Total	2,004,288,444.76	1,587,394,320.53	1,980,196,404.29	1,549,957,656.10

#### 5. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	179,781.56	1,543,965.79
Investment income from the holding of available-for-sale financial assets	10,971,417.60	6,560,422.50
Income received from financial products and structural deposits	9,886,641.16	5,299,088.41
Other		-500,000.22
Total	21,037,840.32	12,903,476.48

#### 6. Other

Nought

### XVIII. Supplementary Materials

#### 1. Items and Amounts of Non-recurring Profit or Loss

Applicable  Not applicable

Unit: RMB

Item	Amount	Note
Gains/losses on the disposal of non-current assets	-70,182.97	
Government subsidies recorded into the current gains and losses (excluding the government subsidies that are closely relative to business and enjoyed in normed way or quantitatively in accordance with the national standards)	914,699.96	
Other non-operating income and expense other than the above	633,590.02	
Less: Income tax effects	228,691.99	

Non-controlling interests effects	195.91	
Total	1,249,219.11	--

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

Applicable  Not applicable

## 2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	5.32%	0.1638	0.1638
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit and loss	5.29%	0.1630	0.1630

## 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  Not applicable

### (2) Differences of Net profit and Net assets Disclosed in Financial Reports Prepared under Overseas and Chinese Accounting Standards

Applicable  Not applicable

### (3) Explain Reasons for the Differences between Accounting Data under Domestic and Overseas Accounting Standards; for any Adjustment Made to the Difference Existing in the Data Audited by the Foreign Auditing Agent, Such Foreign Auditing Agent's Name Shall Be Clearly Stated

Naught

## 4. Other

Naught

