

**Foshan Electrical and Lighting Co., Ltd.**  
**The semi-annual financial report 2022**

## Financial Statements

### I Auditor's Report

Whether the interim report has been audited?

Yes  No

The interim report of the Company has not been audited.

### 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 2022

Unit: RMB

Item	30 June 2022	1 January 2022
Current assets:		
Monetary assets	1, 839, 439, 636. 83	2, 381, 911, 655. 35
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets	64, 068, 462. 40	348, 248, 125. 61
Derivative financial assets		
Notes receivable	1, 413, 792, 273. 37	1, 690, 356, 491. 64
Accounts receivable	2, 186, 178, 543. 84	1, 981, 538, 844. 26
Accounts receivable financing		
Prepayments	38, 244, 161. 07	33, 474, 104. 32
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	31, 235, 165. 53	37, 523, 072. 02
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	1, 819, 669, 430. 66	1, 969, 998, 988. 39
Contract assets	8, 089, 556. 63	8, 561, 303. 10
Assets held for sale	17, 147, 339. 84	23, 831, 992. 10
Current portion of non-current assets		

Other current assets	54,343,517.04	125,675,148.17
Total current assets	7,472,208,087.21	8,601,119,724.96
Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	180,115,189.99	181,545,123.09
Investments in other equity instruments	1,164,717,479.92	1,504,980,024.07
Other non-current financial assets		
Investment property	42,165,255.37	43,347,824.34
Fixed assets	3,337,546,197.41	3,360,339,910.95
Construction in progress	1,094,362,246.23	1,087,261,052.63
Productive living assets		
Oil and gas assets		
Right-of-use assets	11,363,508.05	14,126,206.08
Intangible assets	364,277,890.38	368,954,162.34
Development costs		
Goodwill	421,831,593.46	421,831,593.46
Long-term prepaid expense	174,834,483.73	152,726,512.56
Deferred income tax assets	79,972,630.78	82,261,788.58
Other non-current assets	49,992,676.97	499,349,770.41
Total non-current assets	6,921,179,152.29	7,716,723,968.51
Total assets	14,393,387,239.50	16,317,843,693.47
Current liabilities:		
Short-term borrowings	65,115,000.00	226,779,997.01
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities	6,544,500.00	9,367.37
Derivative financial liabilities		
Notes payable	1,607,406,305.48	2,067,111,789.71
Accounts payable	2,228,681,333.31	2,429,896,658.92
Advances from customers	4,959,545.56	8,106,923.79
Contract liabilities	161,528,315.35	140,228,127.84
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	140,988,596.59	167,784,089.64
Taxes payable	77,374,922.57	90,981,474.60

Other payables	297,828,933.33	333,128,771.81
Including: Interest payable		
Dividends payable	15,646.07	15,646.07
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	30,383,518.75	27,600,186.15
Other current liabilities	9,952,101.27	10,577,082.29
Total current liabilities	4,630,763,072.21	5,502,204,469.13
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	556,590,467.75	
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	7,287,442.67	8,065,560.58
Long-term payables		
Long-term employee benefits payable		
Provisions	18,378,155.88	17,418,343.01
Deferred income	108,223,263.15	116,761,570.35
Deferred income tax liabilities	252,930,119.39	280,172,789.59
Other non-current liabilities	11,334.19	22,653.46
Total non-current liabilities	943,420,783.03	422,440,916.99
Total liabilities	5,574,183,855.24	5,924,645,386.12
Owners' equity:		
Share capital	1,361,994,647.00	1,399,346,154.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	7,245,971.54	994,114,567.16
Less: Treasury stock	82,165,144.15	250,600,874.54
Other comprehensive income	754,018,430.97	982,972,358.89
Specific reserve		
Surplus reserves	86,780,516.19	741,353,347.96
General reserve		
Retained earnings	3,245,999,616.02	3,119,317,423.25
Total equity attributable to owners of the Company as the parent	5,373,874,037.57	6,986,502,976.72
Non-controlling interests	3,445,329,346.69	3,406,695,330.63
Total owners' equity	8,819,203,384.26	10,393,198,307.35
Total liabilities and owners' equity	14,393,387,239.50	16,317,843,693.47

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

Person-in-charge of the Company's accounting organ: Liang Yuefei

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

Unit: RMB

Item	30 June 2022	1 January 2022
Current assets:		
Monetary assets	424,568,145.97	1,017,365,290.91
Held-for-trading financial assets		304,385,804.11
Derivative financial assets		
Notes receivable	66,011,888.67	72,114,026.44
Accounts receivable	1,187,803,897.82	1,058,935,664.33
Accounts receivable financing		
Prepayments	10,173,470.35	9,292,256.82
Other receivables	447,027,739.63	511,056,231.24
Including: Interest receivable		
Dividends receivable		
Inventories	451,972,910.39	617,905,747.50
Contract assets	8,089,556.63	8,561,303.10
Assets held for sale		
Current portion of non-current assets		
Other current assets	3,364,413.79	36,097,001.14
Total current assets	2,599,012,023.25	3,635,713,325.59
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	2,476,746,428.40	1,243,081,889.11
Investments in other equity instruments	1,123,657,619.00	1,474,860,785.15
Other non-current financial assets		
Investment property	42,165,255.37	43,347,824.34
Fixed assets	556,849,101.34	576,386,630.08
Construction in progress	159,339,701.41	120,514,314.18
Productive living assets		
Oil and gas assets		
Right-of-use assets	8,374,369.62	9,827,757.94
Intangible assets	121,933,831.47	123,089,721.51
Development costs		
Goodwill		
Long-term prepaid expense	30,088,478.45	31,897,595.21
Deferred income tax assets	30,707,247.51	31,373,123.07
Other non-current assets	12,476,726.67	460,618,564.04

Total non-current assets	4, 562, 338, 759. 24	4, 114, 998, 204. 63
Total assets	7, 161, 350, 782. 49	7, 750, 711, 530. 22
Current liabilities:		
Short-term borrowings		127, 596, 999. 82
Held-for-trading financial liabilities	6, 544, 500. 00	
Derivative financial liabilities		
Notes payable	302, 876, 558. 69	445, 480, 718. 92
Accounts payable	895, 575, 614. 41	949, 520, 447. 82
Advances from customers	4, 571, 428. 58	6, 857, 142. 86
Contract liabilities	60, 532, 518. 14	64, 120, 388. 15
Employee benefits payable	36, 712, 883. 94	51, 520, 068. 31
Taxes payable	17, 175, 805. 06	57, 207, 865. 54
Other payables	190, 933, 919. 17	223, 535, 108. 76
Including: Interest payable		
Dividends payable		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	2, 561, 186. 34	2, 800, 876. 97
Other current liabilities	6, 598, 016. 36	5, 920, 593. 62
Total current liabilities	1, 524, 082, 430. 69	1, 934, 560, 210. 77
Non-current liabilities:		
Long-term borrowings	336, 484, 109. 53	
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	5, 813, 183. 28	7, 026, 880. 97
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities	132, 200, 329. 05	173, 532, 376. 03
Other non-current liabilities		
Total non-current liabilities	474, 497, 621. 86	180, 559, 257. 00
Total liabilities	1, 998, 580, 052. 55	2, 115, 119, 467. 77
Owners' equity:		
Share capital	1, 361, 994, 647. 00	1, 399, 346, 154. 00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	17, 742, 717. 33	22, 568, 665. 93
Less: Treasury stock	82, 165, 144. 15	250, 600, 874. 54
Other comprehensive income	754, 235, 498. 30	984, 695, 765. 83
Specific reserve		

Surplus reserves	300,561,517.94	741,353,347.96
Retained earnings	2,810,401,493.52	2,738,229,003.27
Total owners' equity	5,162,770,729.94	5,635,592,062.45
Total liabilities and owners' equity	7,161,350,782.49	7,750,711,530.22

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

Person-in-charge of the Company's accounting organ: Liang Yuefei

### 3. Consolidated Income Statement

Unit: RMB

Item	H1 2022	H1 2021
1. Revenue	4,348,268,999.31	3,626,200,260.17
Including: Operating revenue	4,348,268,999.31	3,626,200,260.17
Interest income		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	4,084,194,362.54	3,409,104,001.88
Including: Cost of sales	3,588,065,798.35	3,009,499,337.22
Interest expense		
Handling charge and commission expense		
Surrenders		
Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	24,369,990.32	22,743,190.88
Selling expense	109,839,926.73	96,772,619.15
Administrative expense	177,742,698.77	139,620,767.72
R&D expense	208,176,593.76	144,120,095.18
Finance costs	-24,000,645.39	-3,652,008.27
Including: Interest expense	6,688,232.76	2,871,203.53
Interest income	12,905,461.82	14,130,946.82
Add: Other income	37,771,447.80	33,569,233.15
Return on investment ("-" for loss)	19,613,744.86	5,493,482.75
Including: Share of profit or loss of joint ventures and associates	650,457.40	37,460.99
Income from the derecognition of financial assets at amortized cost ("-" for loss)		

Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	-10,766,595.97	1,929,788.30
Credit impairment loss (“-” for loss)	-17,052,498.84	1,681,781.89
Asset impairment loss (“-” for loss)	-23,388,143.98	-23,464,653.80
Asset disposal income (“-” for loss)	82,362.19	1,782,280.34
3. Operating profit (“-” for loss)	270,334,952.83	238,088,170.92
Add: Non-operating income	8,961,693.96	3,948,332.41
Less: Non-operating expense	7,844,063.02	3,694,645.11
4. Profit before tax (“-” for loss)	271,452,583.77	238,341,858.22
Less: Income tax expense	41,141,912.01	43,339,378.75
5. Net profit (“-” for net loss)	230,310,671.76	195,002,479.47
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	230,310,671.76	195,002,479.47
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to owners of the Company as the parent	160,664,433.28	122,377,552.60
5.2.1 Net profit attributable to non-controlling interests	69,646,238.48	72,624,926.87
6. Other comprehensive income, net of tax	-128,025,149.83	-243,003,831.01
Attributable to owners of the Company as the parent	-128,036,703.73	-243,003,831.01
6.1 Items that will not be reclassified to profit or loss	-128,132,332.34	-242,940,301.27
6.1.1 Changes caused by remeasurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments	-128,132,332.34	-242,940,301.27
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		



6.2 Items that will be reclassified to profit or loss	95,628.61	-63,529.74
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Credit impairment allowance for investments in other debt obligations		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements	95,628.61	-63,529.74
6.2.7 Other		
Attributable to non-controlling interests	11,553.90	
7. Total comprehensive income	102,285,521.93	-48,001,351.54
Attributable to owners of the Company as the parent	32,627,729.55	-120,626,278.41
Attributable to non-controlling interests	69,657,792.38	72,624,926.87
8. Earnings per share		
8.1 Basic earnings per share	0.1191	0.0907
8.2 Diluted earnings per share	0.1180	0.0899

Where business combinations under common control occurred in the current period, the net profit achieved by the acquirees before the combinations was RMB9,568,639.83, with the amount for the same period of last year being RMB89,810,090.36.

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

Person-in-charge of the Company's accounting organ: Liang Yuefei

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

Unit: RMB

Item	H1 2022	H1 2021
1. Operating revenue	1,809,179,992.86	1,797,795,292.73
Less: Cost of sales	1,476,364,107.19	1,485,965,900.74
Taxes and surcharges	10,450,725.11	11,528,913.49
Selling expense	60,671,112.08	58,577,327.98
Administrative expense	65,659,865.20	69,674,599.21

R&D expense	80,982,862.27	66,804,608.38
Finance costs	-11,830,352.67	-3,595,436.39
Including: Interest expense	4,427,927.34	
Interest income	3,313,721.07	7,925,093.81
Add: Other income	5,635,099.60	5,739,842.06
Return on investment (“-” for loss)	21,542,755.12	11,964,194.51
Including: Share of profit or loss of joint ventures and associates	650,457.40	37,460.99
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	-10,811,400.00	1,940,000.00
Credit impairment loss (“-” for loss)	-9,623,686.25	2,978,976.42
Asset impairment loss (“-” for loss)	-6,552,785.39	-9,907,597.40
Asset disposal income (“-” for loss)		1,781,700.24
2. Operating profit (“-” for loss)	127,071,656.76	123,336,495.15
Add: Non-operating income	-667,333.19	2,012,089.62
Less: Non-operating expense	4,998,457.51	226,124.51
3. Profit before tax (“-” for loss)	121,405,866.06	125,122,460.26
Less: Income tax expense	15,251,135.30	18,362,006.98
4. Net profit (“-” for net loss)	106,154,730.76	106,760,453.28
4.1 Net profit from continuing operations (“-” for net loss)	106,154,730.76	106,760,453.28
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	-129,543,043.34	-242,940,301.27
5.1 Items that will not be reclassified to profit or loss	-129,543,043.34	-242,940,301.27
5.1.1 Changes caused by remeasurements on defined benefit schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
5.1.3 Changes in the fair value of investments in other equity instruments	-129,543,043.34	-242,940,301.27
5.1.4 Changes in the fair value		

arising from changes in own credit risk		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss		
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Credit impairment allowance for investments in other debt obligations		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.7 Other		
6. Total comprehensive income	-23,388,312.58	-136,179,847.99
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

Person-in-charge of the Company's accounting organ: Liang Yuefei

## 5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2022	H1 2021
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	4,002,503,578.81	3,946,336,085.43
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from the 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		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax rebates	145,624,893.13	93,570,819.45
Cash generated from other operating activities	119,333,795.35	89,817,744.05
Subtotal of cash generated from operating activities	4,267,462,267.29	4,129,724,648.93
Payments for commodities and services	3,065,999,967.63	2,761,223,153.05
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Net increase in interbank loans granted		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	702,961,459.58	622,589,181.75
Taxes paid	182,912,490.66	122,117,306.79
Cash used in other operating activities	165,553,443.03	177,582,001.14
Subtotal of cash used in operating activities	4,117,427,360.90	3,683,511,642.73
Net cash generated from/used in operating activities	150,034,906.39	446,213,006.20
2. Cash flows from investing activities:		
Proceeds from disinvestment	502,992,240.66	315,735,017.52
Return on investment	21,038,833.14	454,878,942.50
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	232,233.41	7,762,670.18
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		

Subtotal of cash generated from investing activities	524,263,307.21	778,376,630.20
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	330,641,926.08	215,505,442.11
Payments for investments	71,695,763.31	29,402,110.68
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	402,337,689.39	244,907,552.79
Net cash generated from/used in investing activities	121,925,617.82	533,469,077.41
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings raised	687,436,000.00	
Cash generated from other financing activities	53,126,214.00	1,339,606.80
Subtotal of cash generated from financing activities	740,562,214.00	1,339,606.80
Repayment of borrowings	309,876,000.00	
Interest and dividends paid	159,400,451.54	36,111,859.97
Including: Dividends paid by subsidiaries to non-controlling interests	23,912,623.05	
Cash used in other financing activities	1,062,094,428.42	304,224,485.91
Subtotal of cash used in financing activities	1,531,370,879.96	340,336,345.88
Net cash generated from/used in financing activities	-790,808,665.96	-338,996,739.08
4. Effect of foreign exchange rates changes on cash and cash equivalents	19,953,587.60	-8,764,472.98
5. Net increase in cash and cash equivalents	-498,894,554.15	631,920,871.55
Add: Cash and cash equivalents, beginning of the period	1,886,894,463.37	1,325,464,361.36
6. Cash and cash equivalents, end of the period	1,387,999,909.22	1,957,385,232.91

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

Person-in-charge of the Company's accounting organ: Liang Yuefei

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

Unit: RMB

Item	H1 2022	H1 2021
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	1,647,925,557.33	1,850,655,815.39
Tax rebates	66,177,691.70	63,217,537.03
Cash generated from other operating activities	49,023,640.18	51,058,701.35
Subtotal of cash generated from operating activities	1,763,126,889.21	1,964,932,053.77
Payments for commodities and services	1,182,528,555.48	1,436,749,486.58
Cash paid to and for employees	279,898,010.00	314,880,615.57
Taxes paid	111,471,325.43	24,295,009.50
Cash used in other operating activities	63,008,054.83	110,890,242.14
Subtotal of cash used in operating activities	1,636,905,945.74	1,886,815,353.79
Net cash generated from/used in operating activities	126,220,943.47	78,116,699.98
2. Cash flows from investing activities:		
Proceeds from disinvestment	492,992,240.66	262,773,600.62
Return on investment	23,125,665.53	454,663,109.72
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	42,771.45	1,720,784.40
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	516,160,677.64	719,157,494.74
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	59,178,832.68	53,582,153.85
Payments for investments	1,166,664,444.95	49,402,110.68
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	1,225,843,277.63	102,984,264.53
Net cash generated from/used in investing activities	-709,682,599.99	616,173,230.21

3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised	382,336,000.00	
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	382,336,000.00	
Repayment of borrowings	197,016,000.00	
Interest and dividends paid	135,641,014.35	
Cash used in other financing activities		220,895,890.55
Subtotal of cash used in financing activities	332,657,014.35	220,895,890.55
Net cash generated from/used in financing activities	49,678,985.65	-220,895,890.55
4. Effect of foreign exchange rates changes on cash and cash equivalents	15,401,360.65	-7,632,408.62
5. Net increase in cash and cash equivalents	-518,381,310.22	465,761,631.02
Add: Cash and cash equivalents, beginning of the period	861,826,014.29	803,264,792.72
6. Cash and cash equivalents, end of the period	343,444,704.07	1,269,026,423.74

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

Person-in-charge of the Company's accounting organ: Liang Yuefei

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

H1 2022

Unit: RMB

Item	H1 2022													Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent														
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	General reserves	Retained earnings	Other	Subtotal		
	Prefere d shares	Perpetua l bonds	Other												
1. Balance as at the end of the period of prior year	1,399,346,154.00				994,114,567.16	250,608,745.54	982,972,358.89		741,334,479.6		3,119,317,423.25		6,986,502,976.2	3,406,695,330.63	10,393,198,307.35

Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Adjustment for business combination under common control															
Other adjustments															
2. Balance as at the beginning of the Reporting Period	1,3 99, 346 ,15 4.0 0				994 ,11 4,5 67. 16	250 ,60 0,8 74. 54	982 ,97 2,3 58. 89		741 ,35 3,3 47. 96		3,1 19, 317 ,42 3.2 5		6,9 86, 502 ,97 6.7 2	3,4 06, 695 ,33 0.6 3	10, 393 ,19 8,3 07. 35
3. Increase/ decrease in the period ("–" for decrease)	-37 ,35 1,5 07. 00				-98 6,8 68, 595 .62	-16 8,4 35, 730 .39	-22 8,9 53, 927 .92		-65 4,5 72, 831 .77		126 ,68 2,1 92. 77		-1, 612 ,62 8,9 39. 15	38, 634 ,01 6.0 6	-1, 573 ,99 4,9 23. 09
3.1 Total comprehensi ve income							-12 8,0 36, 703 .73			160 ,66 4,4 33. 28		32, 627 ,72 9.5 5	69, 657 ,79 2.3 8	102 ,28 5,5 21. 93	
3.2 Capital increased and reduced by owners	-37 ,35 1,5 07. 00				-98 6,8 68, 595 .62	-16 8,4 35, 730 .39		-65 4,5 72, 831 .77					-1, 510 ,35 7,2 04. 00	-6, 740 ,91 2.6 2	-1, 517 ,09 8,1 16. 62
3.2.1 Ordinary shares increased by owners															





from capital reserves															
3.4.2 Increase in capital (or share capital) from surplus reserves															
3.4.3 Loss offset by surplus reserves															
3.4.4 Changes in defined benefit schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to retained earnings							-10 0,9 17, 224 .19				100 ,91 7,2 24. 19		0.0 0		
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other															
4. Balance as at the end of the Reporting Period	1,3 61, 994 ,64 7.0 0				7,2 45, 971 .54	82, 165 ,14 4.1 5	754 ,01 8,4 30. 97		86, 780 ,51 6.1 9		3,2 45, 999 ,61 6.0 2		5,3 73, 874 ,03 7.5 7	3,4 45, 329 ,34 6.6 9	8,8 19, 203 ,38 4.2 6

Item	H1 2021														
	Equity attributable to owners of the Company as the parent												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other			Subtotal
	Prefe rred shar es	Perp etua l bon ds	Oth er												
1. Balance as at the end of the period of prior year	1,399,346,154.00				15,157,514.90		2,349,388,533.61			741,567,039.55		1,758,462,006.248	6,263,921,304.54	48,258,834.53	6,312,180,139.07
Add:															
Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Adjustment for business combination under common control					991,444,757.70		-121,812.33				169,825,049.30		1,161,147,994.67	2,774,022,482.92	3,935,170,477.59
Other adjustments															
2. Balance as at the beginning of the Reporting Period	1,399,346,154.00				1,006,602,272.60		2,349,266,721.28			741,567,039.55		1,928,287,111.78	7,425,069,299.21	2,822,281,317.45	10,247,350,616.66
3. Increase/decrease in	-				-9,4220,		-598			-187		470,	-358	44,1	-314

the period ("—" for decrease)					02,1 10.6 8	708, 001. 24	,873 ,384 .43		,889 .31		342, 967. 80		,828 ,417 .86	45,5 30.3 9	,682 ,887 .47
3.1 Total comprehen sive income							-243 ,003 ,831 .01				122, 377, 552. 60		-120 ,626 ,278 .41	72,6 24,9 26.8 7	-48, 001, 351. 54
3.2 Capital increased and reduced by owners					-9,4 02,1 10.6 8	220, 708, 001. 24	-		-187 ,889 .31				-230 ,298 ,001 .23	725, 095. 44	-229 ,572 ,905 .79
3.2.1 Ordinary shares increased by owners						220, 708, 001. 24							-220 ,708 ,001 .24		-220 ,708 ,001 .24
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					-9,4 02,1 10.6 8				-187 ,889 .31				-9,5 89,9 99.9 9	725, 095. 44	-8,8 64,9 04.5 5
3.3 Profit distribution											-7,9 04,1 38.2 2		-7,9 04,1 38.2 2	-29, 204, 491. 92	-37, 108, 630. 14
3.3.1 Appropriatio n to surplus reserves															
3.3.2 Appropriatio n to general reserve															
3.3.3															



3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other															
4. Balance as at the end of the Reporting Period	1,39 9,34 6,15 4.00				997, 200, 161. 92	220, 708, 001. 24	1,75 0,39 3,33 6.85	741, 379, 150. 24		2,39 8,63 0,07 9.58	7,06 6,24 0,88 1.35	2,86 6,42 6,84 7.84	9,93 2,66 7,72 9.19		

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

Person-in-charge of the Company's accounting organ: Liang Yuefei

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

H1 2022

Unit: RMB

Item	H1 2022											
	Share capital	Other equity instruments			Capita l reserv es	Less: Treasu ry stock	Other compr ehensi ve incom e	Specif ic reserv e	Surplu s reserv es	Retain ed earnin gs	Other	Total owner s' equity
		Prefer red shares	Perpet ual bonds	Other								
1. Balance as at the end of the period of prior year	1,399 ,346, 154.0 0				22,56 8,665 .93	250,6 00,87 4.54	984,6 95,76 5.83		741,3 53,34 7.96	2,738 ,229, 003.2 7		5,635 ,592, 062.4 5
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous												

error												
Other adjustments												
2. Balance as at the beginning of the Reporting Period	1,399,346.00				22,568,665.93	250,600,874.54	984,695,765.83		741,353,347.96	2,738,229,003.27		5,635,592,062.45
3. Increase/decrease in the period ("-" for decrease)	-37,351,507.00				-4,825,948.60	-168,435,730.39	-230,460,267.53		-440,791,830.02	72,172,490.25		-472,821,332.51
3.1 Total comprehensive income							-129,543,043.34			106,154,730.76		-23,388,312.58
3.2 Capital increased and reduced by owners	-37,351,507.00				-4,825,948.60	-168,435,730.39			-440,791,830.02			-314,533,555.23
3.2.1 Ordinary shares increased by owners												
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	-37,351,507.00				-4,825,948.60	-168,435,730.39			-440,791,830.02			-314,533,555.23
3.3 Profit distribution										-134,899,464.70		-134,899,464.70
3.3.1												

Appropriation to surplus reserves													
3.3.2 Appropriation to owners (or shareholders)											-134,899,464.70	-134,899,464.70	
3.3.3 Other													
3.4 Transfers 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 Loss offset by surplus reserves													
3.4.4 Changes in defined benefit schemes transferred to retained earnings													
3.4.5 Other comprehensive income transferred to													
											-100,917,224.19	100,917,224.19	0.00



retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the Reporting Period	1,361,994,647.00				17,742,717.33	82,165,144.15	754,235,498.30		300,561,517.94	2,810,401,493.52		5,162,770,729.94

H1 2021

Unit: RMB

Item	H1 2021											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surpluses reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance as at the end of the period of prior year	1,399,346,154.00				7,426,635.62		2,349,389,658.23		741,567,039.55	1,591,884,733.49		6,089,614,220.89
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error												

Other adjustments												
2. Balance as at the beginning of the Reporting Period	1,399,346,154.00				7,426,635.62		2,349,389,658.23		741,567,039.55		1,591,884,733.49	6,089,614,220.89
3. Increase/decrease in the period (“-” for decrease)					220,708,001.24		-598,809,854.69		-187,889.31		462,630,006.70	-357,075,738.54
3.1 Total comprehensive income							-242,940,301.27				106,760,453.28	-136,179,847.99
3.2 Capital increased and reduced by owners					220,708,001.24				-187,889.31			-220,895,890.55
3.2.1 Ordinary shares increased by owners												
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					220,708,001.24				-187,889.31			-220,895,890.55
3.3 Profit distribution												
3.3.1 Appropriatio												

n to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)												
3.3.3 Other												
3.4 Transfers within owners' equity							-355,869,553.42			355,869,553.42		
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 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained							-355,869,553.42			355,869,553.42		

earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the Reporting Period	1,399 ,346, 154.0 0				7,426 ,635. 62	220,7 08,00 1.24	1,750 ,579, 803.5 4		741,3 79,15 0.24	2,054 ,514, 740.1 9		5,732 ,538, 482.3 5

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

Person-in-charge of the Company's accounting organ: Liang Yuefei

### 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 Shareholders' General Meeting 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. The Company held the 26<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors on 14 January 2022, where the *Proposal on Cancelling Some Shares of the Company's Repurchase Special Securities Account* was deliberated and adopted. The repurchased 13 million A shares were used for the equity incentive plan. The remaining 18,952,995 A shares and the repurchased 18,398,512 B shares, totaling 37,351,507 shares, were all deregistered. On 8 February 2022, it was confirmed by Shenzhen Branch of CSDC that the number of repurchased public shares canceled this time was 37,351,507,

accounting for 2.67% of the total share capital of the Company before the cancellation, including 18,952,995 A shares and 18,398,512 B shares. Upon the cancellation of the shares, the total share capital of the Company was changed from 1,399,346,154 shares to 1,361,994,647 shares. The Company's registered capital was changed to RMB1,361,994,647.00.

Credibility code of the Company: 91440000190352575W.

Legal representative: Mr. Wu Shenghui

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, electro technical products, vehicle lamp products, epitaxy and chip products, LED packaging and component products, trade and application 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 30 August 2022.

The consolidation scope of the financial statement during the Reporting Period including the Company and FSL Chanchang Optoelectronics Co., Ltd. (referred to as "Chanchang 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 Lighting Lamps & Components Co., Ltd. (referred to as "Lamps & Components Company"), FSL Zhida Electric Technology Co., Ltd (referred to as "Zhida Company"), FSL LIGHTING GMBH (referred to as "FSL LIGHTING"), Foshan Hortilite Optoelectronics Co.,Ltd. (referred to as "Hortilite Company"), Fozhao (Hainan) Technology Co., Ltd. (referred to as "Hainan Technology"), Foshan Kelian New Energy Technology Co., Ltd. (referred to as "Foshan Kelian"), Nanning Liaowang Auto Lamp Co., Ltd. (referred to as "Nanning Liaowang"), Foshan NationStar Optoelectronics Co., Ltd. (referred to as "NationStar Optoelectronics") and Foshan Sigma Venture Capital Co., Ltd. (referred to as "Sigma") in total 14 subsidiaries and Liuzhou Guige Lighting Technology Co., Ltd. (referred to as "Liuzhou Lighting"), Liuzhou Guige Foreshine Technology Co., Ltd. (referred to as "Liuzhou Foreshine"), Chongqing Guinuo Lighting Technology Co., Ltd. (referred to as "Chongqing Guinuo"), Qingdao Guige Lighting Technology Co., Ltd. (referred to as "Qingdao Lighting"), Indonesia Liaowang Auto Lamp Co., Ltd. (referred to as "Indonesia Liaowang"), Foshan NationStar Electronic Manufacturing Co., Ltd. (referred to as "NationStar Electronic Manufacturing"), Foshan NationStar Semiconductor Technology Co., Ltd. (referred to as "NationStar Semiconductor"), Nanyang Baoli Vanadium Industry Co., Ltd. (referred to as "Baoli Vanadium Industry"), Guangdong New Electronic Information Ltd. (referred to as "New Electronic") and NationStar Optoelectronics (Germany) Co., Ltd. (referred to as "Germany NationStar") in total ten sub-subsidiary.

Given that Nanyang Baoli Vanadium Industry Co., Ltd. (Baoli Vanadium), a subsidiary of NationStar Optoelectronics, is in a state of non-continuous operations, the Interim Report 2022 of Baoli Vanadium for the current period was formulated at fair value or costs whichever was lower.

Compared with the previous period, the consolidation scope of the current financial statements added two subsidiaries of NationStar Optoelectronics and Sigma, and five sub-subsidiaries of NationStar Electronic Manufacturing, NationStar Semiconductor, Baoli Vanadium Industry, New Electronic and Germany NationStar. For details, please refer to Note VIII "Changes in the Scope of Consolidation" and Note IX "Interests in Other Subjects".

## **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 - 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 expected credit loss of accounts receivables (Note 12. Accounts Receivable), depreciation of fixed assets and amortization of intangible assets (Note 24. Fixed Assets and Note 30. Intangible Assets), and recognition of revenue (Note 39. Revenue), 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 bears its debts, 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 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 have 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 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 undertaken 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 enjoyed 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 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 Company's understanding, cash and cash equivalents include cash on hand, any deposit that can be used for cover, and short-term (usually due within 3 months since the day of purchase) and high circulating investments, which are easily convertible into known amount of cash and whose risks in change of value are minimal.

## **9. Foreign Currency and Accounting Method for Foreign Currency**

### **1. Foreign Currency Business**

Foreign currency shall be recognized by employing systematic and reasonable methods, and shall be translated into the amount in the functional currency at the exchange rate which is approximate to the spot exchange rate of the transaction date. On the balance sheet date, the foreign currency monetary items shall be translated at the spot exchange rate. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior 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

Financial instruments refer to the contracts that constitute a company's financial assets and the financial liabilities or equity instruments of other units.

### 1. Recognition and derecognition of financial instruments

When the Company becomes a party to a financial instrument, it shall recognize a financial asset or financial liability.

A financial asset (or part of a financial asset or part of a group of similar financial assets) that meets the following conditions should be derecognized, or in other words, be written off from its account and balance sheet:

- 1) The right to receive cash flow from the financial asset has expired;
- 2) The right to receive cash flow from the financial asset has been transferred, or the "transfer" agreement specifies the obligation to duly pay the full amount of cash flow received to a third party; and (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability that has been fulfilled, canceled or expired should be derecognized. If a financial liability is replaced with another financial liability by the same creditor on almost entirely different terms materially, or the terms for an existing liability have been almost fully revised materially, such replacement or revision should be treated as derecognition of the original liability and recognition of the new liability, and the difference should be included into current profits/losses.

A financial asset traded in a conventional manner should be recognized and derecognized by trade-date accounting. The trading of financial assets in a conventional manner means that financial assets are received or delivered by the deadline as specified in regulations or general practice according to contract provisions. Trade date refers to the date committed by the Company to buy or sell a financial asset.

### 2. Classification and measurement of financial assets

The Company classifies the financial assets when initially recognized into financial assets measured at amortized cost, financial assets measured by the fair value and the changes recorded in other comprehensive income and financial assets at fair value through profit or loss based on the business model for financial assets management and characteristics of contractual cash flow of financial assets. Financial assets initially recognized shall be measured at their fair values. For accounts receivable and notes receivable excluding major financing or without regard to financing over one year generated from sales of commodities or provision of labor services, the initial measurement shall be conducted based on the transaction price.

For financial assets at fair value through profit or loss, the transaction expenses thereof shall be directly included into the current profit or loss; for other financial assets, the transaction expenses thereof shall be included into the initially recognized amount.

The subsequent measurement of financial assets depends on the classification thereof:

#### (1) Debt instrument investments measured at amortized cost

Financial assets meeting the following conditions at the same time shall be classified as financial assets measured at amortized cost: the business mode of the Company to manage such financial assets targets at collecting the contractual cash flow. The contract of such financial assets stipulates that the cash flow generated in the specific date is the payment of the interest based on the principal and outstanding principal amount. The interest income for this kind of financial assets shall be recognized by effective interest method, and the gains or losses generated from the derecognition, modification or impairment shall all be included into the current profit or loss. This kind of financial assets mainly consist of monetary capital, accounts receivable and notes receivable, other receivables, investments in debt obligations and long-term receivables. The Company presents the investments in debt

obligations due within one year since the balance sheet date and long-term receivables as current portion of non-current assets and the original investments in debt obligations with maturity date within one year as other current assets.

(2) Investments in debt instruments measured at fair value and changes thereof recorded into other comprehensive income

Financial assets meeting the following conditions at the same time shall be classified as financial assets measured at fair value and changes thereof recorded into other comprehensive income: the business mode of the Company to manage such financial assets takes contract cash flow collected as target and selling as target. The contract of such financial assets stipulates that the cash flow generated in the specific date is the payment of the interest based on the principal and outstanding principal amount. The interest income for this kind of financial assets shall be recognized by effective interest method. All changes in fair value should be included into other comprehensive income except for interest income, impairment losses and exchange differences, which should be recognized as current profits/losses. When a financial asset is derecognized, the cumulative gains or losses included into other comprehensive income previously should be transferred out and included into current profits/losses. Such financial assets should be presented as other credit investments. Other credit investments that will mature within one year from the date of balance sheet should be presented as non-current assets due within one year, and other credit investments with the original maturity date coming within one year should be presented as other current assets.

(3) Equity instrument investment measured at fair value with changes included into other comprehensive income

The Company irrevocably chooses to designate part of non-trading equity instrument investments as financial assets measured at fair value with changes included into other comprehensive income. Only related dividend income (excluding the dividend income confirmed to be recovered as part of investment costs) will be recognized into current profits/losses, while subsequent changes in fair value will be recognized into other comprehensive income without the withdrawal of impairment provisions required. When a financial asset is derecognized, the cumulative gains or losses included into other comprehensive income previously should be recognized into retained earnings. Such financial assets should be presented as other equity investments.

A financial asset that meets one of the following conditions is classified as a trading financial asset: The financial asset has been acquired in order to be sold or repurchased in the near future; the financial asset is part of an identifiable financial instrument portfolio under centralized management, and there is evidence proving that the company has recently adopted a short-term profit model; it is a derivative instrument, but derivative instruments that are designated as and are effective hedging instruments and those conforming with financial guarantee contracts are excluded.

(4) Financial assets at fair value through profit or loss

The Company classifies financial assets except for above-mentioned financial assets measured with amortized cost and financial assets measured with fair value whose change is included into other comprehensive income into financial assets at fair value through profit or loss. The subsequent measurement of such kind of financial assets shall be conducted by fair value method and all changes in fair value shall be recorded into the current profit or loss. Such financial assets shall be presented as trading financial assets, and those will due over one year since the balance sheet date and expectedly held over one year shall be presented as other non-current financial assets.

3. Classification and measurement of financial liabilities

The Company's financial liabilities are, on initial recognition, classified into financial liabilities at fair value through profit or loss, other financial liabilities and derivative instruments designated as effective hedging instruments. For financial liabilities at fair value through profit or loss, relevant transaction costs are immediately recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are

included in the initial recognition amounts.

The subsequent measurement of financial liabilities depends on the classification thereof:

(1) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include trading financial liabilities (including the derivative instruments belonging to financial liabilities) and financial liabilities designated at the initial recognition to be measured by the fair value and their changes are recorded in the current profit or loss.

A financial liability that meets one of the following conditions is classified as a trading financial liability: The financial liability has been undertaken in order to be sold or repurchased in the near future; the financial liability is part of an identifiable financial instrument portfolio under centralized management, and there is evidence proving that the company has recently adopted a short-term profit model; it is a derivative instrument, but derivative instruments that are designated as and are effective hedging instruments and those conforming with financial guarantee contracts are excluded. Trading financial liabilities (including derivative instruments classified as financial liabilities) should be subsequently measured at fair value, and all changes in fair value should be recorded into current profits/losses, except for those related to hedging accounting.

(2) Other financial liabilities

For such kind of financial liabilities, the subsequent measurement shall be conducted by effective interest method based on the amortized cost.

#### 4. Impairment of financial instruments

Based on expected credit losses, the Company carries out impairment treatment on financial assets measured at amortized cost and debt instrument investments measured at fair value with changes included into other comprehensive income, rental receivables, contract assets and financial assets and recognizes bad debt provision.

Credit losses refer to the difference between all contract cash flows discounted by the original actual interest rate receivable according to contracts and all cash flows expected to be received by the Company, which is the present value of all cash shortfalls. The financial assets purchased by or originating from the Company with credit impairment should be discounted by the actual interest rate of the financial assets after credit adjustment.

In respect of receivable accounts that do not contain significant financing components, the Company uses the simplified measurement method to measure bad debt provision by the amount equivalent to the expected credit losses of the whole duration.

In respect of receivable accounts that contain significant financing components, the Company opts to use the simplified measurement method to measure bad debt provision by the amount equivalent to the expected credit losses for the whole duration.

For other financial assets and financial guarantee contracts than the above using the simplified measurement method, the Company on the balance sheet date assesses whether their credit risks have increased substantially since the initial recognition. If the credit risks have not increased substantially since the initial recognition and are in the first stage, the Company will measure bad debt provision by the amount equivalent to the expected credit losses for the next 12 months and calculate interest income by the book balance and the actual interest rate; if the credit risks have increased obviously without credit impairment since the initial recognition and are in the second stage, the Company will measure bad debt provision by the amount equivalent to the expected credit losses for the whole duration and calculate interest income by the book balance and the actual interest rate; if the credit risks have increased substantially with credit impairment since the initial recognition and are in the third stage, the Company will measure bad debt provision by the amount equivalent to the expected credit losses for the whole duration and calculate interest income by the amortized cost and the actual interest rate. For financial instruments with only low credit risks on the balance sheet date, the Company assumes that their credit risks have not increased substantially since the initial recognition.

The Company 1) assesses expected credit losses of financial assets with credit impairment based on individual items; 2) assesses expected credit losses of financial assets that are not derecognized but with changes in contract cash flows due to revision of or renegotiation on contracts by the Company and the counterparty, based on individual items; 3) assesses expected credit losses of other financial assets based on age combination.

The Company considers related past matters, current conditions, the reasonableness of the forecast on future economic conditions and well-founded information when assessing expected credit losses.

The Company's information of the judgment standards for remarkable increase in credit risks, definition of assets with incurred credit impairment and assumption of measurement on expected credit losses is disclosed in this Note 12 Accounts Receivable.

When no longer reasonably expects to recover all or partial contractual cash flow of financial assets, the Company directly writes down the carrying amount of the financial assets.

#### 5. Financial instruments offset

a financial asset and a financial liability shall be offset and the net amount is presented in the balance sheet when the following conditions are met at the same time: When the Company has a legal right that is currently enforceable to set off the recognized financial assets and financial liabilities, and intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

#### 6. Financial guarantee contract

A financial guarantee contract refers to a contract in which a specific debtor shall compensate the contract holder suffering the losses when the debtor is unable to repay the debt in due course according to the debt instrument terms. Financial guarantee contracts are measured at fair value at the initial recognition. After the initial recognition, all financial guarantee contracts should be subsequently measured by the higher amount between the amount of bad debt provision for expected credit losses recognized on the balance sheet date and the balance of the initially recognized amount deducting the cumulative amortization recognized according to the income recognition principle, except for the financial guarantee contracts designated as financial liabilities measured at fair value with changes recorded into current profits/losses.

#### 7. Derivative financial instruments

The Company uses derivative financial instruments, which are initially measured at the fair value on the signature date of the derivative transaction contract and subsequently measured at their fair value. A derivative financial instrument with a positive fair value is recognized as an asset and that with a negative fair value is recognized as a liability. Gains or losses from changes in the fair value of derivative instruments are directly recognized into current profits/losses.

For the financial assets that are not derecognized but with changes in contract cash flows due to revision of or renegotiation on contracts by the Company and the counterparty, the Company recalculates the book balance of the financial assets according to the renegotiated or revised contract cash flows by the discounted value of the original actual interest rate (or the actual interest rate after credit adjustment). Relevant gains or losses are recorded into current profits/losses. Costs or expenses for the revision of financial assets are adjusted to the revised book balance of financial assets and amortized in the remaining period of the revised financial assets.

#### 8. Transfer of financial assets

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.

Where the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, 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 and recognize the assets and liabilities generated; (2) If it does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly.

## 11. Notes Receivable

The Company will always measure the provision for notes receivable whether including major financing components or not based on the amount similar to that of expected credit losses for the whole existence period and the amount increased or reversed of impairment for losses generated shall be recorded into the current profit or loss as gains or losses of impairment. The bill risk portfolio determined by the Company and basis thereof are as follows:

Item	Basis
Group 1	Bank acceptance bills
Group 2	Commercial acceptance bills

For notes receivable classified into the Group 1 with low credit risks, no bad debt provision will be withdrawn.

For notes receivable classified into the Group 2, the bad debt provision shall be withdrawn based on aging with reference to the Group 1 of accounts receivable.

## 12. Accounts Receivable

The Company withdraws the impairment loss for accounts receivable excluding significant financing component with the simplified method.

### 1. Accounts Receivable with Significant Single Amount for which the Expected Credit Loss is Made Individually

Definition or amount criteria for an account receivable with a significant single amount	Making separate expected credit loss for accounts receivable with a significant single amount
Making separate expected credit loss 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 expected credit loss is made according to the difference between the present value of the account receivable's future cash flows and its carrying amount.

### 2. Accounts Receivable for which the Expected Credit Loss is Withdrawn by Credit Risk Characteristics

Group name	Withdrawal method of expected credit loss
Common transaction group	Aging analysis method
Internal transaction group	Other methods

In the groups, those adopting aging analysis method to withdraw expected credit loss:

Aging	Withdrawal proportion of expected credit loss
Within 1 year (including 1 year)	3%

1 to 2 years	10%
2 to 3 years	30%
3 to 4 years	50%
4 to 5 years	80%
Over 5 years	100%

### 3. Accounts Receivable with an Insignificant Single Amount but for which the Expected Credit Loss is Made Independently

Reason of individually withdrawing expected credit loss	There are definite evidences indicate the obvious difference of the return ability
Withdrawal method for expected credit loss	Recognizing the impairment loss and withdrawing the expected credit loss according to the difference between the present value of the account receivable's future cash flows and its carrying amount.

### 13. Accounts Receivable Financing

Not applicable

### 14. Other Receivables

Recognition method and accounting treatment for expected credit losses of other receivables

Recognition method and accounting treatment for expected credit losses of other receivables

Refer to Note 12 Accounts Receivable for details about the recognition method and accounting treatment for expected credit losses of other receivables which is the same as that of accounts receivable.

### 15. Inventories

#### 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.

### 16. Contract Assets

The Company presents the right possessed to collect consideration from customers unconditionally (only depending on the passing of time) as accounts receivable, and the right to charge the consideration through transferring any commodity to clients which depends on other factors except the passing of time as contract assets. As for the recognition method and accounting treatment for expected losses of contract assets, please refer to Note 12. Accounts Receivable.

### 17. Contract Cost

The assets related to contract costs of the Company include contract acquisition costs and contract performance costs. They are presented in inventories, other current assets, and other non-current assets, respectively, in accordance with their liquidity.

The incremental cost incurred by the acquisition of a contract would be recognized as an asset in the form of a contract acquisition cost, if it was expected to be recovered. Or if the amortization period of the asset does not exceed a year, the asset would be recognized as profit and loss of the current period, when it occurred.

Costs incurred for performing a contract, which was not within the scope of other accounting standards for enterprises and met the following conditions, should be recognized as an asset in the form of a contract performance cost:

- (1) The costs were directly related to a current or expected contract, including direct labor, direct materials, manufacturing overhead (or similar), costs that are explicitly chargeable to the customer, and other costs incurred solely because of the contract;
- (2) The costs increased the future resources of the Company to perform performance obligations;
- (3) The costs were expected to be recovered.

Assets related to contract costs were amortized on the same basis as the revenue recognition related to the assets, and recognized as profit and loss of the current period.

For assets related to contract costs, if the book value was higher than the difference between the following two items, the Company would set aside impairment provisions for the extra portion and recognize the impairment provisions as impairment losses on assets:

- (1) The remaining consideration that the Company expected to obtain due to the transfer of commodities related to



the assets;

(2) Estimated costs to be incurred for the transfer of the related commodities.

If the result of (1) minus (2) was higher than the book value of the assets, due to the subsequent changes in the factors of impairment in previous periods, the asset impairment provisions set aside should be reversed and recognized as profit and loss of the current period. However, the book value of the assets, upon the reversal, should not exceed the book value of the assets on the reversal date supposing that impairment provisions were not set aside.

## **18. 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 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 to 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:

(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 to 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.

## 19. Investments in Debt Obligations

Not applicable

## **20. Other Investments in Debt Obligations**

Not applicable

## **21. Long-term Receivables**

Not applicable

## **22. 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.

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.

(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 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 Notes VI. "Principles, Procedures and Methods for the Preparation of Consolidated Statements".

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 Notes 31. Impairment of Long-term Assets.

### **23. Investment Property**

Measurement model for investment property

Cost method measurement

Method for depreciation or amortization

The Company's investment real estates include leased land use rights, leased buildings, and land use rights held and ready to be transferred after appreciation. Investment real estate is initially measured according to cost, and then measured by cost model.

#### 1. Recognition of investment real estate

Investment real estate can only be recognized if it meets the following conditions at the same time: (1) Economic benefits related to investment real estate are likely to flow into enterprises. (2) The cost of the investment real estate can be measured reliably.

#### 2. Initial measurement of investment real estate

(1) The cost of purchased investment real estate includes the purchase price, relevant taxes and fees and other expenses directly attributable to the asset.

(2) The cost of self-construction of investment real estate consists of the necessary expenses incurred before the construction of the asset reaches the predetermined serviceable condition.

(3) The cost of investment real estate acquired by other means shall be determined in accordance with relevant accounting standards.

(4) Subsequent expenditures related to investment real estate, if they meet the confirmation conditions of investment real estate, shall be included in the cost of investment real estate; those that do not meet the recognition conditions are included in the current profits and losses when they occur.

### 3. Subsequent measurement of investment real estate

The Company adopts the cost model to carry out subsequent measurement of investment real estate on the balance sheet date. According to the relevant provisions of Accounting Standard for Business Enterprises No.4-Fixed Assets and Accounting Standard for Business Enterprises No.6-Intangible Assets, the investment real estate is amortized or depreciated according to the life average method within the expected useful life.

### 4. Conversion of investment real estate

The Company has conclusive evidence that the use of real estate has changed, and the investment real estate is converted into other assets, or other assets are converted into investment real estate, and the book value before the conversion of real estate is taken as the recorded value after the conversion.

## 24. 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. The Company's fixed assets are initially measured at cost. Specifically, the costs of purchased fixed assets include the purchase price, relevant taxes and fees, and other expenditures incurred before the fixed assets reach the pre-determined serviceable condition that can be directly attributable to the assets. The costs of self-built fixed assets contain the necessary expenditures incurred before the assets built reach their pre-determined serviceable condition. If the amount paid for the purchase of fixed assets witnesses postponed payment due to that the normal credit conditions are exceeded and is actually financing in nature, the costs of such fixed assets shall be determined on the basis of the present value of the purchase price. The difference between the actual amount paid and the present value of the purchase price, except for the difference that should be capitalized, shall be recognized as profit and loss of the current period during the credit period.

### (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	1%-5%	31.67%-3.17%
Machinery equipments	Average method of useful life	2—10 years	1%-5%	47.50%-9.50%
Transportation vehicle	Average method of useful life	5—10 years	1%-5%	19.00%-9.50%

Electronic equipment	Average method of useful life	2—8 years	1%-5%	47.50%-11.88%
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### **(3) Recognition Basis, Pricing and Depreciation Method of Fixed Assets by Finance Lease**

A finance lease refers to a lease where all the risks and rewards, related to the ownership of the leasehold property, are substantially transferred, regardless of whether the ownership is eventually transferred or not. The policy for the accrual of the depreciation of the leasehold property for the fixed assets acquired under the finance lease was consistent with that adopted for the Company's self-owned fixed assets. Where it could be reasonably certain that the Company would obtain the ownership of the leasehold property at the end of the lease term, the leasehold property would be depreciated within the service life. Where it could not be reasonably certain that the Company could obtain ownership of the leased property at the end of the lease term, the leased property would be depreciated within the lease term or the service life of the leased property whichever was shorter.

## **25. 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 design or contract requirements.

### **3. Provision for Impairment of Construction in Progress**

Please refer to Note 31 Impairment of Long-term Assets, for details of impairment test methods and impairment provision methods of construction in progress.

## **26. 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.

## **27. Living Assets**

Not applicable

## **28. Oil and Gas Assets**

Not applicable

## **29. Right-of-use Assets**

On the start date of the lease term, the Company recognizes its right to use the leasehold property in the lease term as right-of-use assets, including: The initial measurement amount of the lease obligation; the lease payment paid on or before the start date of the lease term. If there is a lease incentive, the amount related to the lease incentive taken should be deducted. the initial direct cost incurred by the lessee; the estimated cost that the lessee will use to pull down and remove the leasehold property, and restore the site of the leasehold property or restore the leasehold property to the state agreed in the lease clauses. Then, the Company will depreciate the right-of-use assets with the straight-line method. If it is reasonably certain that the ownership of the leasehold property will be obtained at the end of the lease term, the Company will depreciate the leasehold property over its remaining



service life. If it is not reasonably certain that the ownership of the leasehold property will be obtained at the end of the lease term, the Company will depreciate the leased asset(s) over the lease term or the remaining service life, whichever is shorter. When the Company re-calculates the lease obligation using the present value (PV) of the changed lease payment and correspondingly adjusts the book value of the right-of-use assets, if the book value is already reduced to zero, yet the lease obligation still needs to be reduced further, the Company will include the remaining amount in the current profit or loss.

### **30. 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 31: Long-term asset impairment under Note V.

#### **(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.

### **31. 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 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.

### **32. Long-term Prepaid Expense**

Long-term prepaid expense refers 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. The amortization period of various expenses is as follows:

Item	Amortization Period
Expenditure on improvement of rented fixed assets	3-5 years
Fixed repair expenditure	5 years
Mould	3 years
Wrap-around boxes	2 years

### **33. Contract Liabilities**

The Company's obligation of transferring commodities to customers due to consideration received or receivable from clients. If the client has paid the contract consideration or the Company has obtained the unconditional right of collection before the Company transfers commodities to the customer, the Company shall present the accounts received or receivable as contract liabilities at the earlier time between the time when the client actually conducts payment and the deadline of payment. Contract assets and contract liabilities under the same contract shall be presented based on the net amount, while those not under the same contract shall not be offset.

### **34. 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 owing to relieve the labor relationship and the date the Group recognizes the cost related to the reorganization of the payment of the demission welfare and at the same time includes which into the current gains and losses. But if the demission welfare is estimated that could not totally pay after the end of the annual report within 12 months, should be disposed according to other long-term payroll payment.

## **(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 dismiss ion welfare. The group would recorded the salary and the social security insurance fees paid and so on from the employee's service terminative date to normal retirement date into current profits and losses (dismiss ion welfare) under the condition that they meet the recognition conditions of estimated liabilities.

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.

## **35. Lease Liabilities**

On the start date of the lease term, the Company recognizes the PV of the unpaid lease payment as a lease obligation, except for the short-term and low-value asset leases. It will regard the interest rate implicit in lease as the rate of discount, when calculating the PV of the lease payment. The incremental lending rate of the lessee will be deemed as the rate of discount, if the interest rate implicit in lease cannot be confirmed. The Company calculates the interest charge of the lease obligation in each period in the lease term at a fixed periodic interest rate and includes it in the current profit or loss, unless such interest charge is stipulated to be included in the underlying asset cost. Variable lease payments that are not included in the measurement of the lease obligation should be included in the current profit or loss when they are actually incurred, unless such payments are stipulated to be included in the underlying asset cost.

The Company will re-calculate the lease obligation using the PV of the changed lease payment, if the actual fixed payment, the estimated payable of the residual value of the guarantee, the index or rate used to confirm the lease payment, or the assessment result of the call option, the renewal option, or the termination option, or the actual exercise changes, after the start date of the lease term.

## **36. Provisions**

### **1. Recognition of Provisions**

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 provisions when the following conditions are satisfied simultaneously: □ That obligation is a current obligation of the enterprise; □ It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation; and □ The amount of the obligation can be measured in a reliable way

### **2. Measurement of Provisions**

The provisions 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: □ If the Contingencies concern a single item, it shall be determined in the light of the most likely outcome. □ 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. □ When all or some of the expenses necessary for the liquidation of an provisions 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 provisions on the balance sheet date. The amount of compensation is not exceeding the book value of the recognized provisions.

## **37. Share-based Payment**

Not applicable

## **38. Other Financial Instruments such as Preferred Shares and Perpetual Bonds**

Not applicable

## **39. Revenue**

The Accounting Policy Adopted for Recognition and Measurement of Revenue

### **1. Accounting policies adopted in revenue recognition and measurement**

The Company recognizes revenue when it has satisfied its performance obligations under the contract, i.e., when the customer has obtained control of relevant goods or services. Obtaining control of relevant goods or services means being able to direct the use of them and obtain substantially all of the benefits from them.

Where the contract contains two or more performance obligations, the Company, at the inception date of the contract, allocates the transaction price to each performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods or services promised by each performance obligation. The Company measures revenue on the basis of the transaction price allocated to each performance obligation.

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and amounts expected to be returned to the customer. The Company determines the transaction price in accordance with the terms of the contract, with past business practices taken into account. When determining the transaction price, it considers

the impact of variable consideration, the existence of a significant financing component in the contract, non-cash consideration, consideration payable to a customer and other factors. The transaction price is recognized only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the relevant uncertainty is resolved. Where a contract contains a significant financing component, the Company determines the transaction price on the basis of the amount presumably payable in cash when the customer obtains control of the goods or services, and uses the actual interest method to amortize the difference between the transaction price and the contract consideration during the contract period.

A performance obligation is satisfied over time if one of the following conditions is met; otherwise, it is treated as satisfied at a point in time:

- (1) The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs.
- (2) The customer can control the goods as they are created during the Company's performance.
- (3) The goods produced by the Company's performance have no alternative use, and the Company has the right to collect payment for performance completed to date during the entire contract period.

Where a performance obligation is to be satisfied over time, the Company recognizes revenue in accordance with the progress of performance during that period, except when the progress cannot be reasonably determined. In determining the progress of performance, the Company takes into account the nature of the goods or services and adopts the output methods or the input methods.

Where the performance progress cannot be reasonably determined, and the costs incurred are expected to be recovered, the Company recognizes revenue according to the amount of the costs incurred until the progress can be reasonably determined.

Where the performance obligation is to be satisfied at a certain point in time, the Company recognizes revenue at the point when the customer obtains control of the relevant goods or services. When judging whether the customer has obtained control of goods or services, the Company considers the following indicators:

- (1) The Company has a present right to receive payment for the goods or services, i.e., the customer has a present obligation to pay for the goods or services.
- (2) The Company has transferred the legal ownership of the goods to the customer, i.e., the customer has obtained the legal ownership of the goods.
- (3) The Company has transferred physical possession of the goods to the customer, i.e., the customer has taken physical possession of the goods.
- (4) The Company has transferred significant risks and rewards of ownership of the goods to the customer, i.e., the customer has obtained significant risks and rewards of ownership of the goods.
- (5) The customer has accepted the goods or services.

## 2. Specific methods

(1) Recognition of domestic sales revenue: Under the conventional settlement mode, the Company has delivered goods that have passed inspection to the purchaser as required by the purchaser; the amount of revenue has been determined, a sales invoice has been issued and the payment has been received or is expected to be recovered. Under the consignment sales settlement mode, the Company recognizes sales revenue when the product is issued and the settlement notice is issued after the customer inspection is qualified.

(2) Recognition of export sales revenue: The Company has produced goods according to the requirements stipulated in the sales contract, and completed the export declaration procedures after the goods have passed inspection; the freight company has shipped the goods, the amount of revenue has been determined, an export sales invoice has

been issued, and the payment has been received or is expected to be recovered.

Differences in accounting policies for the recognition of revenue caused by different business models for the same type of business

#### **40. Government Subsidies**

##### **1. Category of Government Subsidies**

Government subsidies refer to the monetary assets and non-monetary assets obtained by the Company from the government, which mainly include government subsidies related to assets and government subsidies related to income.

##### **2. Distinction Standard of Government Subsidies Related to Assets with Government Subsidies Related to Income**

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.

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

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, the subsidy is recognized as government subsidy related to income.

##### **3. Measurement of Government Subsidies**

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.

##### **4. Accounting Treatment for Government Subsidies**

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.

Government subsidies related to income shall be 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 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.

#### **41. 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.

## **42. Lease**

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

As the lessee:

On the start date of the lease term, the Company deems the right-of-use assets and lease obligations of all the operating leases, except for the simplified short-term lease and low-value leases. See Note 29. Right-of-use Assets and 35. Lease Liabilities for the general accounting treatment of the Company as the lessee.

Lease change

A lease change refers to a change in the scope, consideration, and term of lease outside the original contract clauses, including the addition or termination of the one or several rights to use lease assets, and the extension or reduction of the lease term specified in the contract.

When the lease changes and the following conditions are met, the Company will regard the lease charge as a separate lease for accounting treatment:

- (1) The lease change expands the scope of lease through the increase of one or several rights to use the lease assets;
- (2) The increased consideration and the separate price of the expanded part of the scope of lease are the same, upon adjustment, according to the contract.

If the lease change is not deemed as a separate lease for accounting treatment, the Company will re-amortize the consideration of the changed contract, re-confirm the lease term, and re-calculate the PV of the lease obligation using the changed lease payment and the revised rate of discount, on the date when the lease change takes effect.

The Company will correspondingly reduce the book value of the right-of-use assets and include the profit or loss of the lease terminated in part or whole in the current profit or loss, if the lease change narrows the scope of lease or shortens the lease term. The Company will correspondingly adjust the book value of the right-of-use assets, if other lease changes result in the re-calculation of the lease obligation.

Short-term and low-value asset leases

The Company chooses not to confirm the right-of-use assets and lease obligations of the short-term and low-value asset leases, and include the relevant lease payment in each period in the lease term in the current profit or loss or the underlying asset cost on a straight-line basis. A short-term lease refers to the lease whose lease term does not exceed 12 months and that does not include the call option on the start date of the lease term. A low-value asset lease refers to the lease where the value will be low when the single lease asset is the new asset. For the leasehold property that is underleased or expected to be underleased, the original lease does not belong to low-value asset lease.

As the lessor:

The Company classifies lease into finance and operating leases on the start date of the lease term. A finance lease refers to the lease where almost all the risks and remuneration, related to the ownership of the leasehold property, is transferred, no matter whether the ownership is finally transferred or not. An operating lease refers to all leases other than finance leases.

The lease receivable of the operating lease in each period in the lease term is deemed as a rental on a straight-line basis. The Company capitalizes the initial direct cost related to the operating lease, amortize and include it in the current profit or loss on the basis same as the recognition of rentals in the lease term. Variable lease payments that are not included in the lease receivable are included in the current profit or loss when they are actually incurred. If an operating lease changes, the Company will regard it as a new lease for accounting treatment from the effective date of the change. The advance receipt or the lease receivable related to the lease prior to the change is recognized as the payment receivable of the new lease.

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

As the lessee:

For financing leased assets, on the beginning date of the lease term, the lower of the fair value of the leased asset and the present value of the minimum lease payment amount on the lease commencement date is taken as the recorded value of the leased asset, the minimum lease payment amount is regarded as the recorded value of long-term payables, and the difference is regarded as unrecognized financing expense, which is apportioned by the effective interest rate method in each period of the lease term. The contingent rentals are included in the profit or loss for the current period upon actual incurrence thereof.

As the lessor:

The Company confirms the finance lease receivable of the finance lease and finally confirms the finance leasehold property on the start date of the lease term. It recognizes the net investment in the lease as the entry value of the finance lease, when initially calculating the finance lease receivable. The net investment in the lease is the sum of the net value of the unguaranteed residual value and the lease receivable not received on the start date of the lease term at the interest rate implicit in lease. The Company calculates and confirms the interest income at a fixed periodic interest rate in each period in the lease term.

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

Naught

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

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

Applicable  Not applicable

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

Applicable  Not applicable

## **45. Other**

Naught

## 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%, 9%, 13%
Urban maintenance and construction tax	Turnover tax payable	7%, 5%
Enterprise income tax	Taxable income	10%, 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

Name	Income tax rate
The Company, Zhida Company, Chanchang Company, Nanning Liaowang, Chongqing Guinuo, Liuzhou Lighting, Liuzhou Foreshine, Headquarters of NationStar Optoelectronics, NationStar Semiconductor, Germany NationStar	15%
FSL Lighting GmbH	15%
Indonesia Liaowang	10%
Other subsidiaries	25%

### 2. Tax Preference

1. The Company passed the re-examination for High-tech Enterprises in 2020, 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 2020.

2. Zhida Company and Chanchang Company passed the examination for High-tech Enterprises respectively in December 2019 and December 2021, and thus Zhida Company and Chanchang Company paid the corporate income tax based on a tax rate of 15% within three years respectively since 1 January 2019 and 1 January 2021 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.

3. According to the Decision on Tax Matters approved by the Local Taxation Bureau of Nanning High-tech Industrial Development Zone (NGDSSB [2015] No. 1), Nanning Liaowang will enjoy the preferential tax reduction and exemption of enterprise income tax in the western development from 1 January 2015, and the enterprise income tax will be levied at a reduced rate of 15%.

4. After being examined and filed by the competent tax authorities, Chongqing Guinuo will enjoy the preferential

tax reduction and exemption of enterprise income tax in the western development from 1 January 2019, and the enterprise income tax will be levied at a reduced rate of 15%.

5. According to the letter (LFGH Zi [2020] No. 196) issued by Liuzhou Development and Reform Commission on 17 August 2020, Liuzhou Guige Photoelectric is determined to be in line with the encouraged industries in the western region, and the enterprise income tax will be paid at a reduced rate of 15% from 1 January 2020.

6. According to the letter (GKGH [2021] No. 237) jointly issued by the Science and Technology Department of Guangxi Zhuang Autonomous Region, Finance Department of Guangxi Zhuang Autonomous Region and Guangxi Zhuang Autonomous Region Tax Service, State Taxation Administration on 30 November 2021, Liuzhou Guige Foreshine is recognized as a high-tech enterprise (the certificate has not been obtained yet), and the preferential tax rate of income tax for high-tech enterprises is 15%.

7. NationStar Optoelectronics, a subsidiary of the Company, was recognized as a high-tech enterprise on 16 December 2008, and its certificate number was GR200844000097. It was re-recognized as a high-tech enterprise in 2020, and its new certificate number is GR202044006337 dated 9 December 2020. Its corporate income tax rate for 2020-2022 is 15%.

8. Foshan NationStar Semiconductor Technology Co., Ltd., a wholly owned subsidiary of NationStar Optoelectronics, was recognized as a high-tech enterprise on 10 October 2015 and its certificate number was GR201544001238. It was re-recognized as a high-tech enterprise in 2021, and its new certificate number is GR202144008779 dated 20 December 2021. Its corporate income tax rate for 2021-2023 is 15%.

### 3. Other

Pay in accordance with the relevant provisions of the tax law

## VII. Notes to Main Items of Consolidated Financial Statements

### 1. Monetary Assets

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	68,284.86	24,635.14
Bank deposits	1,399,979,420.13	1,800,849,053.18
Other monetary assets (Note 1)	436,039,030.34	578,254,717.74
Unexpired interest (Note 2)	3,352,901.50	2,783,249.29
Total	1,839,439,636.83	2,381,911,655.35
Of which: Total amount deposited overseas	38,119,429.22	27,310,928.58
Total amount with restrictions on use due to mortgage, pledge or freeze	448,713,603.58	247,425,015.48

Other notes

Note 1: Other monetary assets were security deposits for notes and performance bonds, as well as investments placed with security firm and the balance with e-commerce platforms, of which the security deposits for notes and performance bonds were restricted assets (see “81. Assets with Restricted Ownership or Right of Use” in Note “VII Notes to Consolidated Financial Statements”).

Note 2: Unexpired interest did not belong to cash and cash equivalents.

## 2. Trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	64,068,462.40	348,248,125.61
Including:		
Equity instrument investments	1,397,612.10	1,558,778.18
Wealth management products	62,670,850.30	342,422,447.43
Others		4,266,900.00
Including:		
Total	64,068,462.40	348,248,125.61

## 3. Derivative Financial Assets

Naught

## 4. Notes Receivable

### (1) Notes Receivable Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	1,372,158,706.47	1,659,553,102.56
Commercial acceptance bill	41,633,566.90	30,803,389.08
Total	1,413,792,273.37	1,690,356,491.64

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	
Of which:										
notes receivable withdrawn bad debt provision by group	1,415,079,909.46	100.00%	1,287,636.09	100.00%	1,413,792,273.37	1,690,985,132.23	100.00%	628,640.59	100.00%	1,690,356,491.64
Of which:										
Bank	1,372,158,706.47	96.97%	0.00	0.00%	1,372,158,706.47	1,659,553,102.56	98.14%	0.00	0.00%	1,659,553,102.56

acceptance bill	58,706.47				58,706.47	53,102.56				53,102.56
Commercial acceptance bill	42,921,202.99	3.03%	1,287,636.09	100.00%	41,633,566.90	31,432,029.67	1.86%	628,640.59	100.00%	30,803,389.08
<b>Total</b>	1,415,079,909.46	100.00%	1,287,636.09	100.00%	1,413,792,273.37	1,690,985,132.23	100.00%	628,640.59	100.00%	1,690,356,491.64

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	42,921,202.99	1,287,636.09	3.00%
<b>Total</b>	42,921,202.99	1,287,636.09	

Note:

Please refer to the relevant information of disclosure of bad debt provision of other receivables if adopting the general mode of expected credit loss to withdraw bad debt provision of notes receivable.

Applicable  Not applicable

## (2) Bad Debt Provision Withdrawn, Reversed or Collected during the Reporting Period

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Reversed or collected	Verified	Other	
Notes receivable withdrawn bad debt provision separately						
Notes receivable withdrawn bad debt provision by group	628,640.59	658,995.50				1,287,636.09
<b>Total</b>	628,640.59	658,995.50				1,287,636.09

For commercial acceptance bills, there is difference in withdrawal proportion of bad debts between the Company as the Parent and the majority-owned subsidiary NationStar. The Company unified the accounting estimates in the consolidated financial statements and complementally withdrew the bad debt provision of RMB429,212.03 for notes receivable.

Of which, bad debt provision collected or reversed with significant amount:

Applicable  Not applicable

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

Unit: RMB

Item	Amount pledged at the period-end
Bank acceptance bill	821, 993, 782. 57
Total	821, 993, 782. 57

**(4) 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 recognition termination at the period-end
Bank acceptance bill	675, 292, 723. 41	
Total	675, 292, 723. 41	

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

Naught

**(6) The Actual Write-off Notes Receivable**

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 withdrawn bad debt provision separately	33, 512, 866. 15	1. 45%	33, 367, 874. 59	99. 57%	144, 991. 56	33, 512, 866. 15	1. 60%	31, 123, 709. 17	92. 87%	2, 389, 156. 98
Of which:										

Accounts receivable withdrawn bad debt provision by group	2,284,474,693.96	98.55%	98,441,141.68	4.31%	2,186,033,552.28	2,063,205,995.27	98.40%	84,056,307.99	4.07%	1,979,149,687.28
Of which:										
(1) General business portfolio	2,284,474,693.96	98.55%	98,441,141.68	4.31%	2,186,033,552.28	2,063,205,995.27	98.40%	84,056,307.99	4.07%	1,979,149,687.28
(2) Internal business portfolio										
Total	2,317,987,560.11	100.00%	131,809,016.27	5.69%	2,186,178,543.84	2,096,718,861.42	100.00%	115,180,017.16	5.49%	1,981,538,844.26

Individual withdrawal of bad debt provision:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Withdrawal reason
Customer A	11,220,827.14	11,220,827.14	100.00%	Involved in the lawsuit, the Company won the lawsuit in the second instance, which had not yet executed completely
Customer B	9,111,336.51	9,111,336.51	100.00%	Existing pending litigation matters
Customer C	6,024,216.41	6,024,216.41	100.00%	Less likely to be recovered
Customer D	4,702,051.28	4,702,051.28	100.00%	Existing pending litigation matters
Customer E	815,484.27	815,484.27	100.00%	The compensation amount of the customer lawsuit is large, and less likely to be recovered
Customer F	526,858.54	526,858.54	100.00%	Existing pending litigation matters
Customer G	523,448.92	523,448.92	100.00%	The customer had



				executed bankruptcy liquidation in December 2020, thus the accounts were unrecoverable.
Customer H	395,321.00	395,321.00	100.00%	Expected to be unrecoverable
Customer I	193,322.08	48,330.52	25.00%	In the processing of customer complaints, the possibility of bad debts is greater
<b>Total</b>	<b>33,512,866.15</b>	<b>33,367,874.59</b>		

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Credit risk group	2,284,474,693.96	98,441,141.68	4.31%
<b>Total</b>	<b>2,284,474,693.96</b>	<b>98,441,141.68</b>	

Please refer to the relevant information of disclosure of bad debt provision of other receivables if adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	2,141,771,714.41
1 to 2 years	97,849,610.15
2 to 3 years	12,018,016.13
Over 3 years	66,348,219.42
3 to 4 years	29,532,295.52
4 to 5 years	21,599,874.05
Over 5 years	15,216,049.85
<b>Total</b>	<b>2,317,987,560.11</b>

## (2) Bad Debt Provision Withdrawn, Reversed or Collected during the Reporting Period

Bad debt provision withdrawn in the Reporting Period:

Unit: RMB

Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Reversed or collected	Verified	Other	
Bad debt provision separately accrued	31,123,709.17	2,244,165.42				33,367,874.59

Bad debt provision withdrawn according to groups	84,056,307.99	14,385,162.73		329.04		98,441,141.68
<b>Total</b>	115,180,017.16	16,629,328.15		329.04		131,809,016.27

For common business group, there is difference in withdrawal proportion of expected credit losses between the Company as the Parent and the majority-owned subsidiary NationStar. The Company unified the accounting estimates in consolidated financial statements and complementally withdrew bad debt provision of RMB6,019,862.42 for accounts receivable.

The amount of expected credit loss accrued in the current period is RMB16,527,279.88, and the amount of expected credit loss recovered or reversed in the current period is RMB0.00, which is RMB102,048.27 different from the amount of credit impairment loss accrued in the current period of RMB16,629,328.15, which is caused by the translation difference of foreign currency statement of Indonesia Liaowang at the end of the period.

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

Unit: RMB

Item	Amount
Other retails accounts	329.04

Of which, verification of significant accounts receivable:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
Other retails accounts	Payment for goods	329.04	Unrecoverable	The approval procedure is carried out according to the Company's rules for managing bad debt.	Not
<b>Total</b>		329.04			

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

Unit: RMB

Name of units	Ending balance of accounts receivable	Proportion to total ending balance of accounts receivable (%)	Ending balance of bad debt provision
No. 1	152,875,068.03	6.60%	4,586,252.04
No. 2	89,987,854.53	3.88%	2,699,635.64

No. 3	79,809,077.83	3.44%	2,394,272.33
No. 4	71,161,243.67	3.07%	2,134,837.31
No. 5	55,652,405.43	2.40%	1,669,572.16
Total	449,485,649.49	19.39%	

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

Naught

**(6) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Accounts Receivable**

Naught

**6. Accounts Receivable Financing**

Naught

Increase or decrease of accounts receivable financing and changes in fair value thereof

Applicable  Not applicable

If the depreciation reserve for accounts receivable financing was withdrawn in accordance with the general model of expected credit losses, the information related to depreciation reserve shall be disclosed by reference to the disclosure method of other receivables:

Applicable  Not applicable

**7. Prepayment**

**(1) Listed by Aging**

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	28,409,430.08	74.28%	26,325,276.67	78.64%
1 to 2 years	7,056,500.42	18.45%	4,740,160.27	14.16%
2 to 3 years	229,005.90	0.60%	553,744.18	1.65%
Over 3 years	2,549,224.67	6.67%	1,854,923.20	5.54%
Total	38,244,161.07		33,474,104.32	

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

Unit: RMB

Name of units	Relationship with the Company	Ending balance	Proportion to total prepayments (%)	Prepayment time
No. 1	Non-related party	2,731,478.94	7.14%	1 to 2 years
No. 2	Non-related party	1,436,720.69	3.76%	Within 1 year
No. 3	Non-related party	1,407,273.77	3.68%	Within 1 year
No. 4	Non-related party	1,327,340.00	3.47%	Within 1 year
No. 5	Non-related party	1,083,340.97	2.83%	Within 1 year
Total	— —	7,986,154.37	20.88%	— —

**8. Other Receivables**

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	31,235,165.53	37,523,072.02
Total	31,235,165.53	37,523,072.02

**(1) Interest Receivable****1) Category of Interest Receivable**

Naught

**2) Significant Overdue Interest**

Naught

**3) Withdrawal of Bad Debt Provision**Applicable  Not applicable

## (2) Dividends Receivable

### 1) Category of Dividends Receivable

Naught

### 2) Significant Dividends Receivable Aged over 1 Year

Naught

### 3) Withdrawal of Bad Debt Provision

Applicable  Not applicable

## (3) Other Receivables

### 1) Other Receivables Disclosed by Account Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
VAT export tax refunds	5,260,428.72	4,674,335.06
Performance bond	15,114,786.48	12,056,403.00
Staff borrow and petty cash	2,342,223.49	4,018,439.87
Rent, water & electricity fees	1,458,352.75	2,564,557.87
Other	38,298,697.53	45,643,798.95
Total	62,474,488.97	68,957,534.75

### 2) Information of Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2022	890,724.80	6,224,279.95	24,319,457.98	31,434,462.73
Balance of 1 January 2022 in the Current Period				
Withdrawal of the Current Period	-234,354.72	103,008.43		-131,346.29
Verification of the Current Period	6,100.00	27,693.00	30,000.00	63,793.00
Balance of 30 June 2022	650,270.08	6,299,595.38	24,289,457.98	31,239,323.44

Changes of carrying amount with significant amount changed of loss provision in the current period

Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	22, 573, 384. 78
1 to 2 years	8, 058, 085. 07
2 to 3 years	5, 938, 709. 25
Over 3 years	25, 904, 309. 87
3 to 4 years	2, 907, 396. 35
4 to 5 years	1, 049, 775. 73
Over 5 years	21, 947, 137. 79
Total	62, 474, 488. 97

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

Bad debt provision withdrawn in the Reporting Period:

Unit: RMB

Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Reversed or collected	Verified	Other	
Other receivables	31, 434, 462. 73	-131, 346. 29		63, 793. 00		31, 239, 323. 44
Total	31, 434, 462. 73	-131, 346. 29		63, 793. 00		31, 239, 323. 44

For common business group, there is difference in withdrawal proportion of expected credit losses between the Company as the Parent and the majority-owned subsidiary NationStar. The Company unified the accounting estimates in consolidated financial statements and complementally withdrew bad debt provision of RMB11,531.29 for other receivables.

The amount of expected credit loss accrued in the current period is RMB-133,776.54, and the amount of expected credit loss recovered or reversed in the current period is RMB0.00, which is RMB2,430.55 different from the amount of credit impairment loss accrued in the current period of RMB-131,346.29, which is caused by the translation difference of foreign currency statement of Indonesia Liaowang at the end of the period.

Of which bad debt provision reversed or recovered with significant amount:

Naught

### 4) Particulars of the Actual Verification of Other Receivables during the Reporting Period

Unit: RMB

Item	Amount
------	--------

Bid security and deposit	32,743.00
Others	31,050.00

Of which significant actual verification of other receivables:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
Other retails accounts	Bid security and deposit	32,743.00	Litigation costs are high and there is a risk of losing	The approval procedure shall be carried out according to the Company's rules for managing bad debts regarding to verification application before accounts can be verified	Not
Other retails accounts	Other	31,050.00	Litigation costs are high and there is a risk of losing	The approval procedure shall be carried out according to the Company's rules for managing bad debts regarding to verification application before accounts can be verified	Not
Total		63,793.00			

#### 5) Top 5 of the Ending Balance of the Other Receivables Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables (%)	Ending balance of bad debt provision
No. 1	Intercourse accounts	20,000,000.00	Over 5 years	32.01%	20,000,000.00
No. 2	VAT export tax refunds	4,496,365.98	Within 1 year	7.20%	172,842.34
No. 3	Intercourse accounts	2,673,256.53	Within 2 years	4.28%	428,945.80
No. 4	Performance bond	1,946,000.00	Within 1 year	3.11%	122,223.17
No. 5	Intercourse accounts	1,712,634.80	Within 3 years	2.74%	583,800.00
Total		30,828,257.31		49.34%	21,307,811.31

## 6) Accounts Receivable Involving Government Grants

Naught

## 7) Derecognition of Other Receivables due to the Transfer of Financial Assets

Naught

## 8) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Other Receivables

Naught

## 9. Inventory

Whether the Company needs to comply with disclosure requirements for real estate industry

No

### (1) Category of Inventory

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves of inventory or depreciation reserves of contract performance cost	Carrying value	Carrying amount	Falling price reserves of inventory or depreciation reserves of contract performance cost	Carrying value
Raw materials	358,341,044.72	6,336,930.47	352,004,114.25	381,168,885.07	14,729,292.64	366,439,592.43
Goods in process	12,237,323.82		12,237,323.82	317,007,606.13		317,007,606.13
Inventory goods	1,192,382,480.34	133,644,653.16	1,058,737,827.18	1,223,620,511.60	135,963,343.21	1,087,657,168.39
Revolving materials	5,434,655.63		5,434,655.63	3,231,115.87		3,231,115.87
Goods in transit	69,802,063.26	3,190,828.40	66,611,234.86	93,671,492.20	3,530,794.31	90,140,697.89
Semi-finished goods	304,323,618.44	328,502.08	303,995,116.36	100,723,505.66	377,760.65	100,345,745.01
Others	20,649,158.56		20,649,158.56	5,177,062.67		5,177,062.67
Total	1,963,170,34	143,500,914.	1,819,669,43	2,124,600,17	154,601,190.	1,969,998,98



	4.77	11	0.66	9.20	81	8.39
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## (2) Falling Price Reserves of Inventory and Depreciation Reserves of Contract Performance Cost

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal	Other	Reversal or write-off	Other	
Raw materials	14,729,292.64	592,123.14		8,984,485.31		6,336,930.47
Inventory goods	135,963,343.21	19,075,837.99		21,394,528.04		133,644,653.16
Semi-finished goods	377,760.65	90,386.67		139,645.24		328,502.08
Goods in transit	3,530,794.31	-339,965.91				3,190,828.40
Total	154,601,190.81	19,418,381.89		30,518,658.59		143,500,914.11

Item	Basis for withdrawal of falling price reserves of inventory	Reasons for reversal or write-off of falling price reserves of inventory	Note
Raw materials	The lower one between the inventory cost and net realizable value	Sales or scrap of raw materials	
Inventory goods	The lower one between the inventory cost and net realizable value	Sales or scrap of products	
Goods in transit	The lower one between the inventory cost and net realizable value	Sales or scrap of products	

Reasons for the provision for inventory depreciation: Provisions are set for the stagnancy of a few raw materials; some inventory products become idle due to classification.

## (3) Notes to the Ending Balance of Inventories Including Capitalized Borrowing Expense

Naught

## (4) Amortization Amount of Contract Performance Cost during the Reporting Period

Naught

## 10. Contract Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying	Depreciation	Carrying value	Carrying	Depreciation	Carrying value

	amount	reserves		amount	reserves	
Contract assets	8,794,261.68	704,705.05	8,089,556.63	8,826,085.67	264,782.57	8,561,303.10
<b>Total</b>	<b>8,794,261.68</b>	<b>704,705.05</b>	<b>8,089,556.63</b>	<b>8,826,085.67</b>	<b>264,782.57</b>	<b>8,561,303.10</b>

If the bad debt provision for contract assets in accordance with the general model of expected credit losses, the information related to the bad debt provision shall be disclosed by reference to the disclosure method of other receivables:

Applicable  Not applicable

### 11. Held-for-Sale Assets

Unit: RMB

Item	Ending carrying amount	Depreciation reserves	Ending carrying value	Fair value	Estimated disposal expense	Estimated disposal time
Houses, buildings and land involved in expropriation	17,147,339.84		17,147,339.84	183,855,895.00	55,718,333.95	31 December 2022
<b>Total</b>	<b>17,147,339.84</b>		<b>17,147,339.84</b>	<b>183,855,895.00</b>	<b>55,718,333.95</b>	<b>--</b>

Other notes:

Note: For details, see Part X-XVI.Other Major Events-8.Other: "Demolition Matters of Nanjing Fozhao" of this Report. The estimated disposal costs include employee resettlement fees, compensation for the termination of the original tenant's contract, and taxes related to the proceeds of demolition.

### 12. Current Portion of Non-current Assets

Naught

### 13. Other Current Assets

Unit: RMB

Item	Ending balance	Beginning balance
Input tax of VAT to be certified and deducted	40,618,746.09	111,605,177.04
Advance payment of enterprise income tax	10,323,874.76	10,562,615.78
Others	3,400,896.19	3,507,355.35
<b>Total</b>	<b>54,343,517.04</b>	<b>125,675,148.17</b>

#### 14. Investments in debt obligations

Naught

#### 15. Other Investments in Debt Obligations

Naught

#### 16. Long-term Accounts Receivable

##### (1) List of Long-term Receivables

Naught

##### (2) Derecognition of Long-term Receivables due to the Transfer of Financial Assets

Naught

##### (3) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Long-term Receivables

Naught

#### 17. Long-term Equity Investment

Unit: RMB

Investees	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserves
		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 depreciation reserves	Other		
I. Joint ventures											
Jiangsu Fozhao Contract Energy Management Development Co., Ltd.											4,804,965.64

Shenzhen Primatrix (Nanhuo) Electronics Ltd.	181,545,123.09			650,457.40			2,080,390.50			180,115,189.99	
Subtotal	181,545,123.09			650,457.40			2,080,390.50			180,115,189.99	4,804,965.64
II. Associated enterprises											
Total	181,545,123.09			650,457.40			2,080,390.50			180,115,189.99	4,804,965.64

Other notes

1. The Company's subsidiary, NationStar Optoelectronics, entered into the *Contribution Agreement of Jiangsu Fozhao Contract Energy Management Development Co., Ltd.* with the natural persons, Ye Zongcai and Zhao Qiaoyue, on 3 August 2012, to jointly establish Jiangsu Fozhao Contract Energy Management Development Co., Ltd. (Jiangsu Fozhao) with the registered capital of RMB20 million, wherein NationStar Optoelectronics contributed RMB5 million, representing 25.00% of the total investment.

2. Jiangsu Fozhao has been in the red since its establishment, so its production and operations have been stopped. Additionally, its cash realizable value is quite low. Up to now, impairment provisions have been set aside to fully cover the long-term equity investment of Jiangsu Fozhao, in line with relevant regulations, such as the *No. 8 Accounting Standards for Business Enterprises—Asset Impairment*.

## 18. Other Equity Instrument Investment

Unit: RMB

Item	Ending balance	Beginning balance
Non-listed equity investment	41,559,860.92	41,559,860.92
Listed equity investment	1,123,157,619.00	1,463,420,163.15
Total	1,164,717,479.92	1,504,980,024.07

Disclosure of non-trading equity instrument investment by items

Unit: RMB

Item	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for assigning to measure in fair value and the changes included in other comprehensive	Reason for other comprehensive income transferred to retained earnings

					income	
Gotion High-tech	1, 715, 644. 18	698, 286, 384. 47		6, 804, 316. 24	Not satisfied with the condition of trading equity instrument	Sale of shareholdings
Stock of Xiamen Bank	14, 339, 628. 75	188, 899, 142. 57		94, 112, 907. 95	Not satisfied with the condition of trading equity instrument	Sale of shareholdings
Beijing Guangrong Lianmeng Semiconductor lighting Industry Investment Center(L.P.)		601, 263. 41			Not satisfied with the condition of trading equity instrument	Not applicable

## 19. Other Non-current Financial Assets

Naught

## 20. Investment Property

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

Applicable  Not applicable

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original carrying value				
1. Beginning balance	49, 792, 377. 90			49, 792, 377. 90
2. Increased amount of the period				
(1) Outsourcing				
(2) Transfer from inventories/fixed assets/construction in progress				
(3) Enterprise combination increase				
3. Decreased amount of the period				

(1) Disposal				
(2) Other transfer				
4. Ending balance	49,792,377.90			49,792,377.90
II. Accumulative depreciation and accumulative amortization				
1. Beginning balance	6,444,553.56			6,444,553.56
2. Increased amount of the period	1,182,568.97			1,182,568.97
(1) Withdrawal or amortization	1,182,568.97			1,182,568.97
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	7,627,122.53			7,627,122.53
III. Depreciation reserves				
1. Beginning balance				
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance				
IV. Carrying value				
1. Ending carrying value	42,165,255.37			42,165,255.37
2. Beginning carrying value	43,347,824.34			43,347,824.34

**(2) Investment Property Adopting the Fair Value Measurement Mode**

Applicable  Not applicable

**(3) Investment Property Failed to Accomplish Certification of Property**

Naught

Other notes

In October 2021, the Company held the 20th meeting of the ninth Board of Directors, where the Proposal on Changing Some Self-used Real Estate into Investment Real Estate and Measuring by Cost Model was deliberated

and adopted, and the K2 and K3 buildings of Gaoming Fuwan Standard Workshop were changed from fixed assets projects to investment real estate projects, measured by cost model, and depreciation was accrued by the same method as fixed assets.

## 21. Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	3,336,828,807.79	3,360,175,223.96
Disposal of fixed assets	717,389.62	164,686.99
Total	3,337,546,197.41	3,360,339,910.95

### (1) List of Fixed Assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Other	Total
I. Original carrying value						
1. Beginning balance	1,737,595,300.29	4,469,670,841.25	42,703,535.66	61,090,328.98	83,460,720.97	6,394,520,727.15
2. Increased amount of the period	894,770.78	227,234,238.39	534,994.18	2,246,529.05	203,915.31	231,114,447.71
(1) Purchase	21,554.42	23,124,224.57	534,994.18	1,582,994.99	46,214.90	25,309,983.06
(2) Transfer from construction in progress	873,216.36	204,110,013.82		663,534.06	157,700.41	205,804,464.65
(3) Enterprise combination increase						
3. Decreased amount of the period		128,375,789.06	2,990,815.72	1,188,796.00	246,754.89	132,802,155.67
(1) Disposal or scrap		125,062,387.40	2,986,522.62	1,188,796.00	246,754.89	129,484,460.91
(2) Equipment transformation		1,239,430.79				1,239,430.79
(3) Others		2,073,970.87	4,293.10			2,078,263.97
4. Ending	1,738,490.07	4,568,529.29	40,247,714.1	62,148,062.0	83,417,881.3	6,492,833.01

balance	1. 07	0. 58	2	3	9	9. 19
II. Accumulative depreciation						
1. Beginning balance	663, 293, 540. 68	2, 232, 542, 16 5. 32	31, 417, 598. 5 1	45, 052, 211. 2 2	60, 223, 768. 3 2	3, 032, 529, 28 4. 05
2. Increased amount of the period	36, 832, 884. 6 0	192, 945, 811. 92	1, 090, 607. 05	2, 142, 857. 84	3, 822, 961. 11	236, 835, 122. 52
(1) Withdrawal	36, 832, 884. 6 0	192, 945, 811. 92	1, 090, 607. 05	2, 142, 857. 84	3, 822, 961. 11	236, 835, 122. 52
3. Decreased amount of the period	-690, 268. 32	115, 883, 809. 56	2, 296, 635. 98	951, 698. 38	239, 105. 20	118, 680, 980. 80
(1) Disposal or scrap	-690, 268. 32	112, 711, 842. 37	2, 296, 635. 98	951, 698. 38	239, 105. 20	115, 509, 013. 61
(2) Others		3, 171, 967. 19				3, 171, 967. 19
4. Ending balance	700, 816, 693. 60	2, 309, 604, 16 7. 68	30, 211, 569. 5 8	46, 243, 370. 6 8	63, 807, 624. 2 3	3, 150, 683, 42 5. 77
III. Depreciation reserves						
1. Beginning balance		1, 815, 791. 11		428. 03		1, 816, 219. 14
2. Increased amount of the period		3, 529, 839. 60				3, 529, 839. 60
(1) Withdrawal		3, 529, 839. 60				3, 529, 839. 60
3. Decreased amount of the period		25, 273. 11				25, 273. 11
(1) Disposal or scrap		25, 273. 11				25, 273. 11
4. Ending balance		5, 320, 357. 60		428. 03		5, 320, 785. 63
IV. Carrying value						
1. Ending carrying value	1, 037, 673, 37 7. 47	2, 253, 604, 76 5. 30	10, 036, 144. 5 4	15, 904, 263. 3 2	19, 610, 257. 1 6	3, 336, 828, 80 7. 79
2. Beginning carrying value	1, 074, 301, 75 9. 61	2, 235, 312, 88 4. 82	11, 285, 937. 1 5	16, 037, 689. 7 3	23, 236, 952. 6 5	3, 360, 175, 22 3. 96



## (2) List of Temporarily Idle Fixed Assets

Unit: RMB

Item	Original carrying value	Accumulated depreciation	Depreciation reserves	Carrying value	Note
T5, energy-saving lamp production line, T8,	6,962,212.78	5,382,345.77	1,536,408.16	43,458.85	

## (3) Fixed Assets Leased out by Operation Lease

Naught

## (4) Fixed Assets Failed to Accomplish Certification of Property

Other notes

The Company's Fuwan Standard Workshop J3, Fuwan Standard Workshop K1, Building 8 of Gaoming Family Dormitory, Fuwan Staff Dormitory Building 7, Family Dormitory Building 3 to 6, Staff Village Dormitory Building A, Staff Village Dormitory Building 2, 3, 5, 6, 10 to 13, Staff Dormitory Building 1 to 4, Fuwan Energy Saving Lamp Workshop 2, Glass Workshop 8, Glass Workshop 9, Fluorescent Lamp Workshop, Standard Workshop A and led Workshop have been completed and put into use and carried forward fixed assets. As of 30 June 2022, the relevant real estate licenses are being processed. In addition, the ownership of two parking spaces of Nanning Liaowang at No. 155 Kerui Jiangyun and No. 160 Kerui Jiangyun, are being processed. The management believed that there are no substantive legal barriers to the handling of these title certificates, and it will not have a significant adverse impact on the normal operation of the Company.

## (5) Proceeds from Disposal of Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Scrap equipment	717,389.62	164,686.99
Total	717,389.62	164,686.99

## 22. Construction in progress

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	1,094,362,246.23	1,087,261,052.63
Total	1,094,362,246.23	1,087,261,052.63

## (1) List of Construction in Progress

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Construction in progress	1,095,681,046.23	1,318,800.00	1,094,362,246.23	1,088,579,852.63	1,318,800.00	1,087,261,052.63

Total	1,095,681,046.23	1,318,800.00	1,094,362,246.23	1,088,579,852.63	1,318,800.00	1,087,261,052.63
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## (2) Changes in Significant Construction in Progress during the Reporting Period

Unit: RMB

Item	Budget	Beginning balance	Increased amount	Transferred in fixed assets	Other decreased amount	Ending balance	Proportion of accumulative investment in constructions to budget	Job schedule	Accumulative amount of interest capitalization	Of which: amount of capitalized interests for the Reporting Period	Capitalization rate of interests for the Reporting Period	Capital resources
Kelian Building	726,738,900.00	501,594,852.04	29,329,889.54			530,924,741.58	80.00%	80.23%	36,640,953.02			Other
15th and 16th floors office buildings of R&F Center	115,752,763.00	106,195,222.94	2,896,780.26			109,092,003.20	100.00%	98.00%				Other
Gaomi R&D Workshop 11, 12, 13, 14 and 18	71,690,000.00	53,531,061.32	130,666.92			53,661,728.24	84.00%	88.00%				Other
FSL intelligent manufacturing factory project	89,680,000.00	23,808,849.57				23,808,849.57	30.00%	33.00%				Other
Gaomi office building	115,000,000.00	22,209,451.41	16,766,092.08			38,975,543.49	40.00%	25.00%				Other
Overhaul of Gaomi No. 8 tank furnace Work	10,890,000.00	6,242,799.53	1,055,044.70			7,297,844.23	68.00%	75.00%				Other

order: 20029 Gaomi ng tank furnac e												
The Renov ation Project of the Pipe Netwo rk for Rain and Sewag e Divers ion in the Gaomi ng Distric t Produc tion Base, Foshan City, Guang dong Provin ce	8,000 ,000. 00	198,1 13.21	3,428 ,042. 56			3,626 ,155. 77	46.00 %	52.00 %				Other
The Project of the MES Contra ct of the Circuit Board Works hop			814,4 89.37			814,4 89.37	0.00%	80.00 %				Other
The	450,0	497,8	-0.01			497,8	102.0	99.00				Other

Circular Automatic Downlight Assembly Line. Work Order No.: 21007 Gaoming Ceiling Downlight Workshop	00.00	89.31				89.30	0%	%				
The Project of Relocation and Renovation of the Halogen Lamp Workshop (formerly T8 III)	1,874,500.00	303,308.37	649,343.04			952,651.41	52.00%	60.00%				Other
The PLM system	2,250,978.00	411,239.71				411,239.71	21.00%	30.00%				Other
A batch of	14,676,705.40	594,723.15		594,723.15		0.00	98.24%	98.24%				Other

machinery and equipment from Chongqing Guinuo Lighting Technology Co., Ltd. (Chongqing Guinuo)												
The LED R&D and Production Base on Jihua Second Road. Others (sporadic equipment)	16,550,000.00	7,348,850.20	12,014,860.18	17,962,468.80		1,401,241.58	85.02%					Other
The Project of Production Expansion of	913,412,500.00	107,986,244.68	85,471,636.87	173,758,742.29		19,699,139.26	93.33%					Other

Packaging Components and Chips of New-generation LEDs												
The Project of the Geely Industrial Park	1,714,546,700.00	234,319,701.33	9,542,742.29	3,433,628.26		240,428,815.36	15.43%					Other
The Project of Production Expansion of Chips and LEDs	20,390,000.00	2,217,699.14	4,033,628.27	3,323,893.77		2,927,433.64	58.95%					Other
The sporadic equipment of Foshan Nation Star Semiconductor Technology Co., Ltd.	14,157,853.80	4,793,237.86	370,115.00	4,652,186.81		511,166.05	67.08%					Other

Total	3,836,060.20	1,072,253.77	166,503.33	203,725.64		1,035,030.931.76			36,640,953.02			
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### (3) List of the Withdrawal of the Depreciation Reserves for Construction in Progress

Unit: RMB

Item	Amount withdrawn	Reason for withdrawal
Oxidation line engineering	1,318,800.00	Idleness
Total	1,318,800.00	--

### (4) Engineering Materials

Naught

## 23. Productive Living Assets

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

Applicable  Not applicable

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

Applicable  Not applicable

## 24. Oil and Gas Assets

Applicable  Not applicable

## 25. Right-of-use Assets

Unit: RMB

Item	Houses and buildings	Land use right	Total
I. Original carrying value			
1. Beginning balance	17,864,418.29	25,688,364.03	43,552,782.32
2. Increased amount of the period	1,426,984.46		1,426,984.46
(1) Leased in	1,426,984.46		1,426,984.46
3. Decreased amount of the period	255,370.07		255,370.07
(1) Disposal	255,370.07		255,370.07
4. Ending balance	19,036,032.68	25,688,364.03	44,724,396.71
II. Accumulated amortization			
1. Beginning balance	5,377,288.39	24,049,287.85	29,426,576.24
2. Increased amount of the period	3,701,364.73	612,660.58	4,314,025.31

(1) Withdrawal	3,701,364.73	612,660.58	4,314,025.31
3. Decreased amount of the period	379,712.89		379,712.89
(1) Disposal	379,712.89		379,712.89
4. Ending balance	8,698,940.23	24,661,948.43	33,360,888.66
III. Depreciation reserves			
1. Beginning balance			
2. Increased amount of the period			
(1) Withdrawal			
3. Decreased amount of the period			
(1) Disposal			
4. Ending balance			
IV. Carrying value			
1. Ending carrying value	10,337,092.45	1,026,415.60	11,363,508.05
2. Beginning carrying value	12,487,129.90	1,639,076.18	14,126,206.08

## 26. Intangible Assets

### (1) List of Intangible Assets

Unit: RMB

Item	Land use right	Patent	Non-patent technology	Software use right	Others	Total
I. Original carrying value						
1. Beginning balance	449,104,554.53	19,301,370.39		29,895,792.52	24,344,062.26	522,645,779.70
2. Increased amount of the period				1,687,660.31		1,687,660.31
(1) Purchase				1,687,660.31		1,687,660.31
(2) Internal R&D						
(3) Business combination increase						
3. Decreased amount of the period		1,141,509.42		5,421.50		1,146,930.92
(1) Disposal		1,141,509.42		5,421.50		1,146,930.92



4. Ending balance	449,104,554.53	18,159,860.97		31,578,031.33	24,344,062.26	523,186,509.09
II. Accumulated amortization						
1. Beginning balance	96,525,621.78	18,579,985.33		13,864,588.55	24,332,807.83	153,303,003.49
2. Increased amount of the period	4,633,012.89	222,875.07		1,284,927.22	6,138.70	6,146,953.88
(1) Withdrawal	4,633,012.89	222,875.07		1,284,927.22	6,138.70	6,146,953.88
3. Decreased amount of the period		929,952.53				929,952.53
(1) Disposal		929,952.53				929,952.53
4. Ending balance	101,158,634.67	17,872,907.87		15,149,515.77	24,338,946.53	158,520,004.84
III. Depreciation reserves						
1. Beginning balance				388,613.87		388,613.87
2. Increased amount of the period						
(1) Withdrawal						
3. Decreased amount of the period						
(1) Disposal						
4. Ending balance				388,613.87		388,613.87
IV. Carrying value						
1. Ending carrying value	347,945,919.86	286,953.10		16,039,901.69	5,115.73	364,277,890.38
2. Beginning carrying value	352,578,932.75	721,385.06		15,642,590.10	11,254.43	368,954,162.34

The proportion of intangible assets formed from the internal R&D of the Company at the period-end to the ending balance of intangible assets was 0%.

## (2) Land Use Right with Certificate of Title Uncompleted

Naught

## 27. Development Costs

Naught

## 28. Goodwill

### (1) Original Carrying Value of Goodwill

Unit: RMB

Name of the invested units or events generating goodwill	Beginning balance	Increase		Decrease		Ending balance
		Formed by business combination		Disposal		
Nanning Liaowang Auto Lamp Co., Ltd.	16,211,469.82					16,211,469.82
Foshan NationStar Optoelectronics Co., Ltd.	405,620,123.64					405,620,123.64
Total	421,831,593.46					421,831,593.46

### (2) Depreciation Reserves of Goodwill

Naught

Other notes:

In 2014, Guangdong Electronics Information Industry Group Ltd., a wholly-owned subsidiary of Guangdong Rising Holdings Group Co., Ltd., acquired NationStar. The difference between the fair value and NationStar's equity attributable to its shareholders on the date of acquisition resulted in a goodwill of RMB405,620,123.64.

## 29. Long-term Prepaid Expense

Unit: RMB

Item	Beginning balance	Increased amount	Amortization amount of the period	Other decreased amount	Ending balance
Expense on maintenance and decoration	53,715,154.13	3,937,631.77	8,835,275.10		48,817,510.80
Mould	85,904,279.61	92,939,851.70	55,913,148.49	7,976,283.18	114,954,699.64
Boarding box	2,991,248.46		1,769,090.34		1,222,158.12
Other	10,115,830.36	3,197,070.34	3,472,785.53		9,840,115.17
Total	152,726,512.56	100,074,553.81	69,990,299.46	7,976,283.18	174,834,483.73

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

#### (1) Deferred Income Tax Assets that 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
Provision for impairment of assets	343,849,141.56	52,131,048.21	336,887,150.45	51,499,888.34
Unrealized profit of internal transactions	15,842,184.29	2,376,327.64	21,677,239.37	3,251,585.91
Deductible loss	32,499,529.28	6,913,494.03	36,016,962.39	7,312,677.73
Depreciation of fixed assets	59,870,010.69	8,980,501.62	63,273,361.51	9,491,004.25
Payroll payable	36,470,119.42	5,470,517.91	51,262,888.11	7,689,433.22
Change in fair value of trading financial liabilities	6,698,629.55	1,004,794.43	154,129.55	23,119.43
Accrued liabilities	17,418,343.01	2,612,751.45	17,418,343.01	2,612,751.45
Others	1,262,443.60	466,005.70	1,625,953.13	364,138.46
Lease liabilities	114,035.93	17,189.79	114,035.93	17,189.79
<b>Total</b>	<b>514,024,437.33</b>	<b>79,972,630.78</b>	<b>528,430,063.45</b>	<b>82,261,788.58</b>

#### (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
Assets assessment appreciation from business consolidation not under the same control	91,030,799.80	13,654,619.97	93,485,366.87	14,022,805.03
Changes in fair value of other investments in equity instruments	881,335,527.03	132,200,329.05	1,152,615,606.86	172,892,341.03
Changes in fair value of trading financial assets	816,070.56	178,835.44	4,912,265.32	776,194.13
One-off depreciation of fixed assets	712,642,232.89	106,896,334.93	616,542,996.01	92,481,449.40
<b>Total</b>	<b>1,685,824,630.28</b>	<b>252,930,119.39</b>	<b>1,867,556,235.06</b>	<b>280,172,789.59</b>

#### (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		79,972,630.78		82,261,788.58
Deferred income tax liabilities		252,930,119.39		280,172,789.59

#### (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

### 31. Other Non-current Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Prepayments for equity acquisition (note)	10,000,000.00	10,000,000.00		465,129,434.98	10,000,000.00	455,129,434.98
Prepayments for construction and equipment	49,249,379.04		49,249,379.04	43,316,448.13		43,316,448.13
Assets of subsidiaries to be cleared and cancelled	743,297.93		743,297.93	903,887.30		903,887.30
<b>Total</b>	<b>59,992,676.97</b>	<b>10,000,000.00</b>	<b>49,992,676.97</b>	<b>509,349,770.41</b>	<b>10,000,000.00</b>	<b>499,349,770.41</b>

Other notes:

Notes:

1. The other non-current assets of RMB455 million at the beginning of the period was the advance payment for the equity acquisition (such payment accounted for 30% of the total price of the equity acquisition) paid by NationStar Optoelectronics to the original shareholders of NationStar Optoelectronics, in accordance with the *Share Transfer Agreement*. The merger under the same control for the current period has been completed.

2. The Company's subsidiary, NationStar Optoelectronics, entered into the *Capital Injection Agreement* with Nanyang Xicheng Technology Co., Ltd. (Xicheng Tech). The Company paid RMB10 million for capital injection. Later, the agreement was re-signed to change the investment method. In order to address issues related to the above payment, NationStar Optoelectronics filed a lawsuit with the court, claiming the return of the above payment for capital injection. Currently, the court has rejected the claim. As of the end of the Reporting Period, the impairment provision had been set aside in full.

### 32. Short-term Borrowings

#### (1) Category of Short-term Borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Mortgage loans	65,000,000.00	
Guarantee loans		97,700,000.00
Credit loans		128,914,000.00
Interest from short-term borrowings	115,000.00	165,997.01
Total	65,115,000.00	226,779,997.01

Notes of short-term borrowings category:

List of short-term borrowings as of 30 June 2022 was as follows:

Unit: RMB

Borrowing contract number	Loan balance	Term of borrowing	Conditions of loan	Annual interest rate (%)
XY WYZH2022050700423	15,000,000.00	2022-5-7 to 2023-5-7	Mortgage	2.97
XY WYZH2022021100248	30,200,000.00	2022-2-11 to 2023-2-11	Mortgage	2.76
XY WYZH2022021100314	19,800,000.00	2022-2-11 to 2023-2-11	Mortgage	2.76
Total	65,000,000.00	—	—	—

Note: see Note XIV-3. Others in Part X for details about guarantees of short-term borrowings.

#### (2) List of the Short-term Borrowings Overdue but not Returned

Naught

### 33. Held-for-trading Financial Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Including:		
Financial liabilities designated to be measured at fair value through profit or loss	6,544,500.00	9,367.37
Including:		
Other	6,544,500.00	9,367.37
Total	6,544,500.00	9,367.37

### 34. Derivative Financial Liabilities

Naught

### 35. Notes Payable

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	1,607,406,305.48	2,067,111,789.71
Total	1,607,406,305.48	2,067,111,789.71

The total amount of the due but not paid notes payable at the end of the period was of RMB0.00.

### 36. Accounts Payable

#### (1) List of Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Accounts payable	2,228,681,333.31	2,429,896,658.92
Total	2,228,681,333.31	2,429,896,658.92

#### (2) Significant Accounts Payable Aging over One Year

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
Supplier A	32,217,532.68	No settlement yet for quality dispute
Supplier B	11,091,509.09	No settlement yet for quality dispute
Supplier C	2,568,149.78	No settlement yet for quality dispute
Supplier D	2,525,721.16	No settlement yet for quality dispute
Supplier E	2,110,178.88	No settlement yet for quality dispute
Supplier F	1,257,661.77	No settlement yet for quality dispute
Total	51,770,753.36	

### 37. Advances from Customer

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

Unit: RMB

Item	Ending balance	Beginning balance
Advances from customers	4,959,545.56	8,106,923.79
Total	4,959,545.56	8,106,923.79

## (2) Significant Advances from Customers Aging over One Year

Naught

## 38. Contract Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Contract liabilities	161,528,315.35	140,228,127.84
Total	161,528,315.35	140,228,127.84

Significant changes in amount of carrying value and the reason in the Reporting Period

Naught

## 39. Employee Benefits Payable

### (1) List of Employee Benefits Payable

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	167,333,777.54	640,377,296.30	667,411,966.26	140,299,107.58
II. Post-employment benefit-defined contribution plans	450,312.10	50,630,612.22	50,391,435.31	689,489.01
III. Termination benefits		34,907.78	34,907.78	
Total	167,784,089.64	691,042,816.30	717,838,309.35	140,988,596.59

### (2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	164,406,249.14	563,033,208.86	589,519,439.23	137,920,018.77
2. Employee welfare	793,469.95	31,796,269.92	31,922,739.41	667,000.46
3. Social insurance	477,866.35	25,494,234.34	25,735,883.50	236,217.19
Of which: Medical insurance premiums	405,051.37	24,376,859.15	24,626,222.78	155,687.74
Work-related injury insurance	68,516.97	1,074,573.06	1,066,858.59	76,231.44
Maternity insurance	4,298.01	42,802.13	42,802.13	4,298.01
4. Housing fund	162,954.71	14,238,109.71	14,130,367.52	270,696.90
5. Labor union budget	1,493,237.39	5,815,473.47	6,103,536.60	1,205,174.26

and employee education budget				
Total	167,333,777.54	640,377,296.30	667,411,966.26	140,299,107.58

### (3) List of Defined Contribution Plans

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits	435,529.62	48,061,567.85	47,833,007.93	664,089.54
2. Unemployment insurance	14,782.48	739,364.37	728,747.38	25,399.47
3. Annuity		1,829,680.00	1,829,680.00	
Total	450,312.10	50,630,612.22	50,391,435.31	689,489.01

Other notes:

The Company participates in the scheme of pension insurance and unemployment insurance established by government agencies as required. According to the scheme, fees are paid to it on a monthly basis and at the rate of stipulated by government agencies. In addition to the above monthly deposit fees, the Company no longer assumes further payment obligations. Corresponding expenses are recorded into the current profits or losses or the cost of related assets when incurred.

### (4) Termination Benefits

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Compensation for termination of labor relations		34,907.78	34,907.78	
2. Estimated internal staff expenditure				
Total		34,907.78	34,907.78	

## 40. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	43,758,037.53	18,987,452.44
Corporate income tax	19,928,441.78	55,204,098.83
Personal income tax	982,742.53	3,520,595.97
Urban maintenance and construction tax	3,373,803.44	2,527,033.79
VAT of land		6,392,510.40
Education surcharge	2,358,869.88	1,870,243.81
Property tax	3,891,553.04	829,364.85
Land use tax	2,379,358.66	545,215.31
Other	702,115.71	1,104,959.20
Total	77,374,922.57	90,981,474.60



## 41. Other Payables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends payable	15,646.07	15,646.07
Other payables	297,813,287.26	333,113,125.74
Total	297,828,933.33	333,128,771.81

### (1) Interest Payable

Naught

### (2) Dividends Payable

Unit: RMB

Item	Ending balance	Beginning balance
Ordinary share dividends	15,646.07	15,646.07
Total	15,646.07	15,646.07

### (3) Other Payables

#### 1) Other Payables Listed by Nature

Unit: RMB

Item	Ending balance	Beginning balance
Payments for demolition	37,232,380.44	54,990,047.00
Performance bond	67,505,949.95	56,777,893.86
Relevant expense of sales	13,665,427.58	11,266,922.58
Account current	9,773,968.09	186,628,343.72
Other	169,635,561.20	23,449,918.58
Total	297,813,287.26	333,113,125.74

#### 2) Significant Other Payables Aging over One Year

Unit: RMB

Item	Ending balance	Reason for not repayment or carry-over
Unit A	5,752,000.00	Unsettled for involving in lawsuits
Unit B	120,352,181.20	Unsettled
Total	126,104,181.20	

## 42. Liabilities Held for sale

Naught

## 43. Current Portion of Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Current portion of long-term borrowings (note)	20,122,394.84	19,423,561.38
Current portion of lease liabilities	10,261,123.91	8,176,624.77
Total	30,383,518.75	27,600,186.15

#### 44. Other Current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Pending changerover output VAT	9,952,101.27	10,577,082.29
Total	9,952,101.27	10,577,082.29

#### 45. Long-term Borrowings

##### (1) Category of Long-term Borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Credit borrowings	555,550,952.38	
Interest of long-term borrowings	1,039,515.37	
Total	556,590,467.75	

Notes:

List of long-term borrowings as of 30 June 2022:

Unit: RMB

Borrowing contract number	Loan balance	Term of borrowing	Conditions of loan	Annual interest rate
China Development Bank 4410202101100001613	US\$40,000,000.00	2022.01.06 to 2025.01.06	Credit loans	3.2689%
China Development Bank 4410202101100001613	US\$10,000,000.00	2022.02.22 to 2025.01.06	Credit loans	3.2689%
Project Loan of China Development Bank 4410202201100001709	20,000,000.00	2022.06.29 to 2023.12.10	Credit loans	2.80%
Project Loan of China Development Bank 4410202201100001709	20,000,000.00	2022.06.29 to 2024.06.10	Credit loans	2.80%
Project Loan of China Development Bank 4410202201100001709	20,000,000.00	2022.06.29 to 2024.12.10	Credit loans	2.80%
Project Loan of China Development Bank 4410202201100001709	20,000,000.00	2022.06.29 to 2025.06.10	Credit loans	2.80%

Project Loan of China Development Bank 4410202201100001709	20,000,000.00	2022.06.29 to 2025.12.10	Credit loans	2.80%
Project Loan of China Development Bank 4410202201100001709	20,000,000.00	2022.06.29 to 2026.06.10	Credit loans	2.80%
Project Loan of China Development Bank 4410202201100001709	20,000,000.00	2022.06.29 to 2026.12.10	Credit loans	2.80%
Project Loan of China Development Bank 4410202201100001709	30,000,000.00	2022.06.29 to 2027.06.29	Credit loans	2.80%
Project Loan of China Development Bank 4410202201100001708	119,047.62	2022.05.30 to 2023.12.10	Credit loans	3.40%
Project Loan of China Development Bank 4410202201100001708	119,047.62	2022.05.30 to 2024.06.10	Credit loans	3.40%
Project Loan of China Development Bank 4410202201100001708	119,047.62	2022.05.30 to 2024.12.10	Credit loans	3.40%
Project Loan of China Development Bank 4410202201100001708	8,333,333.33	2022.05.30 to 2025.06.10	Credit loans	3.40%
Project Loan of China Development Bank 4410202201100001708	8,333,333.33	2022.05.30 to 2025.12.10	Credit loans	3.40%
Project Loan of China Development Bank 4410202201100001708	8,333,333.33	2022.05.30 to 2026.06.10	Credit loans	3.40%
Project Loan of China Development Bank 4410202201100001708	8,333,333.33	2022.05.30 to 2026.12.10	Credit loans	3.40%
Project Loan of China Development Bank 4410202201100001708	16,190,476.20	2022.05.30 to 2027.05.30	Credit loans	3.40%
Construction Project Loan of Guangzhou Branch of Minsheng Bank GGDZ No. ZH2200000071614	5,000.00	2022.06.28 to 2024.11.27	Credit loans	3.70%
Construction Project Loan of Guangzhou Branch of Minsheng Bank GGDZ No. ZH2200000071614	5,000.00	2022.06.28 to 2025.05.27	Credit loans	3.70%
Construction Project Loan of Guangzhou Branch of Minsheng Bank GGDZ No. ZH2200000071614	10,000.00	2022.06.28 to 2025.11.27	Credit loans	3.70%
Construction Project Loan of Guangzhou Branch of Minsheng Bank GGDZ No. ZH2200000071614	10,000.00	2022.06.28 to 2026.05.27	Credit loans	3.70%
Construction Project Loan of Guangzhou Branch of Minsheng Bank GGDZ No. ZH2200000071614	10,000.00	2022.06.28 to 2026.11.27	Credit loans	3.70%
Construction Project Loan of Guangzhou Branch of Minsheng Bank GGDZ No. ZH2200000071614	10,000.00	2022.06.28 to 2027.05.27	Credit loans	3.70%
Construction Project Loan of Guangzhou Branch of Minsheng Bank GGDZ No. ZH2200000071614	10,000.00	2022.06.28 to 2027.11.27	Credit loans	3.70%
Construction Project Loan of Guangzhou Branch of Minsheng Bank GGDZ No. ZH2200000071614	10,000.00	2022.06.28 to 2028.05.27	Credit loans	3.70%
Construction Project Loan of Guangzhou Branch of Minsheng Bank GGDZ No. ZH2200000071614	10,000.00	2022.06.28 to 2028.11.27	Credit loans	3.70%

Construction Project Loan of Guangzhou Branch of Minsheng Bank GGDZ No. ZH2200000071614	10,000.00	2022.06.28 to 2029.05.27	Credit loans	3.70%
Construction Project Loan of Guangzhou Branch of Minsheng Bank GGDZ No. ZH2200000071614	5,000.00	2022.06.28 to 2029.11.27	Credit loans	3.70%
Construction Project Loan of Guangzhou Branch of Minsheng Bank GGDZ No. ZH2200000071614	5,000.00	2022.06.28 to 2030.05.27	Credit loans	3.70%
Total	US\$50,000,000.00			
	219,980,952.38			

#### 46. Bonds Payable

##### (1) List of Bonds Payable

Naught

##### (2) Increase/Decrease of Bonds Payable (Excluding Other Financial Instrument Classified as Financial Liabilities such as Preferred Shares and Perpetual Bonds)

Naught

##### (3) Notes to the Conditions and Time of the Shares Transfer of the Convertible Corporate Bonds

Naught

##### (4) Notes to Other Financial Instruments Classified as Financial Liabilities

Naught

#### 47. Lease Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Lease liabilities	11,403,854.44	15,921,272.74
Less: current portion of lease liabilities	-4,116,411.77	-7,855,712.16
<b>Total</b>	<b>7,287,442.67</b>	<b>8,065,560.58</b>

Analysis on maturity date of lease liabilities

Unit: RMB

Item	Ending balance	Beginning balance
1 to 2 years	2,902,042.05	2,983,039.14
3 to 5 years	4,385,400.62	4,095,243.05
Over 5 years	-	987,278.39
<b>Total</b>	<b>7,287,442.67</b>	<b>8,065,560.58</b>

## 48. Long-term Payables

Unit: RMB

Item	Ending balance	Beginning balance
Long-term payables	0.00	0.00

### (1) Long-term Payables Listed by Nature

Unit: RMB

Item	Ending balance	Beginning balance
Principal and interest of financing lease borrowings (note)	6,341,995.19	19,423,561.38
Less: Current portion of long-term payables	6,341,995.19	19,423,561.38
Total	0.00	0.00

Other notes:

Note: The ending balance is generated from the financial leasing business of Nanning Liaowang.

### (2) Specific Payables

Naught

## 49. Long-term Employee Benefits Payable

### (1) List of Long-term Payroll Payable

Naught

### (2) Changes in Defined Benefit Plans

Naught

## 50. Provisions

Unit: RMB

Item	Ending balance	Beginning balance	Reason for formation
Product quality assurance	18,378,155.88	17,418,343.01	Withdrawal of customers' claims for quality and product quality assurance expenses
Total	18,378,155.88	17,418,343.01	

## 51. Deferred Income

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
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Government grants	116,761,570.35	13,164,706.27	21,703,013.47	108,223,263.15	
<b>Total</b>	<b>116,761,570.35</b>	<b>13,164,706.27</b>	<b>21,703,013.47</b>	<b>108,223,263.15</b>	

Item involving government grants:

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 to income
The Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with High Color Rendering Index for Illumination	4,590,348.80			328,521.60			4,261,827.20	Related to assets
The Project of the Innovation in Packaging Technology and Technological Transformation of Key	2,340,610.65			269,756.22			2,070,854.43	Related to assets

Packaging Equipment of LEDs with Small Spacing for Display								
The Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with Small Spacing for Display (Phase II)	3,959,107.65			240,686.70			3,718,420.95	Related to assets
The Industrialization and Application of High-power LEDs	2,299.50			1,971.00			328.50	Related to assets
The Key Technology in the Industrialization of LED Indoor Lighting Sources with High Reliability and Directional	30,448.12			7,314.36			23,133.76	Related to assets

ity								
The Light-converting Films and Components of Highly Efficient White-light LEDs	1,322,376.26			294,038.46			1,028,337.80	Related to assets
The Structural Design of Epitaxial Wafers and Chips of Highly Efficient LEDs and the R&D of Key Technology in Industrialization	774,741.64			164,174.16			610,567.48	Related to assets
The Research and Implementation of Standard Optical Components of LEDs for Illumination	97,557.92			18,744.12			78,813.80	Related to assets
The Industrialization of LED Flip-chips and Light Source	475,956.81			54,586.51			421,370.30	Related to assets



Modules for the Backlight of Large-size LCDs								
The Central R&D Institute of NationStar Optoelectronics	48,196.60			4,709.40			43,487.20	Related to assets
The R&D and Industrialization of the Optical Components of LEDs with Integrated Circuits (ICs)	37,559.42			37,559.42				Related to income
The Research and Industrialization of LED Flip-chips with Combined Electrodes and Chip Scale Package (CSP) with Thin Film Substrates	52,662.57			4,034.71			48,627.86	Related to assets
The Research and Industrialization of	294,305.00			27,331.38			266,973.62	Related to assets

Near Ultraviolet LED Flip-chips with High Density and Power and Their Packaging								
The Research and Industrialization of the Fluorescent Coating Process of High-quality LEDs and the Key Packaging Technology of Highly Efficient White-light LEDs	131,956.70			9,299.22			122,657.48	Related to assets
The Projects of the Production Expansion and Technological Transformation of Components of Small-spacing and Outdoor LED Displays	22,197,600.80			2,032,275.84			20,165,324.96	Related to assets

The Key Packaging Technology and Industrialization of LED Chips	13,476.00			3,978.60			9,497.40	Related to assets
The R&D of Chip-on-Board (COB) Integrated Packaging and Systems of LED Displays with High Density and Small Spacing	84,920.52	1,100,000.00		1,106,061.68			78,858.84	Related to assets/income
The Research on the Key Technology in the Packaging and Application of Full-spectrum White-light LEDs and LEDs for Wide Color Gamut Backlight	36,008.52			2,512.62			33,495.90	Related to assets
The Research and Application of Epitaxial Wafers,	603,919.62			363,472.59			240,447.03	Related to income

Chips, and Packaging of Near Ultraviolet Silica-based AlGaN Vertical LEDs with High Power								
The Technology Research on Color Micro-LED Displays and Ultra-high Brightness Micro Displays	116,348.91			36,348.91			80,000.00	Related to income
The Research and Industrialization of New and High-performance Display Components	1,537,498.09			769,003.78			768,494.31	Related to income
The Research on the Key Technology of High-lumen Compound Reflex LED Chips for Automobile	367,534.48	1,800,000.00		1,029,372.73			1,138,161.75	Related to income

es and High-density Matrix Packaging								
The Technology Research and Industrialization of the Micro Display Module Based on Highly Efficient Color Conversion	43,754.74	340,000.00		108,309.97			275,444.77	Related to income
New Ceramic Substrates for the Packaging with Inorganic Materials of Power Electronics	192,775.80			10,836.30			181,939.50	Related to assets
The Research on the Key Technology and Innovative Application of Deep Ultraviolet Solid-state Light Sources	1,067,475.44			253,944.76			813,530.68	Related to income
The Key Labs of Semiconductor Micro	1,216,601.56			489,875.68			726,725.88	Related to income

Display Enterprises in Guangdong Province (for 2020)								
The R&D and Industrialization of Quantum Dot Light-emitting Materials and Components with Low Environmental Pollution	355,431.48			87,141.04			268,290.44	Related to income
The Demonstration of Industrial Internet of Things (IIOT) Applications for LED Production Control	957,037.07			374,369.85			582,667.22	Related to assets/income
The Guangdong-Hong Kong-Macao Joint Lab of Intelligent Micro-nano Photoelectric Technology	873,271.85			348,873.55			524,398.30	Related to income
Others	6,867,900.00	500,000.00		268,537.64			7,099,362.36	Related to assets

The Subsidy for Metal-organic Chemical Vapor Deposition (MOCVD)	42,090,261.19			9,999,999.60			32,090,261.59	Related to assets
The Project of Resource Conservation and Environmental Protection	6,059,215.88			904,683.72			5,154,532.16	Related to assets
The Technology R&D Center of Epitaxial Wafers and Chips of LEDs	66,000.28			10,999.98			55,000.30	Related to assets
The Research and Industrialization of LED Chips for Displays with Micro Spacing and Key Packaging Technology	75,000.00			7,500.00			67,500.00	Related to assets
The Key Technology R&D of New High-voltage High-speed	67,666.64			6,000.00			61,666.64	Related to assets

LEDs for the Conductivity and Illumination of Optical Communication Devices								
The R&D Project of Wafer-level Growth of GaN Nanowire Arrays and Ultraviolet Detector Chips	662,368.68			310,611.41			351,757.27	Related to income
The Research on the Key Technology of Full-color Micro-LED Displays with High Brightness and Contrast	2,096,708.45	502,006.27		402,926.54			2,195,788.18	Related to income
The Visible Light Communication and Positioning System for the Industrial Internet of Things (IIOT)	540,000.00			21,175.39			518,824.61	Related to income
The Project		6,822,700.00		190,473.97			6,632,226.03	Related to assets



of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with High Color Rendering Index for Illumination (Phase II)								
The Research on the Key Technology of 4K/8K Full-color Micro-LED Displays with Ultra-High Definition (UHD)		2,100,000.00					2,100,000.00	Related to income
The First Batch of Special Funds for the Industrial and Information Development for the Guangxi Zhuang	2,166,666.85			199,999.98			1,966,666.87	Related to assets

Autonomous Region for 2017 (technical transformation) for Liuzhou Guige Photoelectric Technology Co., Ltd. (Liuzhou Guige)								
The Innovation Fund for Enterprises in Liudong New Area for 2017 for Liuzhou Guige	900,000.00			75,000.00			825,000.00	Related to assets
The Project of the First Batch of Support Funds for Enterprises in Liuzhou City for 2017 for Liuzhou Guige	1,800,000.00			150,000.00			1,650,000.00	Related to assets
The Project of the First Batch of Support Funds for Enterprises in Liuzhou City for 2018 for Liuzhou	405,999.89			28,000.02			377,999.87	Related to assets

Guige								
The Project of Support Funds for Enterprises in Liuzhou City for 2020 for Liuzhou Guige	916,666.65			100,000.02			816,666.63	Related to assets
The Project of the Third Batch of Special Funds of Innovation-driven Development for the Guangxi Zhuang Autonomous Region for 2018 for Liuzhou Guige	712,000.00			48,000.00			664,000.00	Related to assets
The Project of Financial Support for Developing Liuzhou City into an Industrial Internet of Things (IIOT) Demonstration City for 2021 for Liuzhou Guige	737,333.32			79,000.02			658,333.30	Related to assets
The Second	1,966,666.66			100,000.02			1,866,666.64	Related to assets

Batch of Support Funds for the "Technological Transformation of Thousands of Enterprises" in the Guangxi Zhuang Autonomous Region for 2021								
Funding for innovative projects	352,000.00			24,000.00			328,000.00	Related to income
The Special Fund of the Science and Technology Department of the Guangxi Zhuang Autonomous Region for Innovation-driven Development for 2020	108,000.00			6,000.00			102,000.00	Related to income
The Fund for the Project of the Management Committee of the	576,000.04			31,999.98			544,000.06	Related to income

Liuzhou High-tech Industrial Development Zone								
The Fund for the Intelligent Transformation and Upgrading Projects of Automobile Enterprises for 2021	623,333.30			34,000.02			589,333.28	Related to income
The Second Batch of Special Funds for the Industrial and Information Development of the City for 2019	2,100,000.00			150,000.00			1,950,000.00	Related to assets
The 14th Batch of Industrial Support Funds for 2019	1,050,000.00			75,000.00			975,000.00	Related to assets
Total	116,761,570.35	13,164,706.27	0.00	21,703,013.47	0.00	0.00	108,223,263.15	

## 52. Other Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Liabilities of subsidiaries to be cleared and cancelled	11,334.19	22,653.46
Total	11,334.19	22,653.46

### 53. Share Capital

Unit: RMB

	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Bonus issue from profit	Other (note)	Subtotal	
The sum of shares	1,399,346,154.00				-37,351,507.00	-37,351,507.00	1,361,994,647.00

Other notes:

Item/Investor	Beginning balance		Increase	Decrease	Ending balance	
	Invested amount	Proportion			Invested amount	Proportion
Restricted shares	13,169,196.00	0.94%		2,403,332.00	10,765,864.00	0.79%
Unrestricted shares	1,386,176,958.00	99.06%		34,948,175.00	1,351,228,783.00	99.21%
Total	1,399,346,154.00	100.00%		37,351,507.00	1,361,994,647.00	100.00%

Note: Other decrease in share capital was due to deregistration of treasury shares. For details, please refer to Part VI-XIII. Other Significant Events-Cancellation of Shares of this Report.

### 54. Other Equity Instruments

#### (1) The Basic Information of Other Financial Instruments such as Preferred Stock and Perpetual Bond Outstanding at the End of the Period

Naught

#### (2) Changes in Financial Instruments such as Preferred Stock and Perpetual Bond Outstanding at the End of the Period

Naught

### 55. Capital Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium (premium on stock)	979,245,995.62		979,245,995.62	0.00
Other capital reserves	14,868,571.54		7,622,600.00	7,245,971.54
Total	994,114,567.16		986,868,595.62	7,245,971.54

Other notes, including changes and reason of change:

1. The cancellation of treasury shares offset the capital reserve of RMB4,825,948.60.
2. Due to the merger of NationStar Optoelectronics under the same control in the current period, the opening balance of the capital reserve, upon retroactive adjustment, was RMB982,042,647.02. The merger in the current period decreased by RMB982,042,647.02.

## 56. Treasury Shares

Unit: RMB

Item	Beginning balance	Increase	Decrease (note)	Ending balance
Treasury shares (A-share)	201,955,572.33		119,790,428.18	82,165,144.15
Treasury shares (B-share)	48,645,302.21		48,645,302.21	
Total	250,600,874.54		168,435,730.39	82,165,144.15

Other notes, including changes and reason of change:

Note: The decrease in treasury shares for the Reporting Period was due to deregistration of treasury shares. For details, please refer to Part VI-XIII. Other Significant Events-Cancellation of Shares of this Report.

## 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 to profit or loss in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred to retained earnings 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	
I. Other comprehensive income that may not subsequently be reclassified to profit or loss	983,157,254.51	-150,743,920.40		100,917,224.19	-22,611,588.06	-229,049,556.53		754,107,697.98
Changes in fair value of other	983,157,254.51	-150,743,920.40		100,917,224.19	-22,611,588.06	-229,049,556.53		754,107,697.98

equity instrument investment								
II. Other comprehensive income that may subsequently be reclassified to profit or loss	-184,895.62	107,182.51				95,628.61	11,533.90	-89,267.01
Differences arising from translation of foreign currency-denominated financial statements	-184,895.62	107,182.51				95,628.61	11,533.90	-89,267.01
Total of other comprehensive income	982,972,358.89	-150,636,737.89		100,917,224.19	-22,611,588.06	-228,953,927.92	11,533.90	754,018,430.97

## 58. Specific Reserve

Naught

## 59. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	699,673,077.00		612,892,560.81	86,780,516.19
Discretionary surplus reserves	41,680,270.96		41,680,270.96	0.00
Total	741,353,347.96		654,572,831.77	86,780,516.19

Notes including changes and reasons thereof:

The decrease in surplus reserves for the Reporting Period is mainly due to the de-registration of treasury shares and the combination of NationStar under the same control in the Reporting Period.



## 60. Retained Earnings

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	3, 119, 317, 423. 25	1, 758, 462, 062. 48
Beginning balance of total retained earnings of adjustments (“+” for increase, “-“ for decrease)		169, 825, 049. 30
Beginning balance of retained earnings after adjustments	3, 119, 317, 423. 25	1, 928, 287, 111. 78
Add: Net profit attributable to owners of the Company as the parent	160, 664, 433. 28	293, 738, 869. 27
Dividend of ordinary shares payable	134, 899, 464. 70	143, 751, 806. 92
Add: Others (note)	-100, 917, 224. 19	-1, 041, 043, 249. 12
Ending retained earnings	3, 245, 999, 616. 02	3, 119, 317, 423. 25

List of adjustment of beginning retained earnings:

- (1) RMB0.00 beginning retained earnings was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- (2) RMB0.00 beginning retained earnings was affected by changes in accounting policies.
- (3) RMB0.00 beginning retained earnings was affected by correction of significant accounting errors.
- (4) RMB169,825,049.30 beginning retained earnings was affected by changes in combination scope arising from same control.
- (5) RMB0.00 beginning retained earnings was affected totally by other adjustments.

Other notes:

Note: Refer to the accumulative change of fair value which was transferred into retained earnings from other comprehensive income when stocks were sold in the Reporting Period.

## 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	4, 200, 923, 124. 71	3, 480, 433, 322. 74	3, 563, 272, 369. 88	2, 954, 407, 457. 50
Other operations	147, 345, 874. 60	107, 632, 475. 61	62, 927, 890. 29	55, 091, 879. 72
Total	4, 348, 268, 999. 31	3, 588, 065, 798. 35	3, 626, 200, 260. 17	3, 009, 499, 337. 22

Relevant information of revenue:

Category of contracts	Segment 1	Segment 2	Total
Types of products	4, 348, 268, 999. 31		4, 348, 268, 999. 31
Of which:			
General lighting products	1, 794, 373, 850. 48		1, 794, 373, 850. 48
LED packaging and component products	1, 285, 748, 494. 95		1, 285, 748, 494. 95
Vehicle lamp products	788, 150, 928. 31		788, 150, 928. 31

Epitaxy and chip products	57,483,341.92		57,483,341.92
Trade and other products	422,512,383.65		422,512,383.65
By operating places	4,348,268,999.31		4,348,268,999.31
Of which:			
Domestic	3,277,500,277.81		3,277,500,277.81
Overseas	1,070,768,721.50		1,070,768,721.50

Information related to performance obligations:

Naught

Information related to transaction value assigned to residual performance obligations:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB282,686,589.87 at the period-end.

## 62. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	7,260,191.27	7,329,896.91
Education surcharge	3,981,871.52	4,354,217.61
Property tax	7,097,473.37	4,823,023.37
Land use tax	2,985,827.87	2,550,114.66
Vehicle and vessel use tax	13,021.56	7,800.88
Stamp duty	3,644,570.41	2,268,530.04
Local education surcharge	997,922.28	911,424.77
VAT of land (note)	-2,047,738.45	403,671.24
Environmental protection tax	34,492.30	93,522.65
Others	402,358.19	988.75
Total	24,369,990.32	22,743,190.88

Other notes:

Note: It was mainly because of the land appreciation tax accrued for the sale of real estate in the previous period. The over-accrued land appreciation tax of RMB2,047,738.45 was released, when the actual payment was made this year.

## 63. Selling Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	55,164,807.55	47,774,786.46
Business propagandize fees and advertizing fees	18,529,841.39	12,593,620.80
Sales promotion fees	5,847,930.26	4,687,482.20
Business travel charges	2,109,153.50	3,945,263.27
Dealer meeting expense	516,954.49	201,586.16

Commercial insurance premium	2,387,669.16	2,132,533.15
Other	25,283,570.38	25,437,347.11
<b>Total</b>	<b>109,839,926.73</b>	<b>96,772,619.15</b>

#### 64. Administrative Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	109,407,584.44	83,987,194.14
Depreciation charge	19,194,923.21	15,037,827.30
Office expenses	10,061,100.07	8,318,762.66
Rent of land and management charge	298,021.09	1,842,382.96
Amortization of intangible assets	5,701,115.82	6,144,160.12
Utilities	3,880,679.53	372,571.56
Engineering decoration cost	2,822,639.45	3,786,630.64
Intermediary agency fee	3,536,961.00	2,870,509.21
Others	22,839,674.16	17,260,729.13
<b>Total</b>	<b>177,742,698.77</b>	<b>139,620,767.72</b>

#### 65. Development Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	97,286,487.05	73,244,875.54
Expense on equipment debugging	3,503,274.86	5,213,427.98
Certification and testing fee	4,983,719.59	4,174,101.50
Material consumption	27,204,093.78	6,478,539.00
Charges related to patents	1,323,834.59	944,967.99
Depreciation and long-term prepaid expense	21,427,223.15	17,196,866.49
Other	52,447,960.74	36,867,316.68
<b>Total</b>	<b>208,176,593.76</b>	<b>144,120,095.18</b>

Other notes:

1. In respect of R&D expense incurred by the Company, expense other than that on bench-scale and pilot-scale production is included in R&D expense; and sales revenue of products from bench-scale and pilot-scale production is included in core business revenue and the relevant costs are included in cost of sales of core business.
2. The R&D expense stood at RMB64,056,498.58 in the current period, up 44.45% year-on-year, primarily driven by acquisition of Nanning Liaowang, a subsidiary not under the same control in Q3 2021.

#### 66. Finance Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expense	6,688,232.76	2,871,203.53
Less: Interest income	12,905,461.82	14,130,946.82
Foreign exchange gains or losses	-18,641,308.34	5,974,891.14

Handling charge and others	857,892.01	1,632,843.88
Total	-24,000,645.39	-3,652,008.27

## 67. Other Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Government grants related to assets in carry-over deferred income	14,936,360.57	14,387,027.62
Government grants related to income in carry-over deferred income	5,665,652.84	5,523,368.01
Foshan's funds for promotion of robot application and industrial development	2,000,000.00	
The Support Fund of the Foshan Municipal Financial Bureau for Promoting the Digital Intelligent Transformation of the Manufacturing Industry in Foshan City for 2021	2,000,000.00	
The Special Fund for Promoting High-quality Economic Development	1,842,190.69	1,762,092.60
The Special Support Fund for the Industrial Internet of Things (IIOT) Development in Foshan City for 2021 (the Special Project of IIOT Demonstration) (the First Batch)	1,320,000.00	
The Subsidy of the Chancheng District Human Resources and Social Security Bureau, Foshan City, for the Skill Training of Millions of Workers for March 2022	1,148,000.00	
The Subsidy for Stabilizing Employment	1,126,686.47	
Service Charges Returned by the Taxation Administration	1,110,028.50	470,437.25
The Special Support Fund for the Industrial Internet of Things (IIOT) Development in Foshan City	892,500.00	
The Special Fund for the Vocational Skill Improvement Campaign	848,000.00	
The L.J.C.Y. [2021] No. 557 Industrial Support Fund of the Finance Bureau of Liang Jiang New Area, Chongqing	610,000.00	
The Support Fund of the Administration of the Chancheng Park of the Foshan High-tech Industrial Development Zone for Champion Manufacturing Enterprises in a Single Item for 2020	450,000.00	

The First Batch of Subsidies for the Special Project of SME Development and the Auxiliary Project of Industrial Chain Collaboration for 2022	427,200.00	
The N.C.G.J. [2021] No. 452 "Fund for Specialized and Refined Projects" in Nanning City of the Management Committee of the Nanning New & High-tech Industrial Development Zone	300,000.00	
The Subsidy for Employees' On-the-job Training		2,968,000.00
The R&D Subsidy for High-tech Enterprises		1,034,800.00
The Municipal Support Fund for the Industrial Design Development of Foshan City		1,000,000.00
The Support Fund Granted by the Administration of the Chancheng Park of the Foshan High-tech Industrial Development Zone to the Smart Factory Project in the Zone for 2020		1,000,000.00
The Social Subsidy Granted by the Chancheng District Human Resources and Social Security Bureau, Foshan City, to Support People with Employment Difficulties		553,814.44
The Municipal Special Fund for the Intellectual Property Rights for 2020		451,043.00
The Incentive for Developing Technological Innovation Platforms in Nanhai District for 2020 – Large Outstanding Enterprises – R&D Subsidies		366,752.33
The Special Fund Granted by the Administration of the Chancheng Park of the Foshan High-tech Industrial Development Zone to Leading Enterprises for 2020		300,000.00
The Reward Granted by the Administration of the Chancheng Park of the Foshan High-tech Industrial Development Zone for Enterprises First Recognized as Champion Manufacturing Enterprises in a Single Item in the Zone		300,000.00

for 2020		
Other	3,094,828.73	3,451,897.90
Total	37,771,447.80	33,569,233.15

## 68. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	650,457.40	37,460.99
Investment income from disposal of trading financial assets	285,376.51	87,850.30
Dividend income from holding of other equity instrument investment	16,055,272.93	
Income received from financial products and structural deposits	673,400.56	4,952,121.46
Other	1,949,237.46	416,050.00
Total	19,613,744.86	5,493,482.75

## 69. Net Gain on Exposure Hedges

Naught

## 70. Gain on Changes in Fair Value

Unit: RMB

Sources	Reporting Period	Same period of last year
Held-for-trading financial assets	35,436.66	1,993,168.20
Held-for-trading financial liabilities	-10,802,032.63	-63,379.90
Total	-10,766,595.97	1,929,788.30

## 71. Credit Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
Bad debt loss on other receivables	133,776.54	-750,332.27
Bad debt loss on accounts receivable	-16,527,279.88	2,085,332.87
Bad debt loss on notes receivable	-658,995.50	346,781.29
Total	-17,052,498.84	1,681,781.89

## 72. Asset Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
II. Loss on inventory valuation and contract performance cost	-19,418,381.89	-23,464,653.80

V. Loss on impairment of fixed assets	-3,529,839.61	
XII. Loss on impairment of contract assets	-439,922.48	
Total	-23,388,143.98	-23,464,653.80

### 73. Assets Disposal Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Disposal income of fixed assets	82,362.19	1,782,280.34

### 74. Non-operating Income

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Government grants	976,090.45		976,090.45
Total income from disposal of non-current assets	43,160.43	1,674,379.33	43,160.43
Of which: Income from disposal of fixed assets	43,160.43	1,674,379.33	43,160.43
Income from default money	165,006.53	35,284.41	165,006.53
Other	7,777,436.55	2,238,668.67	7,777,436.55
Total	8,961,693.96	3,948,332.41	8,961,693.96

### 75. Non-operating Expense

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Donations		1,340.00	
Total loss on disposal of non-current assets	5,943,227.86	3,146,405.63	5,943,227.86
Of which: loss on disposal of fixed assets	5,731,670.97	2,735,764.32	5,731,670.97
Loss on disposal of intangible assets	211,556.89		211,556.89
Losses on inventories	41,677.65	1.88	41,677.65
Penalty	249,481.71		249,481.71
Delaying payment	336,802.22	191,967.71	336,802.22
Other	1,272,873.58	354,929.89	1,272,873.58
Total	7,844,063.02	3,694,645.11	7,844,063.02

## 76. Income Tax Expense

### (1) List of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	25,578,945.18	38,957,223.88
Deferred income tax expense	15,562,966.83	4,382,154.87
Total	41,141,912.01	43,339,378.75

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

Unit: RMB

Item	Reporting Period
Profit before taxation	271,452,583.77
Current income tax expense accounted at statutory/applicable tax rate	40,717,887.57
Influence of applying different tax rates by subsidiaries	2,902,251.69
Influence of income tax before adjustment	-922,149.05
Influence of non-deductible costs, expenses and losses	-192,347.46
The effect of using deductible losses of deferred income tax assets that have not been recognized in the previous period	1,142,128.81
Investment income and dividend	-2,505,859.55
Income tax expense	41,141,912.01

## 77. Other Comprehensive Income

Refer to Note VII Notes to Main Items of Consolidated Financial Statements-57 for details.

## 78. Cash Flow Statement

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

Unit: RMB

Item	Reporting Period	Same period of last year
Deposit interest	12,342,006.20	16,315,569.45
Income from insurance compensation	5,333.08	24,207.40
Margin income	13,542,994.58	21,824,603.85
Rental income from property and equipment, utility	4,954,716.14	6,351,181.05
Income from subsidy	35,542,460.08	13,780,707.93
Income from waste	16,645,457.85	12,948,191.88
Other	36,300,827.42	18,573,282.49
Total	119,333,795.35	89,817,744.05



## (2) Cash Used in Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Administrative and R&D expense paid in cash	50,240,726.64	43,554,740.48
Selling expense paid in cash	34,362,534.37	89,858,190.79
Finance costs paid in cash	820,402.36	1,255,552.49
Returned cash deposit	12,156,399.92	13,794,280.53
Other	67,973,379.74	29,119,236.85
Total	165,553,443.03	177,582,001.14

## (3) Cash Generated from Other Investing Activities

Naught

## (4) Cash Used in Other Investing Activities

Naught

## (5) Cash Generated from Other Financing Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Cash deposit collected	53,126,214.00	1,339,606.80
Total	53,126,214.00	1,339,606.80

## (6) Cash Used in Other Financing Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Payment for cash deposit of bank acceptance bills	121.82	83,291,518.32
Intermediary fee for financing	125,624.96	37,077.04
Cash paid for acquisition under the same control	1,061,968,681.64	
Repurchase of treasury shares		220,895,890.55
Total	1,062,094,428.42	304,224,485.91

## 79. 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	230,310,671.76	195,002,479.47
Add: Provision for impairment of assets	40,440,642.82	21,782,871.91
Depreciation of fixed assets, oil-gas assets, and productive living assets	236,835,122.52	191,592,791.52
Depreciation of right-of-use assets	4,314,025.31	1,290,954.05
Amortization of intangible assets	6,146,953.88	7,375,589.07
Amortization of long-term prepaid expenses	69,990,299.46	8,701,088.44
Loss from disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	-82,362.19	-1,782,280.34
Losses from scrapping of fixed assets (gains: negative)	5,688,510.54	-628,095.29
Losses from changes in fair value (gains: negative)	10,766,595.97	-1,929,788.30
Finance costs (gains: negative)	6,688,232.76	2,871,203.53
Investment loss (gains: negative)	-19,613,744.86	-5,493,482.75
Decrease in deferred income tax assets (increase: negative)	2,289,157.80	2,232,103.26
Increase in deferred income tax liabilities (“-” for decrease)	27,242,670.20	2,150,051.61
Decrease in inventory (“-” for increase)	129,815,588.18	-170,321,475.30
Decrease in operating receivables (“-” for increase)	-206,126,131.90	-337,116,154.02
Increase in operating payables (“-” for decrease)	-394,671,325.86	530,485,149.34
Others		
Net cash generated from/used in operating activities	150,034,906.39	446,213,006.20
2. Significant investing and financing activities without involvement of cash receipts and payments		
Transfer of debts into capital		
Current portion of convertible corporate bonds		
Fixed assets leased in for financing		
3. Net increase/decrease of cash and cash equivalents:		
Ending balance of cash	1,387,999,909.22	1,957,385,232.91
Less: Beginning balance of cash	1,886,894,463.37	1,325,464,361.36
Add: Ending balance of cash		

equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-498,894,554.15	631,920,871.55

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

Unit: RMB

	Amount
Cash or cash equivalents paid in the Reporting Period for business combination occurring in the Reporting Period	1,061,968,681.64
Of which:	
Foshan NationStar Optoelectronics Co., Ltd.	1,061,968,681.64
Of which:	
Of which:	
Net payments for acquisition of subsidiaries	1,061,968,681.64

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

Naught

## (4) Cash and Cash Equivalents

Unit: RMB

Item	Ending balance	Beginning balance
Including: Cash on hand	68,284.86	24,635.14
Bank deposit on demand	1,386,515,662.37	1,787,545,524.78
Other monetary assets on demand	1,415,961.99	99,324,303.45
III. Ending balance of cash and cash equivalents	1,387,999,909.22	1,886,894,463.37

## 80. 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

## 81. Assets with Restricted Ownership or Right of Use

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary assets	448,713,603.58	Security deposit of notes, letter of guarantee, etc.

Notes receivable	821,993,782.57	Pledged for notes pool
Fixed assets	265,763,688.91	Related-party mortgage guarantee, see Part X-Note XIV-(III) Others for details
Intangible assets	11,119,256.27	Related-party mortgage guarantee, see Part X-Note XIV-(III) Others for details
Long-term deferred expense	1,081,877.32	Related-party mortgage guarantee, see Part X-Note XIV-(III) Others for details
Total	1,548,672,208.65	

## 82. Foreign Currency Monetary Items

### (1) Foreign Currency Monetary Items

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets			264,308,864.20
Of which: USD	33,219,428.25	6.7114	222,948,870.76
EUR	680,375.82	7.0084	4,768,345.90
HKD	51,801.82	0.8552	44,300.40
IDR	81,036,246,474.50	0.000451	36,547,347.16
Accounts receivable			481,373,296.47
Of which: USD	69,644,148.32	6.7114	467,409,737.03
EUR	1,591,497.91	7.0084	11,153,853.95
HKD	42,850.39	0.8552	36,645.23
IDR	6,229,945,609.76	0.000451	2,809,705.47
Long-term borrowings			335,570,000.00
Of which: USD	50,000,000.00	6.7114	335,570,000.00
EUR			
HKD			
Other receivables			90,529.27
Of which: USD	13,488.88	6.7114	90,529.27
Contract liabilities:			12,568,074.98
Of which: USD	1,859,199.25	6.7114	12,477,829.85
EUR	12,876.71	7.0084	90,245.13
prepayments			4,402,438.13
Of which: USD	655,964.20	6.7114	4,402,438.13
Accounts payable			22,857,965.67
Of which: USD	1,141,727.22	6.7114	7,662,588.06
EUR	1,119,961.13	7.0084	7,849,135.58
IDR	33,692,633,281.60	0.000451	15,195,377.61
Other non-current assets			642,634.75
Of which: EUR	91,694.93	7.0084	642,634.75
Other non-current liabilities			838,740.08
Of which: EUR	119,676.40	7.0084	838,740.08
Lease liabilities			272,954.84
Of which: IDR	605,221,374.72	0.000451	272,954.84

**(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

**83. Arbitrage**

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

Naught

**84. Government Grants**

**(1) Basic Information on Government Grants**

Unit: RMB

Sources	Amount	Listed items	Amount recorded in the current profit or loss
Handling charge returned from tax bureau	167,848.10	Other income	167,848.10
Subsidy for stabilizing employment	285,643.24	Other income	285,643.24
The Subsidy of the Chancheng District Economy and Technology Promotion Bureau, Foshan City, for Enterprises Organized by Foshan City to Participate in Important Professional Exhibitions in China for 2021	6,900.00	Other income	6,900.00
The Support Fund of the Administration of the Chancheng Park of the Foshan High-tech Industrial Development Zone for Champion Manufacturing Enterprises in a Single Item for 2020	450,000.00	Other income	450,000.00
The Fund of the Organization Department of the Chancheng District Party Committee, Foshan City, China, for Competitive Talent Support Projects	150,000.00	Other income	150,000.00
The Auxiliary Fund of the	250,000.00	Other income	250,000.00

Organization Department of the Chancheng District Party Committee, Foshan City, China, for Competitive Talent Support Projects			
The Support Fund of the Foshan Municipal Financial Bureau for Promoting the Digital Intelligent Transformation of the Manufacturing Industry in Foshan City for 2021	2,000,000.00	Other income	2,000,000.00
The Subsidy of the Chancheng District Human Resources and Social Security Bureau, Foshan City, for the Skill Training of Millions of Workers for March 2022	1,148,000.00	Other income	1,148,000.00
The Subsidy Granted by the Chancheng District Economy and Technology Promotion Bureau, Foshan City, for Promoting the Project of Export Credit Insurance under the Special Provincial Project of Promoting High-quality Economic Development (for the Direction of Promoting Foreign Trade Development) for 2021	26,056.34	Other income	26,056.34
The Special Fund for the Vocational Skill Improvement Campaign	848,000.00	Other income	848,000.00
The Special Support Fund for the Industrial Internet of Things (IIOT) Development in Foshan City for 2021 (the Special Project of IIOT Demonstration) (the First Batch)	1,320,000.00	Other income	1,320,000.00
The Municipal Support Fund for the Premiums of Short-term Export Credit Insurance for 2022	51,962.00	Other income	51,962.00

The Provincial Fund for Export Credit Insurance for 2022	65,029.00	Other income	65,029.00
The R&D of Chip-on-Board (COB) Integrated Packaging and Systems of LED Displays with High Density and Small Spacing	1,100,000.00	Deferred income	1,100,000.00
The Research on the Key Technology of High-lumen Compound Reflex LED Chips for Automobiles and High-density Matrix Packaging	1,800,000.00	Deferred income	685,856.47
The Technology Research and Industrialization of the Micro Display Module Based on Highly Efficient Color Conversion	340,000.00	Deferred income	106,747.34
Others	500,000.00	Deferred income	
The Research on the Key Technology of Full-color Micro-LED Displays with High Brightness and Contrast	502,006.27	Deferred income	
The Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with High Color Rendering Index for Illumination (Phase II)	6,822,700.00	Deferred income	190,473.97
The Research on the Key Technology of 4K/8K Full-color Micro-LED Displays with Ultra-High Definition (UHD)	2,100,000.00	Deferred income	
The G.G.X.T.Z. [2017] No. 106 First Batch of Special Funds for the Industrial and Information Development for the Guangxi Zhuang Autonomous Region for 2017 (technical transformation) for Liuzhou Guige Photoelectric	199,999.98	Other income	199,999.98

Technology Co., Ltd. (Liuzhou Guige)			
The L.D.G.F. [2016] No. 36 Innovation Fund for Enterprises in Liudong New Area for 2017 for Liuzhou Guige	75,000.00	Other income	75,000.00
The L.G.X.T. [2017] No. 164 Project of the First Batch of Support Funds for Enterprises in Liuzhou City for 2017 for Liuzhou Guige	150,000.00	Other income	150,000.00
The L.G.X.T. [2018] No. 122 Project of the First Batch of Support Funds for Enterprises in Liuzhou City for 2018 for Liuzhou Guige	28,000.02	Other income	28,000.02
The L.G.X.T. [2020] No. 134 Project of Support Funds for Enterprises in Liuzhou City for 2020 for Liuzhou Guige	100,000.02	Other income	100,000.02
The G.K.J.Z. [2018] No. 242 Project of the Third Batch of Special Funds of Innovation-driven Development for the Guangxi Zhuang Autonomous Region for 2018 for Liuzhou Guige	48,000.00	Other income	48,000.00
The L.G.X.T. [2021] No. 72 Project of Financial Support for Developing Liuzhou City into an Industrial Internet of Things (IIOT) Demonstration City for 2021 for Liuzhou Guige	79,000.02	Other income	79,000.02
The L.C.Y.ZH. [2021] No. 280 Second Batch of Support Funds for the "Technological Transformation of Thousands of Enterprises" in the Guangxi Zhuang Autonomous Region for 2021	100,000.02	Other income	100,000.02
The Reward of the Bureau of Industry and Information	31,800.00	Other income	31,800.00



Technology of Liuzhou City for Controlled Use of Electricity			
The Subsidy of the Social Insurance Management Center of Liuzhou City for Stabilizing Employment	173,672.78	Other income	173,672.78
The Second Batch of Special Funds for the Industrial and Information Development of the City for 2019	150,000.00	Other income	150,000.00
The 14th Batch of Industrial Support Funds for 2019	75,000.00	Other income	75,000.00
The L.J.C.Y. [2021] No. 557 Industrial Support Fund of the Finance Bureau of Liang Jiang New Area, Chongqing	610,000.00	Other income	610,000.00
The One-time Subsidy of Yubei District to Support People with Employment Difficulties for the First Quarter of 2022	36,000.00	Other income	36,000.00
The Subsidy for Stabilizing Employment	841,043.23	Other income	841,043.23
The Special Support Fund for the Industrial Internet of Things (IIOT) Development in Foshan City	892,500.00	Other income	892,500.00
The Fund of Foshan City for Promoting the Robot Application and Industry	2,000,000.00	Other income	2,000,000.00
Special funds for promoting high-quality economic development	1,842,190.69	Other income	1,842,190.69
Others	383,364.86	Other income	383,364.86
Total	27,749,716.57		16,668,088.08

## (2) Return of Government Grants

Applicable  Not applicable

### 85. Other

Naught

## VIII. Changes of Consolidation Scope

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

#### (1) Business Combination Not under the Same Control in 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

Unit: RMB

Combined party	Proportion of the equity	Basis	Combination date	Recognition basis of combination date	Income from the period-begins to the combination date of the acquiree	Net profits from the period-begins to the combination date of the acquiree	Income of the acquiree during the period of comparison	Net profits of the acquiree during the period of comparison
Foshan NationStar Optoelectronics Co.,	21.48%	Under the control of the Company's	28 February 2022	The actual control has achieved and the	453,644,780.94	9,568,639.83	580,345,830.39	29,049,597.07

Ltd.		actual controller both before and after the combination		industrial and commercial changes have been completed				
Foshan Sigma Venture Capital Co., Ltd.	100.00%	Under the control of the Company's actual controller both before and after the combination	28 February 2022	The actual control has achieved and the industrial and commercial changes have been completed	0.00	-700.00	0.00	0.00

Other notes:

The Company held the 19th meeting of the ninth Board of Directors and the Third Extraordinary General Meeting in 2021 on 27 October 2021 and 31 December 2021 respectively, where the report on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft) and Its Summary" and other proposals related to this trading was deliberated and adopted. It was agreed that the Company will purchase 100% equity of Sigma held by Electronics Group (Sigma holds 79,753,050 shares of NationStar Optoelectronics) and 52,051,945 tradable shares of NationStar Optoelectronics held by Rising Group and Rising Capital in total by paying cash. Before the spin-off, FSL held 1,014,900 shares of NationStar Optoelectronics, accounting for 0.16% of the total share capital of NationStar Optoelectronics. Upon completion of the spin-off, FSL and its wholly-owned subsidiary will hold 132,819,895 shares of NationStar Optoelectronics in total, accounting for 21.48% of the total share capital of NationStar Optoelectronics, making FSL the controlling shareholder of NationStar Optoelectronics. As of the end of February 2022, the Company has paid 100% of the equity acquisition amount, and the industrial and commercial change registration of Sigma has been completed. As the Company, NationStar Optoelectronics and Sigma are all controlled by the actual controller Guangdong Rising Holdings Group Co., Ltd. before and after the equity change and such control is not temporary, the merger falls under the previous data of retrospective adjustment of business combination under the same control.

## (2) Combination Cost

Unit: RMB

Combination cost	Foshan NationStar Optoelectronics Co., Ltd. and Foshan Sigma Venture Capital Co., Ltd.
--Cash	1, 517, 098, 116. 62
--Carrying value of non-cash assets	
--Carrying value of debts issued or assumed	
--Face value of equity securities issued	
--Contingent consideration	

Contingent consideration and changes thereof:

Naught

Other notes:

Naught

**(3) The Carrying Value of Assets and Liabilities of the Combined Party on the Combination Date**

Unit: RMB

	Foshan NationStar Optoelectronics Co., Ltd.		Foshan Sigma Venture Capital Co., Ltd.	
	Combination date	Period-end of the last period	Combination date	Period-end of the last period
<b>Assets:</b>				
Monetary assets	921,042,415.96	997,688,184.63	4,226.45	4,926.45
Accounts receivable	525,596,155.73	554,384,717.05		
Inventories	894,257,346.12	905,045,064.13		
Fixed assets	2,035,468,559.47	2,037,263,584.35		
Intangible assets	103,117,840.45	103,886,463.82		
Held-for-trading financial assets	20,000,000.00	20,000,000.00		
Notes receivable	1,000,511,991.86	1,102,333,515.11		
Prepayments	13,259,667.27	13,354,147.30		
Other receivables	2,748,733.29	3,451,162.14		
Other current assets	41,339,558.12	39,981,159.43		
Long-term equity investments	16,852,876.19	16,852,876.19	73,096,690.00	73,096,690.00
Other investments in equity instruments	41,059,860.92	41,059,860.92		
Construction in progress	326,952,490.30	356,665,733.21		
Right-of-use assets	574,365.58	629,067.08		
Long-term prepaid expense	26,736,143.96	27,487,572.51		
Deferred income tax assets	28,064,526.77	28,064,526.77		
Other non-current assets	30,051,607.66	29,197,939.66		
<b>Liabilities:</b>				
<b>Borrowings</b>				
Accounts payable	717,846,900.05	899,927,502.97		
Held-for-trading financial liabilities	2,224.02	9,367.37		
Notes payable	1,184,541,823.20	1,247,131,988.05		
Contract liabilities	75,559,067.88	55,409,842.62		
Employee benefits payable	50,815,459.88	78,858,200.44		
Taxes payable	9,532,874.37	8,970,415.15		
Other payables	31,251,670.01	34,566,878.65		
Current portion of non-current liabilities	323,784.42	320,912.61		
Other current liabilities	1,983,259.30	2,538,611.14		

Lease liabilities	166,405.64	202,757.36		
Provisions	8,545,934.02	9,746,394.32		
Deferred income	100,184,002.53	102,346,903.64		
Deferred income tax liabilities	92,481,449.40	92,481,449.40		
Net assets	3,754,399,284.93	3,744,834,350.58	73,100,916.45	73,101,616.45
Less: Non-controlling interests	-117,113.13	-117,113.13		
Net assets acquired	3,754,516,398.06	3,744,951,463.71	73,100,916.45	73,101,616.45

Contingent liabilities of the combined party undertaken in the business combination:

Naught

Other notes:

Naught

### 3. Counter Purchase

Basic information of trading, the basis of transactions constitute counter purchase, the retain assets , liabilities of the listed companies whether constituted a business and its basis, the determination of the combination costs, the amount and calculation of adjusted rights and interests in accordance with the equity transaction process:

Naught

### 4. 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 Lighting Lamps & Components Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
FSL Chanchang Optoelectronics Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly 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
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
Foshan Haolaite Lighting Co., Ltd.	Foshan	Foshan	Production and sales	51.00%	10.53%	Newly established
Foshan Kelian New Energy Technology Co., Ltd.	Foshan	Foshan	Property development	100.00%		Acquired

Fozhao (Hainan) Technology Co., Ltd.	Haikou	Haikou	Production and sales	100.00%		Newly established
Nanning Liaowang Auto Lamp Co., Ltd.	Nanning	Nanning	Manufacturing of vehicle lamps	53.79%		Acquired
Liuzhou Guige Lighting Technology Co., Ltd.	Liuzhou	Liuzhou	Manufacturing of vehicle lamps		53.79%	Acquired
Liuzhou Guige Foreshine Technology Co., Ltd.	Liuzhou	Liuzhou	Manufacturing of automotive electronic products		53.79%	Acquired
Chongqing Guinuo Lighting Technology Co., Ltd.	Chongqing	Chongqing	Manufacturing of vehicle lamps		53.79%	Acquired
Qingdao Guige Lighting Technology Co., Ltd.	Qingdao	Qingdao	Manufacturing of vehicle lamps		53.79%	Acquired
Indonesia Liaowang Auto Lamp Co., Ltd.	Indonesia	Indonesia	Manufacturing of vehicle lamps		53.79%	Acquired
Foshan Sigma Venture Capital Co., Ltd.	Foshan	Foshan	Business services	100.00%		Acquired
Foshan NationStar Optoelectronics Co., Ltd. (note)	Foshan	Foshan	Electronic manufacturing	21.48%		Acquired
Foshan NationStar Semiconductor Technology Co., Ltd.	Foshan	Foshan	Electronic manufacturing		21.48%	Acquired
Foshan NationStar Electronic Manufacturing Co., Ltd.	Foshan	Foshan	Electronic manufacturing		21.48%	Acquired
Nanyang Baoli Vanadium Industry Co., Ltd.	Henan	Nanyang	Mining		12.89%	Acquired
NationStar	Germany	Germany	Trade		21.48%	Acquired

Optoelectronics (Germany) Co., Ltd.						
Guangdong New Electronic Information Ltd.	Guangzhou	Guangzhou	Trade		21.48%	Acquired

Notes to holding proportion in subsidiary different from voting proportion:

Naught

Basis of holding half or less voting rights but still controlling the investee and holding more than half of the voting rights but not controlling the investee:

Naught

Significant structural entities and controlling basis in the scope of combination:

Naught

Basis of determining whether the Company is the agent or the principal:

Naught

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

Unit: RMB

Name	Shareholding proportion of non-controlling interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	30.00%	477, 109. 34		11, 927, 661. 32
FSL Zhida Electric Technology Co., Ltd.	49.00%	2, 795, 200. 47		27, 421, 966. 35
Foshan Haolaite Lighting Co., Ltd.	38.47%	779, 318. 55		14, 010, 834. 93
Nanning Liaowang Auto Lamp Co., Ltd.	46.21%	8, 404, 253. 27		431, 399, 428. 14
Foshan NationStar Optoelectronics Co., Ltd.	78.52%	57, 190, 356. 85	24, 282, 863. 70	2, 960, 569, 455. 95

Holding proportion of non-controlling interests in subsidiary different from voting proportion:

Naught

Other notes:

Note: NationStar Electronic Manufacturing, NationStar Semiconductor, Baoli Vanadium Industry, New Electronic and Germany NationStar are subsidiaries of Foshan NationStar Optoelectronics Co., Ltd.



**(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 liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	72,200,481.63	14,839,246.40	87,039,728.03	47,280,856.96		47,280,856.96	135,829,008.12	17,573,437.36	153,402,445.48	115,233,938.88		115,233,938.88
FSL Zhida Electric Technology Co., Ltd.	162,030,804.64	9,189,591.64	171,220,396.28	102,923,526.20		102,923,526.20	126,777,943.85	12,494,211.78	139,272,155.63	76,679,776.30		76,679,776.30
Foshan Haolai Lighting Co., Ltd.	70,052,380.13	11,013,852.14	81,066,232.27	44,646,073.89		44,646,073.89	60,890,648.90	12,887,936.38	73,778,585.28	39,384,209.45		39,384,209.45
Nanning Liaowang Auto Lamp Co., Ltd.	1,302,936,371.97	907,827,651.95	2,210,764,023.92	1,238,851,226.04	38,349,871.81	1,277,201,097.85	1,346,863,737.14	817,363,839.98	2,164,227,577.12	1,305,420,077.19	23,058,696.78	1,328,478,773.97
Foshan Nation Star Optoelectronics Co., Ltd.	3,532,251,904.81	2,575,215,720.17	6,107,467,624.98	1,884,089,421.58	430,561,955.17	2,314,651,376.75	3,636,237,949.79	2,641,107,624.51	6,277,345,574.30	2,327,733,719.00	204,777,504.72	2,532,511,223.72

Total	5,139,471,943.18	3,518,086,062.30	8,657,558,005.48	3,317,791,104.67	468,911,826.98	3,786,702,931.65	5,306,599,287.80	3,501,427,050.01	8,808,026,337.81	3,864,451,720.82	227,836,201.50	4,092,287,922.32
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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.	70,083,077.58	1,590,364.47	1,590,364.47	-1,288,012.25	72,063,898.77	63,872.30	63,872.30	86,882.37
FSL Zhida Electric Technology Co., Ltd.	105,086,095.87	5,704,490.75	5,704,490.75	3,913,866.98	79,244,539.01	3,263,540.44	3,263,540.44	-5,139,161.29
Foshan Haolaite Lighting Co., Ltd.	33,735,759.76	2,025,782.55	2,025,782.55	7,961,319.24	41,436,035.13	1,291,186.52	1,291,186.52	1,463,433.79
Nanning Liaowang Auto Lamp Co., Ltd.	700,818,199.55	18,187,087.80	18,351,561.07	48,642,332.49				
Foshan NationStar Optoelectronics Co., Ltd.	1,664,781,497.45	78,987,836.08	78,905,756.10	-6,407,001.17	1,729,170,417.10	89,810,090.36	89,803,977.04	400,434,451.27
Total	2,574,504,630.21	106,495,561.65	106,577,954.94	52,822,505.29	1,921,914,890.01	94,428,689.62	94,422,576.30	396,845,606.14

#### (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

### **(2) The Transaction's Influence on the Equity of Non-controlling Interests 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 Enterprises**

Naught

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

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/Same period of last year
Joint ventures:		
The total of following items according to the shareholding proportions		
Associated enterprises:		
Total carrying value of investment	180,115,189.99	181,545,123.09
The total of following items according to the shareholding proportions		
--Net profit	650,457.40	37,460.99
--Total comprehensive income	650,457.40	37,460.99

### **(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

**(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: equity investment, notes receivable, accounts receivable, accounts payable, etc. The details of each financial instrument see relevant items of Note V.

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

**(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 refers to the risk of loss due to exchange rate changes. The Company's exposure to foreign exchange risk is mainly related to the US dollar and the euro. As of 30 June 2022, the Company's assets and liabilities were in RMB, except for the balances of usd, euro, Hong Kong dollar and rupiah as set out in this Note VII-82, Foreign Currency Monetary Items. Foreign exchange risk arising from the assets and liabilities of such foreign currency balances may have a certain impact on the Company's operating results. 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 interest rates. The interest rate risk faced by the Company mainly comes from bank borrowings. By establishing a good bank-enterprise relationship, the Company reasonably designed the credit line, credit variety and credit period, ensured sufficient credit line of banks, and met various short-term financing needs of the Company with preferential loan interest rates. As of 30 June 2022, the Company's fixed interest rate loan balance was RMB620,550,952.38, accounting for 100% of the total loan balance, and the risks in this part were controllable.

#### 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) Trading financial assets	1,397,612.10	62,670,850.30		64,068,462.40
1. Financial assets at fair value through profit or loss	1,397,612.10	62,670,850.30		64,068,462.40
(III) Other equity instrument investment	1,123,157,619.00		41,559,860.92	1,164,717,479.92
Total assets measured at fair value on a recurring basis	1,124,555,231.10	62,670,850.30	41,559,860.92	1,228,785,942.32
(VII) Refer as financial liabilities				

measured by fair value and the changes included in the current gains and losses	6,544,500.00			6,544,500.00
Total liabilities of consistent fair value measurement	6,544,500.00			6,544,500.00
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 and forward foreign exchange option rate.

## **3. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 2**

Items measured at fair value level 2 are bank's wealth management products, which are measured at the contractual expected yield rate as a reasonable estimate of the fair value.

## **4. Valuation Technique Adopted and Nature and Amount Determination of Important Parameters for Consistent and Inconsistent Fair Value Measurement Items at Level 3**

(1) Because the business environment, operation conditions and financial conditions of the invested company, China Guangfa Bank has not changed significantly, the Company takes investment costs as the reasonable estimation of fair value to measure.

(2) Because the business environment, operation conditions and financial conditions of the invested company, Shenzhen Zhonghao (Group) Co., Ltd. were deteriorated, the Company takes zero element as the reasonable estimation of fair value to measure.

(3) Since there is no significant change in the operating environment, operation status and financial condition of the investees, including Foshan Nanhai District United Guangdong New Light Source Industrial Innovation Center and Beijing Guangrong Lianmeng Semiconductor Lighting Industry Investment Center, and Guangdong Rising Finance Co., Ltd., the Company's investment cost is measured as a reasonable estimate of the fair value.

## **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

Financial assets and liabilities not measured at fair value include: monetary assets, accounts receivable and accounts payable, etc. There is small difference between the carrying value of above financial assets and liabilities and fair value.

## 9. Other

Naught

## XII. Related Party and Related-party Transactions

### 1. The parent company 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 (%)
Hongkong Wah Shing Holding Company Limited	Hong Kong	Investment	HKD110,000	13.84%	13.84%
Guangdong Electronics Information Industry Group Ltd.	Guangzhou	Production and sales	RMB462 million	9.01%	9.01%
Guangdong Rising Holdings Group Co., Ltd.	Guangzhou	Investment	RMB10 billion	6.10%	6.10%
Rising Investment Development Limited	Hong Kong	Investment	RMB200 million and HKD1 million	1.87%	1.87%

Notes: Information on parent company of the Company

Hongkong Wah Shing Holding Company Limited (hereinafter referred to as "Hongkong Wah Shing"), the largest shareholder of the Company, is a wholly-owned subsidiary of Guangdong Electronics Information Industry Group Ltd. (hereinafter referred to as "Electronics Group"), and Electronics Group, Shenzhen Rising Investment Development Co., Ltd. (hereinafter referred to as "Shenzhen Rising"), Guangdong Rising Holdings Group Co., Ltd. (renamed Guangdong Rising Capital Investment Co., Ltd. on 13 December 2021, hereinafter referred to as "Rising Capital") and Rising Investment Development Limited (hereinafter referred to as "Rising Investment") are wholly-owned subsidiaries of Guangdong Rising Holdings Group Co., Ltd. (hereinafter referred to as "Rising Holdings Group"). According to the relevant provisions of the Company Law and the Measures for the Administrative Measures on Acquisition of Listed Companies, Electronics Group, Shenzhen Rising, Rising

Capital and Rising Investment are concerted actors, and Rising Holdings Group becomes the actual controller of the Company. On 15 December 2021, Shenzhen Rising and Rising Capital transferred all their shares of the Company to Rising Holdings Group. After the transfer, Rising Holdings Group, Electronics Group and Rising Investment acted in concert with each other. As of 30 June 2022, the above-mentioned persons acting in concert held a total of 419,803,826.00 A and B shares of the Company, accounting for 30.82% of the total share capital of the Company.

The final controller of the Company is Guangdong Rising Holdings Group Co., Ltd.

## 2. Subsidiaries of the Company

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

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

Refer to Note IX Equity in Other Entities-3. Equity in Joint Ventures or Associated Enterprises for details of significant joint ventures or associated enterprises of the Company.

Information on other joint venture or associated enterprise of occurring related-party transactions with the Company in Reporting Period, or forming balance due to related-party transactions made in previous period:

Naught

## 4. Information on Other Related Parties

Name	Relationship with the Company
Prosperity Lamps & Components Limited	Shareholder owning over 5% shares
Foshan NationStar Optoelectronics Co., Ltd. (note)	Under same actual controller
NationStar Optoelectronics (Germany) Co., Ltd. (note)	Under same actual controller
Guangdong New Electronics Information Import& Export Ltd. (note)	Under same actual controller
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	Under same actual controller
Guangdong Electronic Technology Research Institute	Under same actual controller
Guangdong Zhongnan Construction Co., Ltd.	Under same actual controller
Guangdong Yixin Changcheng Construction Group	Under same actual controller
Guangdong Zhongren Group Construction Co., Ltd.	Under same actual controller
Shenzhen Yuepeng Construction Co., Ltd.	Under same actual controller
Foshan Fulong Environmental Technology Co., Ltd.	Under same actual controller
Jiangmen Dongjiang Environmental Company Limited	Under same actual controller
Zhuhai Doumen District Yongxingsheng Environmental Industry Waste Recovery and Comprehensive Treatment Co., Ltd.	Under same actual controller
Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.	Under same actual controller
Guangdong Zhongjin Lingnan Equipment Technology Co., Ltd.	Under same actual controller
Guangdong Rising South Construction Co., Ltd.	Under same actual controller
Guangdong Electronics Information Industry Group Ltd.	Under same actual controller
Guangdong Zhongjin Lingnan Junpeng Intelligent Equipment Co., Ltd.	Under same actual controller
Guangdong Rising Rare Metals and New Photoelectric Materials Co., Ltd.	Under same actual controller
Guangdong Heshun Property Management Co., Ltd.	Under same actual controller
Guangdong Zhongjin Construction and Installation Engineering Co., Ltd.	Under same actual controller
Guangzhou Huajian Engineering Construction Co., Ltd.	Under same actual controller
Guangdong Heshun Property Management Co., Ltd. The Pinnacle Branch	Under same actual controller
Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.	Under same actual controller



Guangdong Huajian Enterprise Group Co., Ltd.	Under same actual controller
Guangdong Rising Capital Investment Co., Ltd.	Under same actual controller
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	Under same actual controller
MTM Semiconductor Equipment Co., Ltd.	Under same actual controller
Dongguan Hengjian Environmental Protection Technology Co., Ltd.	Under same actual controller
Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd.	Under same actual controller
Guangdong Electronic Technology Research Institute	Under same actual controller
Guangzhou Wanshun Investment Management Co., Ltd.	Under same actual controller
Guangdong The Great Wall Building Co., Ltd.	Under same actual controller
Guangzhou Shengdu Investment Development Co., Ltd.	Under same actual controller
Guangdong Rising Finance Co., Ltd.	Under same actual controller
Hangzhou Times Lighting Electric Appliances Co., Ltd.	Enterprise controlled by related natural person
Prosperity (China) Electrical Company Limited	Enterprise controlled by related natural person
Nanning Ruixiang Industrial Investment Co., Ltd.	Enterprise significantly affected by related natural person
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	Under same actual controller
Nanning Ruixiang Industrial Investment Co., Ltd.	Enterprise controlled by related natural person

Other notes:

Note: Foshan NationStar Optoelectronics Co., Ltd. and its majority-owned subsidiaries NationStar Optoelectronics (Germany) Co., Ltd. and Guangdong New Electronics Information Import& Export Ltd. have been included into the Company's consolidation scope in Q1 2022. For details, please refer to Note VIII Change in Consolidation Scope-2. Business Combination under the Same Control.

## 5. List of Related-party Transactions

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

Information on acquisition of goods and reception of labor service

Unit: RMB

Related party	Content	Reporting Period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
Foshan NationStar Optoelectronics Co., Ltd.	Purchase materials of	17, 859, 909. 28	105, 000, 000. 00	Not	26, 696, 615. 70
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	Purchase materials of	2, 757, 010. 92	26, 100, 000. 00	Not	6, 161, 558. 19
Prosperity Lamps & Components Limited	Purchase materials of	773, 460. 05	6, 000, 000. 00	Not	1, 317, 138. 04
Hangzhou Times Lighting Electric Appliances Co., Ltd.	Purchase materials of	222, 265. 48			218, 592. 85
MTM Semiconductor Equipment Co., Ltd.	Purchase materials of				128, 389. 38
Guangdong Zhongnan Construction Co., Ltd.	Receiving labor service	42, 247, 083. 75			

Guangdong Yixin Changcheng Construction Group	Receiving labor service	14, 543, 474. 14			
Guangdong Zhongren Group Construction Co., Ltd	Receiving labor service	7, 242, 570. 34	20, 000, 000. 00	Not	
Guangdong Electronic Technology Research Institute	Purchase of equipment	854, 625. 55	970, 000. 00	Not	142, 300. 89
Jiangmen Dongjiang Environmental Company Limited	Receiving labor service	502, 352. 82	3, 000, 000. 00	Not	306, 333. 03
Shenzhen Yuepeng Construction Co., Ltd.	Receiving labor service	470, 768. 94			377, 087. 49
Foshan Fulong Environmental Technology Co., Ltd.	Receiving labor service	148, 191. 03			25, 471. 70
Zhuhai Doumen District Yongxingsheng Environmental Industry Waste Recovery and Comprehensive Treatment Co., Ltd.	Receiving labor service				5, 660. 38
Guangdong Electronic Technology Research Institute	Receiving labor service				2, 734. 91
Guangdong Fenghua Semiconductor Technology Co., Ltd.	Receiving labor service				169. 90
Total		87, 621, 712. 30	161, 070, 000. 00		35, 381, 882. 56

Information of sales of goods and provision of labor service

Unit: RMB

Related party	Content	Reporting Period	Same period of last year
Prosperity Lamps & Components Limited	Sale of products	11, 487, 387. 08	11, 719, 058. 86
NationStar Optoelectronics (Germany) Co., Ltd.	Sale of products	11, 462, 187. 43	
Guangdong New Electronics Information Import& Export Ltd.	Sale of products	8, 159, 622. 95	28, 197, 238. 34
Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.	Sale of products	607, 072. 04	951, 402. 66
Guangzhou Wanshun Investment Management Co., Ltd.	Sale of products	538, 207. 40	
Guangdong Yixin Changcheng Construction Group	Sale of products	441, 210. 96	2, 881, 672. 01
Guangzhou Shengdu Investment Development Co., Ltd.	Sale of products	281, 946. 91	
Guangdong Zhongjin Lingnan	Sale of products	122, 855. 75	108, 659. 28

Equipment Technology Co., Ltd.			
Guangdong Rising South Construction Co., Ltd.	Sale of products	69,965.06	
Guangdong Zhongnan Construction Co., Ltd.	Sale of products	44,383.37	
Prosperity (China) Electrical Company Limited	Sale of products	41,285.35	21,069.56
Guangdong Electronics Information Industry Group Ltd.	Sale of products	27,796.46	8,013.27
Guangdong Zhongjin Lingnan Junpeng Intelligent Equipment Co., Ltd.	Sale of products	5,884.96	
Guangdong Rising Rare Metals and New Photoelectric Materials Co., Ltd.	Sale of products		7,990,158.39
Guangdong Heshun Property Management Co., Ltd.	Sale of products		692,679.04
Guangdong Zhongjin Construction and Installation Engineering Co., Ltd.	Sale of products		108,592.02
Guangdong Rising Holdings Group Co., Ltd.	Sale of products		21,203.54
Guangzhou Huajian Engineering Construction Co., Ltd.	Sale of products		6,145.47
Total		33,289,805.72	52,705,892.44

## (2) Information on Related-party Trusteeship/Contract

Lists of trusteeship/contract:

Naught

Associated hosting/ Contracting situation

Naught

Lists of entrust/contractee

Unit: RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Start date	Due date	Pricing basis	Charge recognized in this Reporting Period
Foshan NationStar Optoelectronics Co., Ltd.	Guangdong Zhongren Group Construction Co., Ltd.		30 December 2020	31 December 2022		
Foshan Kelian New Energy Technology Co., Ltd.	Guangdong Zhongnan Construction Co., Ltd.		23 June 2021	23 December 2022		
Fozhao (Hainan) Technology Co., Ltd.	Guangdong Zhongnan Construction Co., Ltd.		30 March 2022	24 April 2023		

Foshan Electrical and Lighting Co., Ltd.	Guangdong Yixin Changcheng Construction Group Co., Ltd.		28 May 2021	28 February 2023		
Foshan Electrical and Lighting Co., Ltd.	Guangdong Zhongren Group Construction Co., Ltd.		17 January 2022	28 March 2022		

Notes to entrust/contractee:

1. The Company's subsidiary Foshan NationStar Optoelectronics Co., Ltd. entered into the General Contracting Contract of NationStar Optoelectronics for the Survey, Design, and Construction of the Geely Industrial Park with Guangdong Zhongren Group Construction Co., Ltd., Guangdong Architectural Design & Research Institute Co., Ltd., and CSIC International Engineering Co., Ltd. on 30 December 2020. The above parties take charge of the survey, design, and construction of the Geely Industrial Park. The total price of the contract is RMB509,292,500, and the planned total construction period is 720 calendar days. The overall project must be completed, accepted, and filed by 31 December 2022. The project is in progress now.
2. The Company's subsidiary Foshan Kelian New Energy Technology Co., Ltd. entered into the General Contracting Contract for Design and Construction of the Foshan Kelian Building Decoration Engineering with Guangdong Zhongnan Construction Co., Ltd. and Guangdong Architectural Design & Research Institute Co., Ltd. on 23 June 2021. The above parties take charge of the survey, design and construction of Kelian Building. The total price of the contract is RMB189,070,200, and the planned total construction period is 240 calendar days. The overall project is expected to be completed, accepted and filed by 23 December 2022. Among them, except for the self-used layers, the construction period shall be counted from the date when the construction actually begins. The project is in progress now.
3. The Company's subsidiary Fozhao (Hainan) Technology Co., Ltd. entered into the General Contracting Contract for Design and Construction of FSL Hainan Industrial Park Phase I with Guangdong Zhongnan Construction Co., Ltd. and Guangdong Architectural Design & Research Institute Co., Ltd. on 30 March 2022. The above parties take charge of the design and construction of FSL Hainan Industrial Park. The total price of the contract is RMB179,051,600, and the planned total construction period is 390 calendar days (50 days for design and 340 days for construction). The project is in progress now.
4. The Company entered into the General Contracting Contract of Foshan Electrical and Lighting Co., Ltd. for the Design and Construction of the Office Buildings of Gaoming Headquarters Production Base Phase II with Guangdong Yixin Changcheng Construction Group Co., Ltd. and Guangdong Architectural Design & Research Institute Co., Ltd. on 28 May 2021. The above parties take charge of the design and construction of Gaoming office buildings. The total price of the contract is RMB175,025,600, and the planned total construction period is 650 calendar days (90 days for design and 560 days for construction). The overall project must be completed, accepted and filed by 28 February 2023. The project is in progress now.
5. The Company entered into the General Contracting Contract of Foshan Electrical and Lighting Co., Ltd. for the Construction of the Renovation Project of the Pipe Network for Rain and Sewage Diversion in Gaoming Production Base with Guangdong Zhongren Group Construction Co., Ltd. on 17 January 2022. The above parties take charge of the renovation construction of the Pipe Network for Rain and Sewage Diversion in Gaoming Production Base. The total price of the contract is RMB7,227,200, and the planned total construction period is 70 calendar days. The overall project was completed on 28 March 2022. At present, the project has been completed and the sewage discharge permission shall be applied for from the governing department before settlement.

**(3) Information on Related-party Lease**

The Company was lessor:

Naught

The Company was lessee:

The Company served as the lessee:

Name of lessor	Type of assets leased	Rental expenses of short-term lease simplified treated and low-value asset lease (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Paid rent		Income expense of lease liabilities undertaken		Increased right-of-use assets	
		Reporting Period	The same period of last year	Reporting Period	The same period of last year	Reporting Period	The same period of last year	Reporting Period	The same period of last year	Reporting Period	The same period of last year
Guangdong Great Wall Building Co., Ltd.	Operating lease					109,714.21		1,557.46		54,673.41	

Notes to related-party lease

Naught

#### (4) Information on Related-party Guarantee

Naught

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

Naught

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

Naught

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

Unit: RMB

Item	Reporting period	Same period of last year
Chairman of the Board	380,814.62	481,467.44
General Manager	355,594.62	471,367.44
Chairman of the Supervisory Committee	335,628.62	454,632.08
Secretary of the Board	227,878.62	32,696.24
Chief Financial Officer	336,094.62	432,129.14

Other	2,924,372.07	3,599,472.96
Total	4,560,383.17	5,471,765.30

## (8) Other Related-party Transactions

### (8.1) Share acquisition from related parties

In October 2021, Electronics Group signed the Equity Transfer Agreement with the Company on Foshan Sigma Venture Capital Co., Ltd., and transferred its 100% equity of Sigma (Sigma holds 79,753,050 shares of NationStar Optoelectronics) to the Company at a consideration of RMB917,980,229.67. In the same month, Rising Holdings Group and Rising Capital respectively signed the Share Transfer Agreement on Foshan NationStar Optoelectronics Co., Ltd. with the Company, and transferred their total 52,051,945 tradable shares of NationStar Optoelectronics with unlimited selling conditions to the Company at a consideration of RMB599,117,886.95 (RMB11.51/share). As of 30 June 2022, the Company has paid 100% of the equity acquisition amount. For details of the equity acquisition, please refer to Note VIII-2. Business Combination under the Same Control.

### (8.2) Related-party deposits and loans

In accordance with the Financial Service Agreement signed by the Company in 2021 and the Financial Service Agreement renewed by the Company's majority-owned subsidiary Foshan NationStar Optoelectronics Co., Ltd. in 2022, the total maximum daily deposit balance of the Company deposited in Guangdong Rising Finance Co., Ltd. does not exceed RMB1.2 billion. As of 30 June 2022, the balance of the Company's deposit in Guangdong Rising Finance Co., Ltd. is RMB455,268,213.16, and the undue interest income receivable is RMB956,827.44.

## 6. Accounts Receivable and Payable of Related Party

### (1) Accounts Receivable

Unit: RMB

Item	Related party	Ending balance		Beginning balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Deposit interest	Guangdong Rising Finance Co., Ltd.	956,827.44		1,514,111.47	
Accounts receivable	NationStar Optoelectronics (Germany) Co., Ltd.	11,887,227.13			
Accounts receivable	Guangdong New Electronics Information Import & Export Ltd.	9,876,694.00		10,627,013.80	318,810.41
Accounts receivable	Guangdong Rising Rare Metals and New Photoelectric Materials Co., Ltd.	6,455,385.93	193,661.58	6,455,385.93	193,661.58
Accounts receivable	Guangdong Yixin Changcheng Construction Group	4,920,512.43	400,060.74	5,752,518.74	172,575.56
Accounts receivable	Prosperity Lamps & Components Limited	4,011,147.66	120,334.43	7,536,111.98	226,083.36
Accounts receivable	Shenzhen Zhongjin Lingnan Nonfemet Co.,	1,464,123.60	43,923.71	2,621,178.80	78,635.36

	Ltd.				
Accounts receivable	Guangdong Zhongjin Lingnan Equipment Technology Co., Ltd.	703,256.00	50,670.65	670,784.00	46,301.49
Accounts receivable	Guangdong Heshun Property Management Co., Ltd. The Pinnacle Branch	669,790.40	20,093.71	669,790.40	20,093.71
Accounts receivable	Guangzhou Shengdu Investment Development Co., Ltd.	318,600.00			
Accounts receivable	Guangdong Zhongnan Construction Co., Ltd.	218,038.46	6,541.15	1,095,727.04	32,871.81
Accounts receivable	Guangdong Rising South Construction Co., Ltd.	66,698.32	2,000.95		
Accounts receivable	Guangzhou Huajian Engineering Construction Co., Ltd.	44,823.00	9,591.98	44,823.00	4,445.48
Accounts receivable	Guangdong Heshun Property Management Co., Ltd.	2,303.60	230.36	2,303.60	69.11
Accounts receivable	Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.			10,118.00	303.54
Prepayments	Prosperity (China) Electrical Company Limited	39,428.00			
Other receivables	Guangdong The Great Wall Building Co., Ltd.	53,041.92	1,060.84	45,600.00	912.00
Other receivables	Guangdong New Electronics Information Import& Export Ltd.	8,865.50		8,865.50	265.97
Other receivables	Guangdong Huajian Enterprise Group Co., Ltd.			7,060,000.00	211,800.00
Other non-current assets	Guangdong Electronics Information Industry Group Ltd.			275,394,068.90	
Other non-current assets	Guangdong Rising Holdings Group Co., Ltd.			159,735,852.51	
Other non-current assets	Guangdong Rising Capital Investment Co., Ltd.			19,999,513.57	
Total		41,696,763.39	848,170.10	499,243,767.24	1,306,829.38

## (2) Accounts Payable

Unit: RMB

Item	Related party	Ending carrying amount	Beginning carrying amount
Notes payable	Foshan NationStar Optoelectronics Co., Ltd.	2,655,311.08	5,816,952.78
Accounts payable	Foshan NationStar Optoelectronics Co., Ltd.	21,058,724.95	13,989,061.63
Accounts payable	Guangdong Zhongnan Construction Co., Ltd.	2,268,254.52	12,370,475.74
Accounts payable	Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	2,110,641.52	872,962.28
Accounts payable	Prosperity Lamps & Components Limited	773,460.05	1,337,304.32
Accounts payable	Hangzhou Times Lighting Electric Appliances Co., Ltd.	238,275.04	178,185.14
Accounts payable	Guangdong Yixin Changcheng Construction Group	26,170.28	3,698,122.01
Accounts payable	Prosperity (China) Electrical Company Limited		567,218.00
Other payables	Guangdong Zhongren Group Construction Co., Ltd.	73,816,998.27	163,292,707.38
Other payables	Guangdong Huajian Enterprise Group Co., Ltd.	1,726,264.40	1,726,264.40
Other payables	Guangdong Electronic Technology Research Institute	660,625.55	-194,000.00
Other payables	Shenzhen Yuepeng Construction Co., Ltd.	140,000.00	298,300.64
Other payables	Dongjiang Environmental Company Limited and its holding subsidiary	47,816.00	118,352.30
Other payables	Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	30,000.00	30,000.00
Other payables	Nanning Ruixiang Industrial Investment Co., Ltd.	120,352,181.20	120,352,181.20
Other payables	Guangdong Electronic Technology Research Institute		391,025.00
Other payables	Foshan NationStar Optoelectronics Co., Ltd.	230,354.07	240,354.07
Contract liabilities, other current liabilities	Prosperity (China) Electrical Company Limited	21,369.20	59,428.00
Contract liabilities, other current liabilities	Guangdong Rising South Construction Co., Ltd.	9,936.00	3,233.00
Contract liabilities, other current liabilities	Guangdong Heshun Property Management Co., Ltd.	2,303.60	2,303.60
Total		226,168,685.73	325,150,431.49

## 7. Commitments of Related Party

### 1. Commitment on Avoidance of Horizontal Competition

(1) Commitment maker: Electronics Group and Hong Kong Rising Investment

Contents of Commitment: Electronics Group and its acting-in-concert parties 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

(2) Commitment maker: Rising Group

Contents of Commitment: 1. The Promisor will take active measures to avoid any business or activity that competes or may compete with the principal business of the Company and its auxiliary enterprises, and urge the Promisor to control enterprises to avoid any business or activity that competes or may compete with the principal business of the Company and its auxiliary enterprises. 2. If the Promisor and its controlled enterprises are given the opportunity to engage in new business that constitutes or may constitute horizontal competition with the principal businesses of the Company and its auxiliary enterprises, the Promisor will make every effort to make the business opportunity first available to the Company or its auxiliary enterprises on reasonable and fair terms and conditions on the premise that conditions permit and in the interest of the listed company.

Date of commitment making: 4 November 2021

Term of commitment: Long-standing

Fulfillment: In execution

(3) Commitment maker: Rising Group, Rising Capital, and Hongkong Wah Shing

Contents of Commitment: 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 FSL for now, if the products or business of them or their relevant enterprises become the same with or similar to those of FSL or its subsidiaries in the future, they shall take the following measures: (1) If FSL thinks necessary, they and their relevant enterprises shall reduce and wholly transfer their relevant assets and business; and (2) If FSL 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 FSL 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 FSL, they shall compensate FSL on a rational basis.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

## **2. Commitment on Reduction and Regulation of Related-party Transactions**

(1) Commitment maker: Electronics Group and Hong Kong Rising Investment

Contents of Commitment: Electronics Group and its acting-in-concert parties Hongkong Wah Shing and Hong

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

Date of commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

(2) Commitment maker: Rising Group

Contents of Commitment: 1. Strictly abide by the regulatory documents of the CSRC and the SZSE, the Company's Articles of Association, etc; and not harm the interests of the Company or other shareholders of the Company in their production and operation activities by taking advantage of their position as the controlling shareholder and actual controller; 2. make sure that they or their other controlled subsidiaries, branch offices, jointly-run or associated companies (the "Relevant Enterprises" for short) will try their best to avoid or reduce related-party transactions with the Company or the Company's subsidiaries; 3. strictly follow the market principle of justness, fairness and equal value exchange for necessary and unavoidable related-party transactions between them and their Relevant Enterprises and the Company, and withdraw from voting when a related-party transaction with them or their Relevant Enterprises is being voted on at a general meeting or a board meeting, and execute the relevant approval procedure and information disclosure duties pursuant to the applicable laws, regulations and regulatory documents.

Date of commitment making: 4 November 2021

Term of commitment: Long-standing

Fulfillment: In execution

(3) Commitment maker: Rising Group, Rising Capital, and Hongkong Wah Shing

Contents of Commitment: They have made a commitment that during their direct or indirect holding of FSL activities of themselves strictly abide by the regulatory documents of the CSRC and the SZSE, FSL's Articles of Association, etc. and not harm the interests of the Company or other shareholders of FSL 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 FSL or FSL'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 FSL, and withdraw from voting when a related-party transaction with them or their Relevant Enterprises is being voted on at a general meeting or a board meeting, and execute the relevant approval procedure and information disclosure duties pursuant to the applicable laws, regulations and regulatory documents. Where the aforesaid commitments are broken and a loss is thus caused for FSL, its subsidiaries or FSL's other shareholders, they shall be obliged to compensate.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

### **3. Commitment on Independence**

(1) Commitment maker: Electronics Group and Hong Kong Rising Investment

Contents of Commitment: In order to ensure the independence of FSL in business, personnel, asset, organization and finance, Electronics Group and Hong Kong Rising Investment have made the following commitments: 1. They will ensure the independence of FSL in business: (1) They promise that FSL 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 FSL's business activities other than the execution of their rights as FSL's shareholders. (3) They promise that they and their related parties will not be engaged in business that is substantially in competition with FSL's business. And (4) They promise that they and their related parties will try their best to reduce related-party transactions between them and FSL; 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 FSL in personnel: (1) They promise that FSL's GM, deputy GMs, CFO, Company Secretary and other senior management personnel will work only for and receive remuneration from FSL, not holding any positions in them or their other controlled subsidiaries other than director and supervisor. (2) They promise FSL'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 FSL and not to hire or dismiss employees beyond FSL's Board of Directors and General Meeting. 3. They will ensure the independence and completeness of FSL in asset: (1) They promise that FSL 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 FSL will have independent and complete assets all under FSL's control and independently owned and operated by FSL. And (3) They promise that they and their other controlled subsidiaries will not illegally occupy FSL's funds and assets in any way, or use FSL's assets to provide guarantees for the debts of themselves or their other controlled subsidiaries with. 4. They will ensure the independence of FSL in organization: (1) They promise that FSL 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 FSL will independently execute their functions according to laws, regulations and FSL's Articles of Association. 5. They will ensure the independence of FSL in finance: (1) They promise that FSL will have an independent financial department and financial accounting system with normative, independent financial accounting rules. (2) They promise that FSL will have independent bank accounts and not share bank accounts with its related parties. (3) They promise that FSL's financial personnel do not hold concurrent positions in its related parties. (4) They promise that FSL will independently pay its tax according to law. And (5) They promise that FSL can make financial decisions independently and that they will not illegally intervene in FSL's use of its funds.

Date of commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

(2) Commitment maker: Rising Group

Contents of Commitment: To maintain the independence of the Company, the Promisor has made the following

commitments: 1. It will ensure the personnel independence of the Company. It promises to ensure personnel independence with the Company, and GM, deputy GMs, CFO, Secretary of the Board of Directors and other senior management personnel of the Company will not hold positions other than directors and supervisors in the enterprises wholly owned, controlled or actually controlled by it and its subsidiaries (hereinafter referred to as "subsidiaries"), and will not receive salaries from it or its subsidiaries. the Company: To maintain the independence of the Company, the Promisor has made the following commitments: 1. It will ensure the personnel independence of the Company. It promises to ensure personnel independence with the Company, and GM, depnd (2) It promises that it and its subsidiaries will not illegally occupy the Company's funds and assets in any way. 3. It will ensure the financial independence of the Company: (1) It promises that the Company will have an independent financial department and financial accounting system. (2) It promises that the Company will have a standardized and independent financial accounting system. (3) It promises that the Company will have independent bank accounts and not share bank accounts with it. (4) It promises that the Company's financial personnel do not hold concurrent positions in it or its subsidiaries. And (5) It promises that the Company can make financial decisions independently and that they will not illegally intervene in the Company's use of its funds. 4. It will ensure the independence of the Company in organization: (1) It promises that the Company can operate independently with an independent and complete organization structure. (2) It promises that the office and production and business premises of the Company are separated from those of Rising Holdings Group. And (3) It promises that the Board of Directors, the Supervisory Committee and various functional departments of the Company operate independently, and there is no subordinate relationship with the functional departments of Rising Holdings Group. And 5, It will ensure the independence of the Company in business: (1) It promises that the Company will have independence in business. And (2) It promises 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.

Date of commitment making: 4 November 2021

Term of commitment: Long-standing

Fulfillment: In execution

#### **4. Commitment on effective performance of measures to fill up returns**

Commitment maker: Rising Group, Rising Capital, Electronics Group, Hongkong Wah Shing, Hong Kong Rising Investment and Shenzhen Rising Investment

Contents of Commitment: 1. They promise not to interfere in the operation and management activities of the listed company beyond their authority and not to encroach on the interests of the listed company. 2. From the date of issuance of these commitments to the completion of this trading of the listed company, if the CSRC makes new regulatory requirements on measures to fill up returns and commitments of relevant personnel, and the above commitments cannot meet these new regulatory requirements of the CSRC, they promise to issue supplementary commitments according to the latest regulations of the CSRC at that time. 3. They promise to earnestly fulfill the measures to fill up returns formulated by the listed company and any commitments made by them. If they violate these commitments and causes losses to the listed company or investors, they are willing to bear the compensation responsibility for the listed company or investors according to law. As one of the subjects responsible for the measures to fill up returns, if they violate the above commitments or refuses to fulfill the above commitments, they agree that the securities regulatory agencies such as the CSRC and the SZSE will punish them or take relevant regulatory measures in accordance with the relevant regulations and rules they formulated or issued.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

#### **5. Commitment on non-reduction of FSL shares during major asset restructuring**

Commitment maker: Rising Group, Rising Capital, Electronics Group, Hongkong Wah Shing, Hong Kong Rising Investment and Shenzhen Rising Investment

Contents of Commitment: 1. They promise that there will be no share reduction plan from the date of issuance of this Letter of Commitments to the completion of this trading, and they will not reduce its FSL shares in any other way (except the transfer or transfer between Rising Holdings Group and its wholly-owned subsidiaries). 2. If FSL implements ex-rights behaviors such as share conversion, share offering and share allotment from the date of issuance of this Letter of Commitments to the completion of this trading, the newly added shares obtained by them will also be subject to the above commitments related to not reducing share holdings.

Date of commitment making: 28 September 2021.

Term of commitment: Until the completion of this trading.

Fulfillment: Complete

#### **6. Commitment on compensation for possible violations of laws and regulations by NationStar Optoelectronics**

Commitment maker: Rising Holdings Group, Electronics Group, and Rising Capital

Contents of Commitment: If NationStar Optoelectronics is subject to administrative penalties such as accountability and fines by relevant competent departments after the completion of this trading due to the illegal acts of NationStar Optoelectronics before the completion of this acquisition, they promise to fully bear the losses of NATIONSTAR or FSL, as well as the expenses and fees under punishment or recourse, to ensure that NationStar Optoelectronics or FSL will not suffer any economic losses.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

#### **7. Commitment on explanation of confidentiality measures and confidentiality system adopted for this trading**

Commitment maker: Rising Group, Electronics Group, and Rising Capital

Contents of Commitment: 1. During the preliminary negotiation between the listed company and the counterparty on this trading, necessary and sufficient confidentiality measures were taken to limit the scope of knowledge of relevant sensitive information. According to the requirements of the SZSE, the listed company have completed the submission and online reporting of the memorandum of trading process, relevant materials of insider information insiders. The listed company have hired independent financial advisers, legal advisers, audit institutions, valuation institutions and other intermediaries, and signed confidentiality agreements or appointment agreements with confidentiality clauses with the above intermediaries, clearly stipulating the scope of confidential information and the confidentiality responsibilities of each intermediary.

Date of commitment making: 27 October 2021.

Term of commitment: Until the completion of this trading.

Fulfillment: Complete.

#### **8. Commitment on the truthfulness, accuracy and completeness of the information provided during this major asset restructuring**

(1) Commitment maker: Rising Group, Electronics Group, and Rising Capital

Contents of Commitment: 1. They promise that the information provided is true, accurate and complete, and there are no false records, misleading statements or material omissions. 2. They have provided relevant information and documents (including but not limited to original written materials, duplicate materials or oral testimony, etc.) related to this trading to the intermediaries. They promise that the copies or photocopies of the documents and materials provided are consistent with the originals, and that the signatures and seals of the documents and materials are

authentic, and the signatories of the documents have been legally authorized and effectively signed the documents; that there are no false records, misleading statements or material omissions. 3. They promise that the explanations and confirmations issued by them are true, accurate and complete, and there are no false records, misleading statements or material omissions. 4. During this trading, they will disclose the information about this trading in a timely manner in accordance with relevant laws and regulations, the CSRC and the SZSE, and ensure the authenticity, accuracy and completeness of such information. 5. They shall bear legal responsibility for the authenticity, accuracy and completeness of the information, documents, materials, explanations and confirmations provided. In case of any violation or losses caused to the listed company, investors, parties to the trading and intermediaries participating in this trading, they will be liable for compensation according to law. 6. Where the information provided or disclosed by them in this trading is suspected of false records, misleading statements or material omissions, and they are filed for investigation by the judicial organ or by the CSRC, the shares with interests in the listed company will not be transferred until the investigation conclusion is formed.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

(2) Commitment maker: NationStar Optoelectronics

Contents of Commitment: NationStar Optoelectronics has provided the necessary, true, accurate, complete and effective documents, materials or oral statements and explanations for this trading at this stage, and there is no concealment, falsehood or material omission. The copies or photocopies of the documents provided are consistent with the original materials or originals. The signatures and seals on the documents and materials provided are authentic, and NationStar Optoelectronics has fulfilled the legal procedures required for such signatures and seals and obtained legal authorization. All the facts stated and explained are consistent with the facts that happened.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

(3) Commitment maker: Sigma

Contents of Commitment: 1. Sigma has provided relevant information and documents (including but not limited to original written materials, duplicate materials or oral testimony, etc.) related to this trading to the intermediaries providing professional services of auditing, valuation, legal and financial consultancy for this trading. Sigma promises that the copies or photocopies of the documents and materials provided are consistent with the originals, and that the signatures and seals of the documents and materials are authentic, and the signatories of the documents have been legally authorized and effectively signed the documents; that the provided information and documents are authentic, accurate and complete and that there are no false records, misleading statements or material omissions. FSL also promises to bear individual and joint and several liability. 2. Sigma promises that the information provided is true, accurate and complete. In case of any losses caused to investors due to any false presentations, misleading statements or material omissions in the information provided, Sigma will be liable for compensation according to law.

Date of commitment making: 27 October 2021

Term of commitment: Long-standing..

Fulfillment: In execution.

## **9. Commitment on the clarity of the underlying assets of this major asset restructuring**

(1) Commitment maker: Electronics Group

Contents of Commitment: Electronics Group promises that the 100% equity of Sigma it held is clear in ownership and is not subject to any dispute or potential dispute, and there is no situation affecting its legal existence; and

there is no pending or potential litigation, arbitration and any other administrative or judicial procedure that may lead to the seizure, freezing, expropriation or restriction of transfer of the above-mentioned equity by the relevant judicial or administrative organs. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Electronics Group.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

(2) Commitment maker: Rising Group

Contents of Commitment: Rising Group promises that 46,260,021 shares of NationStar Optoelectronics it held is clear in ownership and is not subject to any dispute or potential dispute, and there is no situation affecting its legal existence; the above shares are not subject to any other pledges, guarantees or third-party interests or restrictions and there is no pending or potential litigation, arbitration and any other administrative or judicial procedure that may lead to the seizure, freezing, expropriation or restriction of transfer of the above-mentioned equity by the relevant judicial or administrative organs. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Rising Group.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

(3) Commitment maker: Rising Capital

Contents of Commitment: Rising Capital promises that 5,791,924 shares of NationStar Optoelectronics it held is clear in ownership and is not subject to any dispute or potential dispute, and there is no situation affecting its legal existence; the above shares are not subject to any other pledges, guarantees or third-party interests or restrictions and there is no pending or potential litigation, arbitration and any other administrative or judicial procedure that may lead to the seizure, freezing, expropriation or restriction of transfer of the above-mentioned equity by the relevant judicial or administrative organs. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Rising Group.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

(4) Commitment maker: Sigma

Contents of Commitment: Among 79,753,050 shares of tradable shares with unlimited selling conditions of NationStar Optoelectronics held by Sigma, 39,876, 500 shares were pledged for Guangdong Electronics Information Industry Group Ltd. As of the date of issuance of this commitment, the pledge of the above shares has been released. However, the Maximum Pledge Contract for Stocks of Listed Companies (No.: XYZZZ (BY) No.201906280001-2) signed by Sigma and Guangzhou Branch of Industrial Bank Co., Ltd. has not been dissolved. Guangdong Electronics Information Industry Group Ltd. has promised that it will not add any new loans to Guangzhou Branch of Industrial Bank Co., Ltd. as a borrower during the validity period of the guarantee, and that it will not substantially assume any guarantee responsibility due to the Maximum Pledge Contract for Stocks of Listed Companies. Except as aforesaid, the asset ownership of Sigma is clear, there is no dispute or potential dispute, and there is no situation affecting the legal existence. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Rising Holdings Group.

Date of commitment making: 27 October 2021

Term of commitment: Long-standing.

Fulfillment: In execution.

## **10. Commitment on compliance of this major asset restructuring with Several Provisions on the Reduction of Shares by Shareholders, Directors and Supervisors of Listed Companies**

Commitment maker: Rising Group and Rising Capital

Contents of Commitment: 1. They are not subject to any securities and futures crimes as stipulated in Article 6 of Several Provisions on the Reduction of Shares by Shareholders, Directors and Supervisors of Listed Companies. During the period when the CSRC or the judicial organ filed a case for investigation, and less than six months after the administrative penalty decision and criminal judgment were made, there was no situation that the shares of NATIONSTAR could not be reduced due to violation of the rules of stock exchanges and public censure by stock exchanges for less than three months. 2. In case of any violation or losses caused to NATIONSTAR, investors, parties to the trading and intermediaries participating in this trading, they will be liable for compensation according to law.

Date of commitment making: 27 October 2021.

Term of commitment: Until the completion of this trading.

Fulfillment: Complete.

## **11. Commitment on the release of credit guarantee**

Commitment maker: Electronics Group

Contents of Commitment: 1. As of the date of issuance of the Letter of Commitments, Sigma has signed the Maximum Guarantee Contract (Contract No.: XYYBZ (BY) No.201906280001-1) and the Maximum Pledge Contract for Stocks of Listed Companies (Contract No.: XYYZZ (BY) No.201906280001-2) with Guangzhou Branch of Industrial Bank Co., Ltd. Sigma will provide the maximum guarantee and pledge guarantee for the debt of Electronics Group, with the guarantee amount of RMB400 million (in words: RMB Four Hundred Million), and the guarantee will be valid from 28 June 2019 to 27 June 2022. Electronics Group promises that on the date of issuance of this Letter of Commitment, all the loans involved in the Maximum Guarantee Contract and the Maximum Pledge Contract for Stocks of Listed Companies have been repaid, there is no debt based on the guarantee under the above contracts, and 39,876,500 shares of NationStar Optoelectronics held by Sigma have been released from pledge. At the same time, Electronics Group further makes an irrevocable commitment that it will not add any new loans to Guangzhou Branch of Industrial Bank Co., Ltd. as a borrower before the expiration date of the Maximum Guarantee Contract and the Maximum Pledge Contract for Stocks of Listed Companies, so as to ensure that Sigma will not actually assume any guarantee responsibilities due to the above guarantee contracts. 2. Electronics Group promises that it will not arrange for Sigma to add any form of guarantee before the completion of the delivery of Sigma's equity in this trading. 3. In case of any violations of the above commitments, Electronics Group shall solve and eliminate the above situation within ten days, and bear corresponding legal responsibilities to Sigma and FSL.

Date of commitment making: 27 October 2021

Term of commitment: Until the completion of this trading.

Fulfillment: Complete.

## **12. Commitment on no ownership dispute in equity**

Commitment maker: Sigma

Contents of Commitment: 1. Sigma promises that all its registered capital has been paid in. 2. Sigma promises that all existing shareholders contribute their own funds to hold shares, there is no situation such as holding shares on behalf of them, and there is no dispute or potential dispute between shareholders over their shares.

Date of commitment making: 27 October 2021

Term of commitment: Long-standing.

Fulfillment: In execution.

## **13. About absence of insider trading**



Commitment maker: Key management personnel of Rising Group, Electronics Group, and Rising Capital

Contents of Commitment: They promise that they will not disclose the relevant insider information of this trading or make use of the insider information for insider trading; 2. As of the issuance date of the *Report on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft)*, they have not been placed on file for investigation or criminal investigation due to suspected insider trading related to this trading, and have not been subject to administrative punishment by the CSRC or criminal responsibility investigated by judicial organs according to law for insider trading related to any major asset restructuring, and have not been prohibited from engaging in any major asset restructuring of listed companies according to Article 13 of the *Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies* in the last 36 months; 3. In case of violation of the above commitments, they will bear all losses caused to the listed company and its shareholders.

Date of commitment making: 27 October 2021

Term of commitment: From the date of the issuance of the letter of commitment until the completion of this trading

Fulfillment: Complete.

## 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

Refer to VIII Legal Matters in Part VI of this Report for details.

### (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

As of 30 June 2022, guarantees of subsidiaries were as follows (RMB'0,000):

Principal debtor	Principal debtee	Guarantor	Type of guarantee	Guarantee amount	Guarantee balance
Nanning Liaowang (note 1)	Nanning Branch of Industrial Bank	Kuang Linchang, Liang Xiaoling, Yang Shiyue, Gu Hanhua, Qingdao Lighting, Liuzhou Lighting, Chongqing Guinuo	Joint-liability guarantee	20,000.00	0.00
Nanning Liaowang (note 2)	Far Eastern International Financial Leasing Co., Ltd.	Nanning Liaowang, Qingdao Lighting, Liuzhou Lighting, Kuang Linchang, Liang Xiaoling, Yang Shiyue, Gu Hanhua	Joint-liability guarantee	2,600.00	375.01
Liuzhou Lighting (note 3)	Nanning Branch of Industrial Bank	Nanning Liaowang, Liuzhou Lighting, Kuang Linchang, Liang Xiaoling, Yang Shiyue, Gu Hanhua	Joint-liability guarantee	15,000.00	0.00
Chongqing Guinuo (note 4)	Far Eastern International Financial Leasing Co., Ltd.	Nanning Liaowang, Qingdao Lighting, Liuzhou Lighting, Kuang Linchang, Liang Xiaoling, Yang Shiyue, Gu Hanhua	Joint-liability guarantee	3,999.00	757.06
Nanning Liaowang, Liuzhou Foreshine, Liuzhou Lighting (note 5)	Nanning Branch of Industrial Bank	Nanning Liaowang Auto Lamp Co., Ltd.	Mortgage	4,500.00	4,500.00
Nanning Liaowang (note 6)	Nanning Branch of Industrial Bank	Chongqing Guinuo Lighting Technology Co., Ltd.	Mortgage	8,100.00	5,000.00

Nanning Liaowang, Liuzhou Fuxuan, Liuzhou Lighting (note 7)	Nanning Branch of Industrial Bank	Liuzhou Guige Lighting Technology Co., Ltd.	Mortgage	9,100.00	3,500.00
NationStar Semiconductor (note 8)	Foshan Branch of China Merchants Bank	Foshan NationStar Optoelectronics Co., Ltd.	Joint-liability guarantee	30,000.00	0.00
Total	—	—	—	93,299.00	14,132.07

**Note 1:** Nanning Liaowang and Nanning Branch of Industrial Bank signed the Working Capital Loan Contract (XYGCBLJ Zi (2021) No.1001), with a loan amount of RMB47.7 million (from 1 February 2021 to 1 February 2022). This guarantee has been terminated. Kuang Linchang, Liang Xiaoling, Yang Shiyue, Gu Hanhua, Qingdao Lighting, Liuzhou Guige Lighting and Chongqing Guinuo jointly assume joint and several guarantee liabilities for all creditor's rights balances under the maximum principal limit of RMB200 million, and the guarantee amount is valid from 30 December 2019 to 30 December 2024. This guarantee has been terminated on 1 February 2022.

**Note 2:** On 18 May 2020, Nanning Liaowang and Far East International Financial Leasing Co., Ltd. (hereinafter referred to as "Far East Leasing") signed the Sale Lease Contract (Contract No.: IFELC20DE24MZT-L-01), with a financing loan amount of RMB26 million, and the actual loan amount obtained was RMB24 million (the difference with the financing loan amount was RMB2 million as a deposit, which was withheld by Far East Leasing), and the loan term of finance lease is 30 months. Liuzhou Guige Lighting, Qingdao Lighting, Yang Shiyue, Gu Hanhua, Kuang Linchang and Liang Xiaoling provide joint and several liability guarantee for this financing loan. Nanning Liaowang signed the Ownership Transfer Agreement with Far East Leasing. According to the General Terms and Conditions of the Sale and Return Lease Contract: Under the condition that Party B (Nanning Liaowang, the same below) enjoys all the rights under this contract and does not affect Party B's normal use, Party A (Far East Leasing, the same below) may transfer its ownership of the leased items to any third party, or mortgage the leased items and other guarantees, and the validity of the contract will not be affected. Party A undertakes not to adversely affect Party B's rights (especially the performance of this contract) due to the transfer/mortgage. Party B shall perform this contract according to the contract, and Party A shall guarantee that Party B shall have the right to use the leased items and the ownership after the expiration of the lease period according to the contract.

**Note 3:** Liuzhou Guige Lighting and Nanning Branch of Industrial Bank signed loan contracts numbered WYZH2021012600174, WYZH2021042100164 and WYZH2021042100146, borrowing RMB10 million (from 26 January 2021 to 26 January 2022), RMB20 million (from 21 April 2021 to 21 April 2022), and RMB20 million (from 22 April 2021 to 22 April 2022) respectively. This guarantee has been terminated. Nanning Liaowang, Kuang Linchang, Liang Xiaoling, Yang Shiyue and Gu Hanhua provide joint and several liability guarantee with the maximum balance of principal creditor's rights not exceeding RMB150 million exposure, and the guarantee amount is valid from 30 December 2019 to 30 December 2024. This guarantee has been terminated on 22 April 2022.

**Note 4:** On 21 June 2020, Chongqing Guinuo signed the Sale and Return Lease Contract with Far East Leasing (Contract No.: IFELC20DE2XZXM-L-01), with a financing loan amount of RMB39.9 million and an actual loan amount of RMB35.99 million (the difference with the financing loan amount is RMB4 million as a deposit, which is withheld by Far East Leasing), and the loan term of finance lease is 30 months. This financial lease loan is mortgaged by Chongqing Guinuo with 28 fixed assets and 104 molds owned by itself. Chongqing Guinuo signed the Ownership Transfer Agreement with Far East Leasing, and Nanning Liaowang, Liuzhou Guige Lighting, Qingdao Lighting, Liang Xiaoling, Yang Shiyue, Gu Hanhua and Kuang Linchang provided joint and several liability

guarantee for the lease loan. According to the General Terms and Conditions of the Sale and Return Lease Contract: Under the condition that Party B (Chongqing Guينو, the same below) enjoys all the rights under this contract and does not affect Party B's normal use, Party A (Far East Leasing, the same below) may transfer its ownership of the leased items to any third party, or mortgage the leased items and other guarantees, and the validity of the contract will not be affected. Party A undertakes not to adversely affect Party B's rights (especially the performance of this contract) due to the transfer/mortgage. Party B shall perform this contract according to the contract, and Party A shall guarantee that Party B shall have the right to use the leased items and the ownership after the expiration of the lease period according to the contract.

**Note 5:** Nanning Liaowang Auto Lamp Co., Ltd. (Nanning Liaowang) and Nanning Branch of Industrial Bank Co., Ltd. entered into the Maximum Financing Agreement (X.Y.G.CH.B.R.Z.Z. [2022] No. (01)) to conduct a bill transaction of RMB45 million. Nanning Liaowang provides mortgage guarantee with the immovable property owned as collateral, and the balance of its creditor's rights does not exceed the maximum mortgage principal of RM72,344,400 in the original guarantee contract. The mortgage amount is valid from 23 June 2020 to 23 June 2025. This guarantee has been terminated on 24 April 2022. In the new guarantee contract, Nanning Liaowang provides mortgage guarantee with the immovable property owned as collateral, and the balance of its creditor's rights does not exceed the maximum mortgage principal of RMB69,139,100. The mortgage amount is valid from 25 April 2022 to 31 December 2025 and the guarantee amount is RMB45 million. The mortgaged real estate is a) YG (2017) NNSBDCQZ No.0065501; b) EG (2017) NNSBDCQZ No.0065499; c) SG (2017) NNSBDCQZ No.0065498; d) SG (2017) NNSBDCQZ No.0065497.

**Note 6:** Nanning Liaowang and Nanning Branch of Industrial Bank Co., Ltd. entered into the Working Capital Loan Contracts, numbered WYZH2022021100314 and WYZH2022021100248, with the loan amounts of RMB19.8 million (from 11 February 2022 to 11 February 2023) and RMB30.2 million (from 11 February 2022 to 11 February 2023), respectively. Chongqing Guينو Lighting Technology Co., Ltd. (Chongqing Guينو) provide mortgage guarantee with the immovable property owned as collateral, and the balance of its creditor's rights does not exceed the maximum mortgage principal of RM122,294,700. The guarantee amount is RMB81 million and valid from 15 June 2020 to 15 June 2023. The mortgaged real estate is a) YY (2020) LJXQBDCQ No.000436821, b) EY (2020) LJXQBDCQ No.000437330, c) SY (2020) LJXQBDCQ No.000437429 and d) SY (2020) LJXQBDCQ No.000437448.

**Note 7:** Liuzhou Guige Photoelectric Technology Co., Ltd. (Liuzhou Guige) and Nanning Branch of Industrial Bank Co., Ltd. entered into the Working Capital Loan Contract, numbered WYZH2022050700423, with a loan of RMB15 million (from 7 May 2022 to 7 May 2023). Liuzhou Guige and Nanning Branch of Industrial Bank Co., Ltd. entered into the Agreement on Banker's Acceptance Financing Business Cooperation (X.Y.G.CH.B.SH.X. [2022] No. 1002), with a loan of RMB15 million (from 7 May 2022 to 7 May 2023), to conduct a bill transaction of RMB20 million. In the original guarantee contract, Liuzhou Guige provides mortgage guarantee with the immovable property owned as collateral, and the balance of its creditor's rights does not exceed RMB150 million. The mortgage amount is valid from 30 December 2019 to 30 December 2024. The guarantee has been terminated on 23 April 2022. In the new guarantee contract, Liuzhou Guige provides mortgage guarantee with the immovable property owned as collateral, and the balance of its principal creditor's rights does not exceed RMB139,943,700. The guarantee amount is RMB91 million and valid from 24 April 2022 to 31 December 2025. The mortgaged real estate is: a) YG (2019) LZSBDCQ No.0191988, located at No.1 Factory Building, No.12 Hengsi Road, Cheyuan; b) EG (2019) LZSBDCQ No.0191991, located in the mold center of No.12 Hengsi Road, Cheyuan; c) SG (2019) LZSBDCQ No.0191994, located in the logistics gate guard room at No.12 Hengsi Road, Cheyuan; d) SG (2019) LZSBDCQ No.0191995, located in the guard room of Gate 12, Hengsi Road, Cheyuan.

**Note 8:** Foshan NationStar Optoelectronics Co., Ltd. convened the 9<sup>th</sup> Meeting of the 4<sup>th</sup> Board of Directors on 18

September 2017, on which, the Proposal on Providing Guarantee for the Company's Wholly-owned Subsidiary was reviewed and approved and the Company was agreed to provide a credit guarantee not exceeding RMB300 million for the corporation overdraft conducted by its wholly-owned subsidiary NationStar Semiconductor at China Merchants Bank. NationStar Semiconductor signed the Credit Agreement, numbered 757XY2018015331 with Foshan Branch of China Merchants Bank which agreed to provide the credit line of RMB100 million for NationStar Semiconductor within the credit period stipulated in the Credit Agreement (from 28 May 2018 to 27 May 2019). The guarantor Foshan NationStar Optoelectronics Co., Ltd. has given the Letter of Irrevocable Guarantee for Maximum Amount, numbered 757XY201801533101 to undertake joint liability guarantee for the principal debtor valid from 12 June 2018 to 27 May 2022. This guarantee has expired on 27 May 2022.

## **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**

1. About the equity transfer of the sub-subsidiary NationStar Optoelectronics (Germany) Co., Ltd. Haolaite, a holding subsidiary of the Company, acquired 100% of the equities of NationStar Optoelectronics (Germany) Co., Ltd., a wholly-owned subsidiary of NATIONSTAR, the holding subsidiary, by means of payment in cash. On 20 June 2022, an equity transfer agreement was entered into by both parties. On 13 July 2022, Haolaite paid RMB258,700 for the transfer of the 100% equities. On 21 July 2022, NationStar Optoelectronics (Germany) Co., Ltd. completed the application for transfer of domestic entities. As of the date of this report, the change of NationStar Optoelectronics (Germany) Co., Ltd.'s overseas equities is still underway.

2. About the acquisition of the equities of Guangdong Fenghua Semiconductor Technology Co., Ltd. by the holding subsidiary and its connected transaction

In order to speed up the expansion of 3rd-general semiconductor business of NATIONSTAR, a holding subsidiary of the Company, the Board of Directors agreed to NATIONSTAR's acquisition of 99.87695% of the equities of Guangdong Fenghua Semiconductor Technology Co., Ltd. (hereinafter referred to as "Fenghua Semiconductor") held by Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. (hereinafter referred to as "Fenghua Advanced Technology") at RMB268,819,300. Guangdong Rising Holdings Group is the holding shareholder of the Company and Fenghua Advanced Technology, so Fenghua Advanced Technology is the connected legal person of the Company according to the Stock Listing Rules of Shenzhen Stock Exchange, and this transaction constitutes a connected transaction but does not constitute a significant assets spin-off under the Administrative Measures for the Material Asset Reorganizations of Listed Companies.

The Company convened the 33rd Meeting of the Ninth Board of Directors on 12 August 2022, at which the

Proposal on Holding Subsidiary's Acquisition of the Equities of Guangdong Fenghua Semiconductor Technology Co., Ltd. and Its Connected Transaction was deliberated and approved with seven votes of assent, zero votes of dissent, zero votes of abstention and two votes of withdrawal. Connected directors Mr. Hu Fengcai and Mr. Huang Zhiyong recused themselves from voting according to law. Independent directors of the Company expressed ex-ante approval and independent opinions on the connected transactions in relation to this acquisition. Meanwhile, the Company convened the 3rd Extraordinary General Meeting in 2022 on 29 August 2022, at which the Proposal on Holding Subsidiary's Acquisition of the Equities of Guangdong Fenghua Semiconductor Technology Co., Ltd. and Its Connected Transaction was deliberated and approved, and connected persons having an interest in the connected transaction recused themselves from voting.

## **XVI. Other Significant Events**

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

#### **(1) Retrospective Restatement**

Naught

#### **(2) Prospective Application**

Naught

### **2. Debt Restructuring**

Naught

### **3. Assets Replacement**

#### **(1) Non-monetary Assets Exchange**

Naught

#### **(2) Other Assets Replacement**

Naught

### **4. Pension Plans**

In accordance with provisions of Measures for Enterprise Annuity (RSBL No. 36), Measures for Managing Enterprise Annuity Fund (RSBL No. 11) and other policies, the Company has formulated the Enterprise Annuity Plan of Foshan Electrical and Lighting Co., Ltd. (hereinafter referred to as the "Plan").

The Plan adopts the corporate trusteeship mode. The collected enterprise annuity fund will be managed by the trustee entrusted by Foshan Electrical and Lighting Co., Ltd. with the Enterprise Annuity Fund Trusteeship Contract. And the trustee of the enterprise annuity fund will entrust eligible account managers, custodians and investment managers to provide unified related services. The expenses required shall be jointly borne by the Company and the employees. The payment channels of the Company shall be implemented according to relevant regulations of the state, and the part that shall be paid by employees themselves will be withheld and paid by the

Company from their salaries.

The Plan has been filed at Chancheng District Human Resources and Social Security Bureau of Foshan City and implemented since 1 June 2022. The management of the enterprise annuity fund is subject to the supervision and inspection of relevant state departments.

## **5. Discontinued Operations**

Naught

## **6. Segment Information**

### **(1) Determination Basis and Accounting Policies of Reportable Segment**

Naught

### **(2) The Financial Information of Reportable Segment**

Naught

### **(3) If there Was no Reportable Segment, or the Total Amount of Assets and Liabilities of Each Reportable Segment Could not Be Reported, Relevant Reasons Shall Be Clearly Stated**

Naught

### **(4) Other notes**

Naught

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

Naught

## **8. Other**

### **(I) Demolition Matters of Nanjing Fozhao**

According to the Decision of Nanjing Lishui District People's Government on House Expropriation on State-owned Land of Honglan Street Affordable Housing Project in Lishui District (NLFZ Zi [2020] No.18), The house owned by Nanjing Fozhao, a wholly-owned subsidiary of the Company, located at 688 Jinniu North Road, Honglan Street, Lishui District, Nanjing (the total construction area of the house is 44,558.09 square meters, which is an industrial house; The land use right covers an area of 135,882.4 square meters, which is industrial land) belongs to the expropriation scope, and the compensation, relocation fee, loss fee of production and business suspension and other rewards of the expropriated assets total RMB183,855,895.00. As of 30 June 2022, Nanjing Fozhao has received 30% of the compensation, that is, RMB55,160,000.00, and the land use right certificate and house ownership certificate of the assets involved have been cancelled. As of the date of this report, the site handover is still in progress. After the demolition work is completed, Nanjing Fozhao plans to carry out liquidation and cancellation.

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

### 1. Accounts Receivable

#### (1) Category of Accounts Receivable

Unit: RMB

Item	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 for which bad debt provision separately accrued	11,220,827.14	0.89%	11,220,827.14	100.00%	0.00	11,220,827.14	1.00%	8,976,661.72	80.00%	2,244,165.42
Of which:										
Accounts receivable for which bad debt provision accrued by group	1,247,228,261.37	99.11%	59,424,363.55	4.76%	1,187,803,897.82	1,108,641,819.86	99.00%	51,950,320.95	4.69%	1,056,691,498.91
Of which:										
(1) Common business portfolio	1,216,449,379.92	96.66%	59,424,363.55	4.89%	1,157,025,016.37	1,022,005,643.56	91.26%	51,950,320.95	5.08%	970,055,322.61
(2) Internal	30,778,881.45	2.45%			30,778,881.45	86,636,176.30	7.74%			86,636,176.30



business portfolio										
Total	1,258,449,088.51	100.00%	70,645,190.69	5.61%	1,187,803,897.82	1,119,862,647.00	100.00%	60,926,982.67	5.44%	1,058,935,664.33

Individual withdrawal of bad debt provision by single item:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal
Customer A	11,220,827.14	11,220,827.14	100.00%	Involved in the lawsuit; the Company won in the second instance judgment and not executed completely
Total	11,220,827.14	11,220,827.14		

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Credit risk portfolio	1,247,228,261.37	59,424,363.55	4.76%
Total	1,247,228,261.37	59,424,363.55	

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	1,156,764,405.89
1 to 2 years	55,152,654.80
2 to 3 years	5,573,526.47
Over 3 years	40,958,501.35
3 to 4 years	21,341,828.20
4 to 5 years	5,682,589.42
Over 5 years	13,934,083.73
Total	1,258,449,088.51

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

Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Withdrawal	
Bad debt	8,976,661.72	2,244,165.42	0.00			11,220,827.14

provision withdrawn separately						4
Bad debt provision withdrawn by group	51,950,320.95	7,474,298.96		256.36		59,424,363.55
<b>Total</b>	<b>60,926,982.67</b>	<b>9,718,464.38</b>	<b>0.00</b>	<b>256.36</b>		<b>70,645,190.69</b>

Of which significant amount of reversed or recovered bad debt provision:

Naught

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

Unit: RMB

Item	Amount
Other driblet small amount	256.36

Of which, verification of significant accounts receivable:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
Other retails accounts	Payment for goods	256.36	Unrecoverable	The approval procedure is carried out according to the Company's rules for managing bad debt.	Not
<b>Total</b>	--	256.36			

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

Unit: RMB

Name of units	Ending balance of accounts receivable	Proportion to total ending balance of accounts receivable (%)	Ending balance of bad debt provision
No. 1	152,875,068.03	12.15%	4,586,252.04
No. 2	89,987,854.53	7.15%	2,699,635.64
No. 3	31,396,709.13	2.49%	941,901.27
No. 4	29,155,889.38	2.32%	874,676.68
No. 5	26,766,896.54	2.13%	803,006.90
<b>Total</b>	<b>330,182,417.61</b>	<b>26.24%</b>	

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

Naught

**(6) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Accounts Receivable**

Naught

**2. Other Receivables**

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	447,027,739.63	511,056,231.24
Total	447,027,739.63	511,056,231.24

**(1) Interest Receivable**

**1) Category of Interest Receivable**

Naught

**2) Significant Overdue Interest**

Naught

**3) Information of Withdrawal of Bad Debt Provision**

Applicable  Not applicable

## (2) Dividend Receivable

### 1) Category of Dividend Receivable

Naught

### 2) Significant Dividends Receivable Aging over 1 Year

Naught

### 3) Information of Withdrawal of Bad Debt Provision

Applicable  Not applicable

## (3) Other Receivables

### 1) Other Receivables Disclosed by Account Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
VAT export tax refunds	4,496,365.98	4,674,335.06
Performance bond	8,637,137.38	5,597,832.99
Staff borrow and petty cash	1,813,413.90	3,486,778.81
Rent, water & electricity fees	1,456,935.93	2,564,557.87
Other intercourse	433,601,839.90	497,805,458.10
Total	450,005,693.09	514,128,962.83

### 2) Information of Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2022	763,248.72	2,309,482.87		3,072,731.59
Balance of 1 January 2022 in the Current Period				
Withdrawal of the Current Period	-282,481.64	187,703.51		-94,778.13
Balance of 30 June 2022	480,767.08	2,497,186.38		2,977,953.46

Changes of carrying amount with significant amount changed of loss provision in the current period

Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	439,945,369.74
1 to 2 years	6,150,154.66
2 to 3 years	867,074.45
Over 3 years	3,043,094.24
3 to 4 years	2,114,385.69
4 to 5 years	489,061.25
Over 5 years	439,647.30
Total	450,005,693.09

**3) Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period**

Information of bad debt provision withdrawn:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	
Other receivables	3,072,731.59	-94,778.13				2,977,953.46
Total	3,072,731.59	-94,778.13				2,977,953.46

Of which the bad debt provision reversed or recovered with significant amount during the Reporting Period:

Naught

**4) Particulars of the Actual Verification of Other Receivables during the Reporting Period**

Naught

**5) Top 5 of the Ending Balance of Other Receivables Collected according to the Arrears Party**

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables (%)	Ending balance of bad debt provision
No. 1	Internal business group	420,598,696.63	Within 1 year	93.47%	
No. 2	VAT export tax refunds	4,496,365.98	Within 1 year	1.00%	134,890.98
No. 3	Internal business group	4,116,845.26	Within 2 years	0.91%	
No. 4	Intercourse accounts	2,673,256.53	Within 1 year	0.59%	80,197.70
No. 5	Performance bond	1,500,000.00	Within 1 year	0.33%	45,000.00

Total		433,385,164.40		96.30%	260,088.68
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### 6) Accounts Receivable Involving Government Grants

Naught

### 7) Derecognition of Other Receivables due to the Transfer of Financial Assets

Naught

### 8) The Amount of the Assets and Liabilities Formed due to the Transfer and the Continued Involvement of Other Receivables

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	2,296,631,238.41		2,296,631,238.41	1,061,536,766.02		1,061,536,766.02
Investment to joint ventures and associated enterprises	180,115,189.99		180,115,189.99	181,545,123.09		181,545,123.09
Total	2,476,746,428.40		2,476,746,428.40	1,243,081,889.11		1,243,081,889.11

### (1) Investment to Subsidiaries

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Depreciation reserves withdrawn	Other		
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	
Foshan Haolaite Lighting Co., Ltd.	16,685,000.00								16,685,000.00	
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	
Foshan Kelian New Energy Technology Co., Ltd.	170,000.00								170,000.00	
Fozhao (Hainan) Technology Co., Ltd.	150,000.00	23,000,000.00							173,000.00	
Nanning Liaowang Auto Lamp Co., Ltd.	493,880.163.76								493,880.163.76	
Foshan NationStar Optoelectronics Co., Ltd.		1,212,090.245.94							1,212,090.245.94	
Foshan Sigma Venture Capital Co., Ltd.		4,226.45							4,226.45	
<b>Total</b>	<b>1,061,536,766.02</b>	<b>1,235,094,472.39</b>							<b>2,296,631,238.41</b>	

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

Unit: RMB

Investee	Beginning balance	Increase/decrease								Ending balance (carryin	Ending balance of
		Additio nal	Reduce d	Gains and	Adjust ment of	Change s of	Cash bonus	Withdra wal of	Other		

	(carryin g value)	investm ent	investm ent	losses recogni zed under the equity method	other compre hensive income	other equity	or profits announ ced to issue	impair ment provisi on		g value)	depreci ation reserve
I. Joint ventures											
II. Associated enterprises											
Shenzh enPrim atronix (Nanho ) Electro nics Ltd.	181, 54 5, 123. 09			650, 45 7. 40			2, 080, 390. 50			180, 11 5, 189. 99	
Subtota l	181, 54 5, 123. 09			650, 45 7. 40			2, 080, 390. 50			180, 11 5, 189. 99	
Total	181, 54 5, 123. 09			650, 45 7. 40			2, 080, 390. 50			180, 11 5, 189. 99	

### (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 business	1, 743, 824, 866. 67	1, 430, 083, 022. 73	1, 712, 892, 634. 56	1, 415, 558, 525. 32
Other business	65, 355, 126. 19	46, 281, 084. 46	84, 902, 658. 17	70, 407, 375. 42
Total	1, 809, 179, 992. 86	1, 476, 364, 107. 19	1, 797, 795, 292. 73	1, 485, 965, 900. 74

Relevant information of revenue:

Naught

Information related to performance obligations:

Naught

Information related to transaction value assigned to residual performance obligations:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB0.00 at the period-end.



## 5. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by cost method	2,653,342.25	
Long-term equity investment income accounted by equity method	650,457.40	37,460.99
Investment income from disposal of long-term equity investment		6,754,363.94
Dividend income from holding of other investments in equity instruments	16,055,272.93	
Investment income from financial products and structural deposits	449,147.49	4,756,319.58
Other	1,734,535.05	416,050.00
Total	21,542,755.12	11,964,194.51

## 6. Other

Naught

## XVIII. Supplementary Materials

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

Applicable  Not applicable

Unit: RMB

Item	Amount	Note
Gain/Loss arising from disposal of non-current assets	-5,723,365.37	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	31,578,978.53	
Capital occupation charges on non-financial enterprises that are recorded into current profit or loss	213,042.31	
Current net profit or loss of subsidiaries acquired in business combination under the same control from period-beginning to combination date	9,568,639.83	
Gain/loss from change of fair value of trading financial assets and liabilities,	-8,997,858.09	

and investment gains from disposal of trading financial assets and liabilities, and available-for-sale financial assets, other than valid hedging related to the Company's common businesses		
Other non-operating income and expenses other than the above	6,044,307.77	
Less: Income tax effects	4,010,901.27	
Non-controlling interests effects	28,870,934.61	
Total	-198,090.90	--

Others that meets the definition of non-recurring gain/loss:

Applicable  Not applicable

No such cases in the Reporting Period.

Explain the reasons if the Company classifies any extraordinary gain/loss item mentioned in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses 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	2.68%	0.1191	0.1180
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	2.68%	0.1192	0.1181

## 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