

**Foshan Electrical and Lighting Co., Ltd.**  
**The semi-annual financial report 2019**

# 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.

Unit: RMB

Item	30 June 2019	31 December 2018
Current assets:		
Monetary capital	829,509,716.65	896,646,719.87
Settlement reserve		
Interbank loans granted		
Trading financial assets		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	135,766,529.32	107,506,613.50
Accounts receivable	765,827,365.76	834,420,596.05
Financing backed by accounts receivable		
Prepayments	11,891,130.86	13,811,905.18
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	27,065,266.07	21,745,690.53
Including: Interest receivable	5,828,623.70	5,152,364.04
Dividends receivable		

Financial assets purchased under resale agreements		
Inventories	644,986,460.94	767,319,599.00
Contract assets		
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	913,945,157.63	864,093,663.30
Total current assets	3,328,991,627.23	3,505,544,787.43
Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Available-for-sale financial assets		897,716,590.20
Investments in other debt obligations		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	180,122,685.92	182,458,559.69
Investments in other equity instruments	964,212,719.39	
Other non-current financial assets		
Investment property		
Fixed assets	586,093,658.59	512,106,912.39
Construction in progress	158,184,271.59	224,624,447.16
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	170,510,917.01	172,725,277.21
R&D expense		
Goodwill		
Long-term prepaid expense	8,361,600.95	6,852,985.35
Deferred income tax assets	34,504,330.96	37,831,704.45
Other non-current assets	47,366,671.02	48,305,435.42
Total non-current assets	2,149,356,855.43	2,082,621,911.87
Total assets	5,478,348,482.66	5,588,166,699.30
Current liabilities:		
Short-term borrowings		

Borrowings from central bank		
Interbank loans obtained		
Trading financial liabilities	1,473,400.00	
Financial liabilities at fair value through profit or loss		477,200.00
Derivative financial liabilities		
Notes payable	375,906,405.75	452,683,676.97
Accounts payable	508,983,045.12	532,597,143.95
Advances from customers	35,916,666.09	43,850,788.04
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Payroll payable	64,798,848.43	96,088,621.59
Taxes payable	28,472,607.76	25,354,466.37
Other payables	47,164,268.80	43,115,011.68
Including: Interest payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance payables		
Contract liabilities		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	1,062,715,241.95	1,194,166,908.60
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings		
Bonds payable		

Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term payroll payable		
Provisions		
Deferred income	77,500.35	155,000.31
Deferred income tax liabilities	63,404,928.38	52,530,509.00
Other non-current liabilities		
Total non-current liabilities	63,482,428.73	52,685,509.31
Total liabilities	1,126,197,670.68	1,246,852,417.91
Owners' equity:		
Share capital	1,399,346,154.00	1,399,346,154.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	158,608,173.07	158,608,173.07
Less: Treasury stock		
Other comprehensive income	359,303,760.45	297,667,872.80
Specific reserve		
Surplus reserves	809,456,186.20	809,456,186.20
General reserve		
Retained earnings	1,603,158,758.12	1,654,181,032.39
Total equity attributable to owners of the Company as the parent	4,329,873,031.84	4,319,259,418.46
Non-controlling interests	22,277,780.14	22,054,862.93
Total owners' equity	4,352,150,811.98	4,341,314,281.39
Total liabilities and owners' equity	5,478,348,482.66	5,588,166,699.30

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

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

Unit: RMB

Item	30 June 2019	31 December 2018
Current assets:		

Monetary capital	777,873,712.87	848,949,693.91
Trading financial assets		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes receivable	134,345,022.32	104,945,398.61
Accounts receivable	709,370,406.65	795,897,932.65
Financings backed by accounts receivable		
Prepayments	26,317,689.21	25,444,445.34
Other receivables	49,579,918.55	43,538,848.72
Including: Interest receivable	5,828,623.70	5,152,364.04
Dividends receivable		
Inventories	575,485,441.72	692,681,479.03
Contract assets		
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	908,608,201.81	856,504,839.81
Total current assets	3,181,580,393.13	3,367,962,638.07
Non-current assets:		
Investments in debt obligations		
Available-for-sale financial assets		897,716,590.20
Investments in other debt obligations		
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	463,915,788.18	466,251,661.95
Investments in other equity instruments	964,212,719.39	
Other non-current financial assets		
Investment property		
Fixed assets	528,301,991.89	427,947,613.74
Construction in progress	156,307,643.11	222,570,503.14
Productive living assets		
Oil and gas assets		
Right-of-use assets		

Intangible assets	127,512,566.55	129,452,067.42
R&D expense		
Goodwill		
Long-term prepaid expense	5,477,080.74	5,106,268.25
Deferred income tax assets	32,238,587.52	35,908,741.15
Other non-current assets	45,858,121.02	46,852,235.42
Total non-current assets	2,323,824,498.40	2,231,805,681.27
Total assets	5,505,404,891.53	5,599,768,319.34
Current liabilities:		
Short-term borrowings		
Trading financial liabilities	1,473,400.00	
Financial liabilities at fair value through profit or loss		477,200.00
Derivative financial liabilities		
Notes payable	375,906,405.75	452,683,676.97
Accounts payable	668,029,057.46	681,490,174.69
Advances from customers	31,494,990.99	41,912,301.85
Contract liabilities		
Payroll payable	53,654,091.41	84,220,746.16
Taxes payable	26,618,163.16	17,528,644.83
Other payables	129,244,340.97	114,073,355.23
Including: Interest payable		
Dividends payable		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	1,286,420,449.74	1,392,386,099.73
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		

Long-term payables		
Long-term payroll payable		
Provisions		
Deferred income		
Deferred income tax liabilities	63,404,928.38	52,530,509.00
Other non-current liabilities		
Total non-current liabilities	63,404,928.38	52,530,509.00
Total liabilities	1,349,825,378.12	1,444,916,608.73
Owners' equity:		
Share capital	1,399,346,154.00	1,399,346,154.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	166,211,779.15	166,211,779.15
Less: Treasury stock		
Other comprehensive income	359,294,594.15	297,672,884.34
Specific reserve		
Surplus reserves	809,456,186.20	809,456,186.20
Retained earnings	1,421,270,799.91	1,482,164,706.92
Total owners' equity	4,155,579,513.41	4,154,851,710.61
Total liabilities and owners' equity	5,505,404,891.53	5,599,768,319.34

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

### 3. Consolidated Income Statement

Unit: RMB

Item	H1 2019	H1 2018
1. Revenue	1,687,184,660.86	2,064,779,289.99
Including: Operating revenue	1,687,184,660.86	2,064,779,289.99
Interest income		
Premium income		
Handling charge and commission income		
2. Costs and expenses	1,529,073,323.52	1,796,559,951.51
Including: Cost of sales	1,297,336,713.77	1,579,291,867.89



Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	20,836,268.74	21,962,518.24
Selling expense	123,410,566.38	103,917,010.47
Administrative expense	67,537,179.69	85,530,538.74
R&D expense	29,860,632.61	18,943,492.78
Finance costs	-9,908,037.67	-13,085,476.61
Including: Interest expense		
Interest income		
Add: Other income	5,523,870.00	1,018,385.17
Return on investment ("-" for loss)	43,839,659.74	24,509,870.36
Including: Share of profit or loss of joint ventures and associates	784,711.98	179,781.56
Income from the derecognition of financial assets at amortized cost ("-" for loss)		
Foreign exchange gain ("-" for loss)		
Net gain on exposure hedges ("-" for loss)		
Gain on changes in fair value ("-" for loss)	-996,200.00	
Credit impairment loss ("-" for loss)	-1,036,971.94	
Asset impairment loss ("-" for loss)	-12,239,244.21	-16,006,869.83
Asset disposal income ("-" for		

loss)		
3. Operating profit (“-” for loss)	193,202,450.93	277,740,724.18
Add: Non-operating income	1,941,872.57	1,669,856.43
Less: Non-operating expense	478,391.97	191,749.42
4. Profit before tax (“-” for loss)	194,665,931.53	279,218,831.19
Less: Income tax expense	27,167,288.57	47,044,145.70
5. Net profit (“-” for net loss)	167,498,642.96	232,174,685.49
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	167,498,642.96	232,174,685.49
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	167,275,725.75	229,277,455.82
5.2.1 Net profit attributable to non-controlling interests	222,917.21	2,897,229.67
6. Other comprehensive income, net of tax	61,635,887.65	-322,975,351.39
Attributable to owners of the Company as the parent	61,635,887.65	-322,975,351.39
6.1 Items that will not be reclassified to profit or loss	61,621,709.81	
6.1.1 Changes caused by remeasurements on defined benefit pension 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	61,621,709.81	
6.1.4 Changes in the fair value of the company’s credit risks		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss	14,177.84	-322,975,351.39
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 Gain/Loss on changes in the fair value of available-for-sale financial assets		-322,972,909.70
6.2.4 Other comprehensive income arising from the reclassification of financial assets		
6.2.5 Gain/Loss arising from the reclassification of held-to-maturity investments to available-for-sale financial assets		
6.2.6 Allowance for credit impairments in investments in other debt obligations		
6.2.7 Reserve for cash flow hedges		
6.2.8 Differences arising from the translation of foreign currency-denominated financial statements	14,177.84	-2,441.69
6.2.9 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	229,134,530.61	-90,800,665.90
Attributable to owners of the Company as the parent	228,911,613.40	-93,697,895.57
Attributable to non-controlling interests	222,917.21	2,897,229.67
8. Earnings per share		
8.1 Basic earnings per share	0.1195	0.1638
8.2 Diluted earnings per share	0.1195	0.1638

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

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

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

Unit: RMB

Item	H1 2019	H1 2018
1. Operating revenue	1,635,659,167.96	2,004,288,444.76
Less: Cost of sales	1,284,411,581.81	1,587,394,320.53
Taxes and surcharges	17,949,984.61	17,214,406.11
Selling expense	114,023,284.09	91,117,192.72
Administrative expense	58,470,337.78	77,627,911.90
R&D expense	28,129,639.08	18,613,246.57
Finance costs	-9,671,203.12	-12,655,059.12
Including: Interest expense		
Interest income		
Add: Other income	5,323,870.00	561,343.06
Return on investment ("-" for loss)	44,169,887.94	21,037,840.32
Including: Share of profit or loss of joint ventures and associates	784,711.98	179,781.56
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)	-996,200.00	
Credit impairment loss ("-" for loss)	-99,161.29	
Asset impairment loss ("-" for loss)	-11,804,419.91	-15,224,655.05
Asset disposal income ("-" for loss)		
2. Operating profit ("-" for loss)	178,939,520.45	231,350,954.38
Add: Non-operating income	1,748,491.88	1,572,451.59
Less: Non-operating expense	387,894.46	164,104.09
3. Profit before tax ("-" for loss)	180,300,117.87	232,759,301.88
Less: Income tax expense	22,896,024.86	32,947,939.09
4. Net profit ("-" for net loss)	157,404,093.01	199,811,362.79

4.1 Net profit from continuing operations (“-” for net loss)	157,404,093.01	199,811,362.79
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	61,621,709.81	-322,972,909.70
5.1 Items that will not be reclassified to profit or loss	61,621,709.81	
5.1.1 Changes caused by remeasurements on defined benefit pension 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	61,621,709.81	
5.1.4 Changes in the fair value of the company’s credit risks		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss		-322,972,909.70
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 Gain/Loss on changes in the fair value of available-for-sale financial assets		-322,972,909.70
5.2.4 Other comprehensive income arising from the reclassification of financial assets		
5.2.5 Gain/Loss arising from the reclassification of held-to-maturity investments to available-for-sale financial assets		
5.2.6 Allowance for credit impairments in investments in other debt obligations		

5.2.7 Reserve for cash flow hedges		
5.2.8 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.9 Other		
6. Total comprehensive income	219,025,802.82	-123,161,546.91
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

## 5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2019	H1 2018
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	1,751,423,769.24	1,769,237,743.67
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds for acting trading of		

securities		
Tax rebates	48,922,234.35	47,287,499.42
Cash generated from other operating activities	45,162,461.57	33,545,832.35
Subtotal of cash generated from operating activities	1,845,508,465.16	1,850,071,075.44
Payments for commodities and services	1,126,149,726.07	1,131,421,056.92
Net increase in loans and advances to customers		
Net increase in deposits in central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Net increase in financial assets held for trading		
Net increase in interbank loans granted		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	322,785,746.27	339,556,840.55
Taxes paid	94,770,787.34	137,020,623.78
Cash used in other operating activities	111,120,372.00	97,348,775.81
Subtotal of cash used in operating activities	1,654,826,631.68	1,705,347,297.06
Net cash generated from/used in operating activities	190,681,833.48	144,723,778.38
2. Cash flows from investing activities:		
Proceeds from disinvestment	6,000,000.00	660,000,000.00
Return on investment	48,172,890.30	34,539,472.29
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	40,834.00	
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing		

activities		
Subtotal of cash generated from investing activities	54,213,724.30	694,539,472.29
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	18,563,706.98	90,700,439.05
Payments for investments	35,000,000.00	
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		3,304,699.80
Subtotal of cash used in investing activities	53,563,706.98	94,005,138.85
Net cash generated from/used in investing activities	650,017.32	600,534,333.44
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings obtained		
Net proceeds from issuance of bonds		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayments of borrowings		
Payments for interest and dividends	218,298,000.02	405,163,764.00
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities		
Subtotal of cash used in financing activities	218,298,000.02	405,163,764.00
Net cash generated from/used in financing activities	-218,298,000.02	-405,163,764.00
4. Effect of foreign exchange rate changes on cash and cash equivalents	-1,156,757.42	1,385,343.10



5. Net increase in cash and cash equivalents	-28,122,906.64	341,479,690.92
Add: Cash and cash equivalents, beginning of the period	795,285,756.38	570,184,208.96
6. Cash and cash equivalents, end of the period	767,162,849.74	911,663,899.88

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

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

Unit: RMB

Item	H1 2019	H1 2018
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	1,691,951,258.99	1,712,676,401.03
Tax rebates	48,910,795.69	47,263,864.23
Cash generated from other operating activities	34,052,232.29	26,388,452.49
Subtotal of cash generated from operating activities	1,774,914,286.97	1,786,328,717.75
Payments for commodities and services	1,178,508,853.41	1,263,659,844.11
Cash paid to and for employees	244,677,337.79	209,185,383.63
Taxes paid	65,955,849.88	87,060,201.23
Cash used in other operating activities	100,456,711.55	85,851,338.88
Subtotal of cash used in operating activities	1,589,598,752.63	1,645,756,767.85
Net cash generated from/used in operating activities	185,315,534.34	140,571,949.90
2. Cash flows from investing activities:		
Proceeds from disinvestment	6,000,000.00	440,000,000.00
Return on investment	48,503,118.50	30,667,499.69
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	40,330.00	
Net proceeds from the disposal of		

subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	54,543,448.50	470,667,499.69
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	17,446,155.95	85,557,155.41
Payments for investments	35,000,000.00	
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		3,304,699.80
Subtotal of cash used in investing activities	52,446,155.95	88,861,855.21
Net cash generated from/used in investing activities	2,097,292.55	381,805,644.48
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings obtained		
Net proceeds from the issuance of bonds		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayments of borrowings		
Payments for interest and dividends	218,298,000.02	405,163,764.00
Cash used in other financing activities		
Subtotal of cash used in financing activities	218,298,000.02	405,163,764.00
Net cash generated from/used in financing activities	-218,298,000.02	-405,163,764.00
4. Effect of foreign exchange rate changes on cash and cash equivalents	-1,176,711.33	1,384,289.90
5. Net increase in cash and cash equivalents	-32,061,884.46	118,598,120.28

Add: Cash and cash equivalents, beginning of the period	747,588,730.42	502,169,100.40
6. Cash and cash equivalents, end of the period	715,526,845.96	620,767,220.68

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

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

H1 2019

Unit: RMB

Item	H1 2019														
	Equity attributable to owners of the Company as the parent												Non-c ontroll ing interes ts	Total owners , equity	
	Share capita l	Other equity instruments			Capital reserve s	Less: Treasu ry stock	Other compr ehensi ve incom e	Specifi c reserve	Surplu s reserve s	Genera l reserve	Retain ed earnin gs	Other			Subtot al
		Prefe rred share s	Perpet ual bond s	Other											
1. Balances as at the end of the prior year	1,399 ,346, 154.0 0				158,60 8,173. 07		297,66 7,872. 80		809,45 6,186. 20		1,654, 181,03 2.39		4,319, 259,41 8.46	22,054 ,862.9 3	4,341, 314,28 1.39
Add: Adjustments for changed accounting policies															
Adjustments for corrections of previous errors															
Adjustments for business combinations under common control															
Other adjustments															
2. Balances as at the beginning	1,399 ,346,				158,60 8,173.		297,66 7,872.		809,45 6,186.		1,654, 181,03		4,319, 259,41	22,054 ,862.9	4,341, 314,28

of the year	154.00				07		80		20		2.39		8.46	3	1.39
3. Increase/decrease in the period (“-” for decrease)							61,635,887.65				-51,022,274.27		10,613,613.38	222,917.21	10,836,530.59
3.1 Total comprehensive income							61,635,887.65				167,275,725.75		228,911,613.40	222,917.21	229,134,530.61
3.2 Capital increased and reduced by owners															
3.2.1 Ordinary shares increased by shareholders															
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share-based payments included in owners’ equity															
3.2.4 Other															
3.3 Profit distribution											-218,298,000.02		-218,298,000.02		-218,298,000.02
3.3.1 Appropriation to surplus reserves															
3.3.2 Appropriation to general reserve															
3.3.3											-218,298,000.02		-218,298,000.02		-218,298,000.02

Appropriation to owners (or shareholders)											98,000.02		98,000.02		98,000.02
3.3.4 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 pension schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to 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. Balances as at the end of the period	1,399,346,154.00				158,608,173.07		359,303,760.45		809,456,186.20		1,603,158,758.12		4,329,873,031.84	22,277,780.14	4,352,150,811.98

H1 2018

Unit: RMB

Item	H1 2018														
	Equity attributable to owners of the Company as the parent												Non-co ntrollin g interest s	Total owners' equity	
	Share capita l	Other equity instruments			Capital reserve s	Less: Treasu ry stock	Other compr ehensi ve incom e	Specifi c reserve	Surplu s reserve s	Genera l reserve	Retain ed earnin gs	Other			Subtot al
		Prefe rred share s	Perp etual bond s	Other											
1. Balances as at the end of the prior year	1,272 ,132, 868.0 0				285,82 1,459. 07		716,60 7,333. 78		772,95 3,002. 36		1,731, 600,79 6.18		4,779, 115,45 9.39	20,519, 660.40	4,799,6 35,119. 79
Add: Adjustments for changed accounting policies															
Adjustments for corrections of previous errors															
Adjustments for business combinations under common control															
Other adjustments															
2. Balances as at the beginning of the year	1,272 ,132, 868.0 0				285,82 1,459. 07		716,60 7,333. 78		772,95 3,002. 36		1,731, 600,79 6.18		4,779, 115,45 9.39	20,519, 660.40	4,799,6 35,119. 79
3. Increase/	127,2				-127,2		-322,9				-189,2		-512,2	2,897,2	-509,33

decrease in the period (“-” for decrease)	13,286.00					13,286.00					54,257.75		29,609.14	29.67	2,379.47
3.1 Total comprehensive income							-322,975,351.39				229,277,455.82		-93,697,895.57	2,897,229.67	-90,800,665.90
3.2 Capital increased and reduced by owners															
3.2.1 Ordinary shares increased by shareholders															
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share-based payments included in owners’ equity															
3.2.4 Other															
3.3 Profit distribution											-418,531,713.57		-418,531,713.57		-418,531,713.57
3.3.1 Appropriation to surplus reserves															
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or											-418,531,713.57		-418,531,713.57		-418,531,713.57

shareholders)															
3.3.4 Other															
3.4 Transfers within owners' equity	127,2 13,28 6.00				-127,2 13,286 .00										
3.4.1 Increase in capital (or share capital) from capital reserves	127,2 13,28 6.00				-127,2 13,286 .00										
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 pension schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to 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. Balances as at the end of the period	1,399,346,154.00				158,608,173.07		393,631,982.39		772,953,002.36		1,542,346,538.43		4,266,885,850.25	23,416,890.07	4,290,302,740.32

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

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

H1 2019

Unit: RMB

Item	H1 2019											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balances as at the end of the prior year	1,399,346,154.00				166,211,779.15		297,672,884.34		809,456,186.20	1,482,164,706.92		4,154,851,710.61
Add:												
Adjustments for changed accounting policies												
Adjustments for corrections of previous errors												
Other adjustments												
2. Balances as at the beginning of the year	1,399,346,154.00				166,211,779.15		297,672,884.34		809,456,186.20	1,482,164,706.92		4,154,851,710.61
3. Increase/decrease in the period ("+" for							61,621,709.81			-60,893,907.01		727,802.80

decrease)												
3.1 Total comprehensive income							61,621,709.81			157,404,093.01		219,025,802.82
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by shareholders												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity												
3.2.4 Other												
3.3 Profit distribution										-218,298,000.02		-218,298,000.02
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-218,298,000.02		-218,298,000.02
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 pension schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to 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. Balances as at the end of the period	1,399,346,154.00				166,211,779.15		359,294,594.15		809,456,186.20	1,421,270,799.91		4,155,579,513.41

H1 2018

Unit: RMB

Item	H1 2018											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								

1. Balances as at the end of the prior year	1,272,132,868.00				293,425,065.15		716,608,088.78		772,953,002.36	1,572,167,765.91		4,627,286,790.20
Add:												
Adjustments for changed accounting policies												
Adjustments for corrections of previous errors												
Other adjustments												
2. Balances as at the beginning of the year	1,272,132,868.00				293,425,065.15		716,608,088.78		772,953,002.36	1,572,167,765.91		4,627,286,790.20
3. Increase/decrease in the period ("-" for decrease)	127,213,286.00				-127,213,286.00		-322,972,909.70			-218,720,350.78		-541,693,260.48
3.1 Total comprehensive income							-322,972,909.70			199,811,362.79		-123,161,546.91
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by shareholders												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments												

included in owners' equity												
3.2.4 Other												
3.3 Profit distribution										-418,531,713.57		-418,531,713.57
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-418,531,713.57		-418,531,713.57
3.3.3 Other												
3.4 Transfers within owners' equity	127,213,286.00				-127,213,286.00							
3.4.1 Increase in capital (or share capital) from capital reserves	127,213,286.00				-127,213,286.00							
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit pension schemes transferred to retained earnings												
3.4.5 Other comprehensive income												

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

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

### 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.

Credibility code of the Company: 91440000190352575W.

Legal representative: Mr. He Yong

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

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

and electro technical products.

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

The Financial Report was approved and authorized for issue by the Board of Directors on XXX August 2019.

The consolidation scope of the financial statement during the Reporting Period including the Company and the 9 subsidiaries such as FSL Chanchang Optoelectronics Co., Ltd. ( referred to as “Chanchang Company”), Foshan Chansheng Electronic Ballast Co., Ltd. ( referred to as “Chansheng Company”), Foshan Taimei Times Lamps and Lanterns Co., Ltd. ( referred to as “Taimei Company”), Nanjing Fozhao Lighting Components Co., Ltd. ( referred to as “Nanjing Fozhao”), FSL (Xinxiang) Lighting Co., Ltd. ( referred to as “Xinxiang Company”), Foshan Electrical and Lighting New Light Source Technology Co., Ltd. ( referred to as “New Light Source Company”), Foshan Lighting Lamps & Components Co., Ltd. ( referred to as “Lamps & Components Company”) and FSL Zhida Electric Technology Co., Ltd ( referred to as “Zhida Electric Technology”), and FSL LIGHTING GmbH (referred to as “FSL LIGHTING”).

The consolidation scope of the financial statements decreases one subsidiary that is Guangdong Fozhao Financial Leasing Co., Ltd. For details, see relevant contents in Note VIII “Changes in the consolidation scope”, and Note IX “Equities in other entities”.

## **IV Basis for Preparation of Financial Statements**

### **1. Preparation Basis**

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

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

### **2. Continuation**

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

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

Reminders of the specific accounting policies and accounting estimations:

The Company confirmed the specific accounting policies and estimations according to production and operation features, mainly reflecting in the method of provision for accounts receivables bad debt (Note 11. Account

Receivables), pricing method of inventory (Note 15. Inventory), depreciation of fixed assets and amortization of intangible assets (Note 24. Fixed Assets and Note 30. Intangible Assets), and recognized time point of income (Note 39. Income), etc.

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

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

## **2. Fiscal Period**

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

## **3. Operating Cycle**

An operating cycle for the Company is 12 months, which is also the classification criterion for the liquidity of its assets and liabilities.

## **4. Recording Currency**

Renminbi is the recording currency for the statements of the Company, and the financial statements are listed and presented by Renminbi.

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

### **1. Business Combinations under the Same Control**

For the merger of enterprises under the same control, if the consideration of the merging enterprise is that it makes payment in cash, transfers non-cash assets or bear its debts, it shall, on the date of merger, regard the share of the book value among final controller's consolidated financial statement of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

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

### **2. Business Combinations not under the Same Control**

The Company measured the paid assets as the consideration of business combination and liabilities happened or undertaken by fair value. The difference between fair value and its book value shall be included into the current



losses and gains. The Company distributed combined cost on the purchasing date.

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

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

## **6. Methods for Preparing Consolidated Financial Statements**

### **1. Principle of Determining the Scope of Consolidation**

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

### **2. Principles, Procedures and Methods for the Preparation of Consolidated Statements**

#### **(1) Principles, Procedures and Methods for the Preparation of Consolidated Statements**

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

The consolidated financial statements are based on the financial statements of the Parent Company and subsidiaries included into the consolidated scope. The consolidated financial statements are prepared by the Company who makes adjustment to long-term equity investment to subsidiaries by equity method according to other relevant materials after the offset of the share held by the Parent Company in the equity capital investment of the Parent Company and owner's equity of subsidiaries and the significant transactions and intrabrand within the Company.

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

#### **(2) Treatment Method of Increasing or Disposing Subsidiaries during the Reporting Period**

During the Reporting Period, if the subsidiaries were added due to Business combinations under the same control, then initial book balance of consolidated balance sheet need to be adjusted; the income, expenses, and profits of

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

## **7. Classification of Joint Arrangements and Accounting Treatment of Joint Operations**

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

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

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

When the Company is the joint operation party of the joint ventures, should recognize the investment of the joint ventures as the long-term equity investment and be measured according 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

(Applicable from January 1, 2019)

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

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.

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:

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.

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.

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.

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.

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:

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.

Other financial liabilities

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

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 provisions for losses.

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 and contract assets that do not contain significant financing components, the Company uses the simplified measurement method to measure provisions for losses by the amount equivalent to the expected credit losses of the whole duration.

In respect of receivable accounts and contract assets that contain significant financing components, the Company opts to use the simplified measurement method to measure provisions for losses 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 provisions for losses 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 provisions for losses 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 provisions for losses 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.

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.

#### 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.

#### 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 provisions 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.

#### 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.

#### Revision of financial assets

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.

#### 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

Category	Accounting estimate policy
Bank's acceptance bill	The Company evaluates that the portfolio has relatively low credit risks, and generally no provision for impairment is made.

## 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 Bad Debt Provision is Made

#### Individually

Definition or amount criteria for an account receivable with a significant single amount	Top five accounts receivable with the largest balances or accounts accounting for over 10% of the total balance of
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	receivables.
Making separate bad-debt provisions for accounts receivable with a significant single amount	For an account receivable with a significant single amount, the impairment test shall be carried out on it separately. If there is any objective evidence of impairment, the impairment loss is recognized and the bad-debt provision is made according to the difference between the present value of the account receivable's future cash flows and its carrying amount.

## 2) Accounts Receivable for which the Bad Debt Provision is Withdrawn by Credit Risk Characteristics

Group name	Withdrawal method of bad debt provision
Common transaction group	Aging analysis method
Internal transaction group	Other methods

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

☒ Applicable ☐ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

## 3) Accounts Receivable with an Insignificant Single Amount but for which the Bad Debt Provision is Made Independently



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

### 13. Financing Backed by Accounts Receivable

Not applicable

### 14. Other Receivables

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

Refer to Note 10 for details about the recognition method and accounting treatment for expected credit losses of other receivables since 1 January 2019.

### 15. Inventories

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

No.

#### 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

Not applicable

### 17. Contract Costs

Not applicable

### 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: ① The 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. ② Due to unusual circumstances, the non-current assets or disposal groups held for sale failed to be sold within one year. In the first year, the Company has taken necessary measures

for these new conditions and the assets or disposal groups meet the conditions of held-for-sale again.

If the Company loses control of a subsidiary due to the sale of investments to its subsidiaries, whether or not the Company retains part of the equity investment after the sale, when the proposed sale of the investment to the subsidiary meets the conditions of held-for-sale, the investment to the subsidiary will be classified as held-for-sale in the individual financial statement of the parent company, and all the assets and liabilities of the subsidiary will be classified as held-for-sale in the consolidated financial statement.

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

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

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

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

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

## 2. Termination of Operation

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

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

## 3. Presentation

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

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

held-for-sale, the Company restates the information originally presented as a profit and loss of termination in the current financial statements to profit or loss of continuing operation of the comparable accounting period.

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

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

### **1. Investment Cost Recognition for Long-term Equity Investments**

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

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

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

(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 6 (2) . "Principles, Procedures and Methods for the Preparation of Consolidated Statements" in Notes V .

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

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

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

### 3. Impairment Provisions for Long-term Equity Investments

For the relevant testing method and provision making method, see 31. Impairment of Long-term Assets in Notes V herein.

## 23. Investment Property

Measurement mode of investment property

Not applicable

## 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.

### (2) Depreciation Method

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

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

Not applicable

## 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: Long-term Asset Impairment under Note V for the impairment test method and provision

for impairment 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**

Not applicable

**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.

### **33. Contract Liabilities**

Not applicable

### **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 Other Long-term Welfare for Staff**

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**

Not applicable

### **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: ① That obligation is a current obligation of the enterprise; ② It is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation; and ③ The amount of the obligation can be measured in a reliable way

#### **2. Measurement of 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: ① If the Contingencies concern a single item, it shall be determined in the light of the most likely outcome. ② If the Contingencies concern two or more items, the best estimate should be calculated and determined in accordance with all possible outcomes and the relevant probabilities. ③ When all or some of the expenses necessary for the liquidation of an 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**

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

No

Has implemented the new standards governing revenue?

☐ Yes ☒ No

**1. Sale of Goods**

No revenue from selling goods may be recognized unless the following conditions are met simultaneously: ① The significant risks and rewards of ownership of the goods have been transferred to the buyer by the Company; ② The Company retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold goods; ③ The revenue amount could be reliably measured; and ④ The relevant economic benefits may flow into the Company, and the relevant cost which had occurred or will occur could be reliably measured.

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

(1) Method for recognition of the domestic sale income: According to the buyer’s requirements, the Company delivers to the buyer the products that have been considered qualified upon examination. The amount of the income has been determined and the sales invoice has been issued. The payment for the delivered products has been received in full or is expectedly recoverable.

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

**2. Provision of Labor Services**

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

The result of the provision of labor services can be reliably estimated refers that all the following conditions are met:

① The amount of income can be measured reliably; ② The relevant economic benefits are likely to inflow to the enterprise; ③ The progress of the transaction can be reliably determined; ④ The cost incurred and to be incurred in the transaction can be measured reliably.

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

If the contract or agreement between the Company and other enterprises includes the sale of goods and the provision

of labor services, and the sale of goods and the provision of labor services can be distinguished and measured separately, the sale of goods and the provision of labor services shall be dealt with separately; if the sale of goods and the provision of labor services can't be distinguished or can't be measured separately, the contract will be treated as sale of goods.

### 3. Income from Transferring the Right to Use Assets

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

### 4. Interest Income

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

## 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**

(1) The lease fee paid by the Company for rented assets shall be apportioned using the straight-line method over the entire lease term without deducting the rent-free period and shall be included in the current period expenses. The initial direct costs related to the lease transaction paid by the Company are included in current expenses.

When the lessor of the asset assumes the lease-related expenses that should be borne by the Company, the Company should deduct the part of the expenses from the total rental amount, and the deducted rental expenses are apportioned during the lease term and included in the current expenses.

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

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

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

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

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



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

Not applicable

**44. Changes in Main Accounting Policies and Estimates****(1) Change of Accounting Policies**

√ Applicable □ Not applicable

Changes in accounting policy	Approval procedure	Remark
In 2017, the Ministry of Finance revised and issued the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No.24-Hedge Accounting, Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments and required enterprises listed both domestically and overseas as well as companies listed overseas with financial report prepared in accordance with International Financial Reporting Standards or Accounting Standards for Business Enterprises to carry out the revised accounting standards since 1 January 2018, required other domestically listed companies to carry out the revised standards since 1 January 2019, and required unlisted enterprises implementing Accounting Standards for Business Enterprises to carry out the revised standards since 1 January 2021. Thus the Company starts to implement the changed new standards governing financial instruments since 1 January 2019.	Reviewed and approved by the 30 <sup>th</sup> Meeting of the 8 <sup>th</sup> Board of Directors	For details, refer to the Announcement on Changes in Accounting Policies (Announcement No.: 2019-020) disclosed on cninfo.com.cn.

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

□ Applicable √ Not applicable

**(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Financial Instruments, Revenue or Leases**

√ Applicable □ Not applicable

Consolidated Balance Sheet

Unit: RMB

Item	31 December 2018	1 January 2019	Adjusted
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Current assets:			
Monetary capital	896,646,719.87	896,646,719.87	
Settlement reserve			
Interbank loans granted			
Trading financial assets		6,000,000.00	6,000,000.00
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	107,506,613.50	107,506,613.50	
Accounts receivable	834,420,596.05	834,420,596.05	
Financing backed by accounts receivable			
Prepayments	13,811,905.18	13,811,905.18	
Premiums receivable			
Reinsurance receivables			
Receivable reinsurance contract reserve			
Other receivables	21,745,690.53	21,745,690.53	
Including: Interest receivable	5,152,364.04	5,152,364.04	
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories	767,319,599.00	767,319,599.00	
Contract assets			
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets	864,093,663.30	864,093,663.30	
Total current assets	3,505,544,787.43	3,511,544,787.43	6,000,000.00
Non-current assets:			
Loans and advances to customers			
Investments in debt obligations			

Available-for-sale financial assets	897,716,590.20		-897,716,590.20
Investments in other debt obligations			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	182,458,559.69	182,458,559.69	
Investments in other equity instruments		891,716,590.20	891,716,590.20
Other non-current financial assets			
Investment property			
Fixed assets	512,106,912.39	512,106,912.39	
Construction in progress	224,624,447.16	224,624,447.16	
Productive living assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	172,725,277.21	172,725,277.21	
R&D expense			
Goodwill			
Long-term prepaid expense	6,852,985.35	6,852,985.35	
Deferred income tax assets	37,831,704.45	37,831,704.45	
Other non-current assets	48,305,435.42	48,305,435.42	
Total non-current assets	2,082,621,911.87	2,076,621,911.87	-6,000,000.00
Total assets	5,588,166,699.30	5,588,166,699.30	
Current liabilities:			
Short-term borrowings			
Borrowings from central bank			
Interbank loans obtained			
Trading financial liabilities		477,200.00	477,200.00
Financial liabilities at fair value through profit or loss	477,200.00		-477,200.00
Derivative financial liabilities			

Notes payable	452,683,676.97	452,683,676.97	
Accounts payable	532,597,143.95	532,597,143.95	
Advances from customers	43,850,788.04	43,850,788.04	
Financial assets sold under repurchase agreements			
Customer deposits and interbank deposits			
Payables for acting trading of securities			
Payables for underwriting of securities			
Payroll payable	96,088,621.59	96,088,621.59	
Taxes payable	25,354,466.37	25,354,466.37	
Other payables	43,115,011.68	43,115,011.68	
Including: Interest payable			
Dividends payable			
Handling charges and commissions payable			
Reinsurance payables			
Contract liabilities			
Liabilities directly associated with assets classified as held for sale			
Current portion of non-current liabilities			
Other current liabilities			
Total current liabilities	1,194,166,908.60	1,194,166,908.60	
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			

Long-term payables			
Long-term payroll payable			
Provisions			
Deferred income	155,000.31	155,000.31	
Deferred income tax liabilities	52,530,509.00	52,530,509.00	
Other non-current liabilities			
Total non-current liabilities	52,685,509.31	52,685,509.31	
Total liabilities	1,246,852,417.91	1,246,852,417.91	
Owners' equity:			
Share capital	1,399,346,154.00	1,399,346,154.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	158,608,173.07	158,608,173.07	
Less: Treasury stock			
Other comprehensive income	297,667,872.80	297,667,872.80	
Specific reserve			
Surplus reserves	809,456,186.20	809,456,186.20	
General reserve			
Retained earnings	1,654,181,032.39	1,654,181,032.39	
Total equity attributable to owners of the Company as the parent	4,319,259,418.46	4,319,259,418.46	
Non-controlling interests	22,054,862.93	22,054,862.93	
Total owners' equity	4,341,314,281.39	4,341,314,281.39	
Total liabilities and owners' equity	5,588,166,699.30	5,588,166,699.30	

Note for adjustment:

In 2017, Ministry of Finance respectively revised and issued the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments (CK[2017]No.7), the Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets (CK[2017]No.8), the Accounting Standards for Business Enterprises No. 24 - Hedging Accounting (CK[2017]No.9), and the Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments (CK[2017]No.14). The Company starts to implement above new standards since 1 January 2019. In accordance with the link up provision, no adjustment was made to information of comparative period, and the Company retroactively adjusted the retained earnings of period-begin or

other comprehensive income based on the difference between the original standards and the new standards on the first execution date. Those originally recorded into “available-for-sale financial assets” are now recorded into “trading financial assets” and “other investments in equity instruments”; those originally recorded into “financial liabilities at fair value through profit or loss” are now recorded into “trading financial liabilities”.

## Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2018	1 January 2019	Adjusted
Current assets:			
Monetary capital	848,949,693.91	848,949,693.91	
Trading financial assets		6,000,000.00	6,000,000.00
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	104,945,398.61	104,945,398.61	
Accounts receivable	795,897,932.65	795,897,932.65	
Financings backed by accounts receivable			
Prepayments	25,444,445.34	25,444,445.34	
Other receivables	43,538,848.72	43,538,848.72	
Including: Interest receivable	5,152,364.04	5,152,364.04	
Dividends receivable			
Inventories	692,681,479.03	692,681,479.03	
Contract assets			
Assets classified as held for sale			
Current portion of non-current assets			
Other current assets	856,504,839.81	856,504,839.81	
Total current assets	3,367,962,638.07	3,373,962,638.07	6,000,000.00
Non-current assets:			
Investments in debt obligations			
Available-for-sale financial assets	897,716,590.20		-897,716,590.20
Investments in other debt			

obligations			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	466,251,661.95	466,251,661.95	
Investments in other equity instruments		891,716,590.20	891,716,590.20
Other non-current financial assets			
Investment property			
Fixed assets	427,947,613.74	427,947,613.74	
Construction in progress	222,570,503.14	222,570,503.14	
Productive living assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	129,452,067.42	129,452,067.42	
R&D expense			
Goodwill			
Long-term prepaid expense	5,106,268.25	5,106,268.25	
Deferred income tax assets	35,908,741.15	35,908,741.15	
Other non-current assets	46,852,235.42	46,852,235.42	
Total non-current assets	2,231,805,681.27	2,225,805,681.27	-6,000,000.00
Total assets	5,599,768,319.34	5,599,768,319.34	
Current liabilities:			
Short-term borrowings			
Trading financial liabilities		477,200.00	477,200.00
Financial liabilities at fair value through profit or loss	477,200.00		-477,200.00
Derivative financial liabilities			
Notes payable	452,683,676.97	452,683,676.97	
Accounts payable	681,490,174.69	681,490,174.69	
Advances from customers	41,912,301.85	41,912,301.85	
Contract liabilities			
Payroll payable	84,220,746.16	84,220,746.16	

Taxes payable	17,528,644.83	17,528,644.83	
Other payables	114,073,355.23	114,073,355.23	
Including: Interest payable			
Dividends payable			
Liabilities directly associated with assets classified as held for sale			
Current portion of non-current liabilities			
Other current liabilities			
Total current liabilities	1,392,386,099.73	1,392,386,099.73	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term payroll payable			
Provisions			
Deferred income			
Deferred income tax liabilities	52,530,509.00	52,530,509.00	
Other non-current liabilities			
Total non-current liabilities	52,530,509.00	52,530,509.00	
Total liabilities	1,444,916,608.73	1,444,916,608.73	
Owners' equity:			
Share capital	1,399,346,154.00	1,399,346,154.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			



Capital reserves	166,211,779.15	166,211,779.15	
Less: Treasury stock			
Other comprehensive income	297,672,884.34	297,672,884.34	
Specific reserve			
Surplus reserves	809,456,186.20	809,456,186.20	
Retained earnings	1,482,164,706.92	1,482,164,706.92	
Total owners' equity	4,154,851,710.61	4,154,851,710.61	
Total liabilities and owners' equity	5,599,768,319.34	5,599,768,319.34	

Note for adjustment:

In 2017, Ministry of Finance respectively revised and issued the Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments (CK[2017]No.7), the Accounting Standards for Business Enterprises No. 23 – Transfer of Financial Assets (CK[2017]No.8), the Accounting Standards for Business Enterprises No. 24 – Hedging Accounting (CK[2017]No.9), and the Accounting Standards for Business Enterprises No. 37 – Presentation of Financial Instruments (CK[2017]No.14). The Company starts to implement above new standards since 1 January 2019. In accordance with the link up provision, no adjustment was made to information of comparative period, and the Company retroactively adjusted the retained earnings of period-begin or other comprehensive income based on the difference between the original standards and the new standards on the first execution date. Those originally recorded into “available-for-sale financial assets” are now recorded into “trading financial assets” and “other investments in equity instruments”; those originally recorded into “financial liabilities at fair value through profit or loss” are now recorded into “trading financial liabilities”.

#### **(4) Retroactive Adjustments to Comparative Data of Prior Years when First Execution of any New Standards Governing Financial Instruments or Leases**

☐ 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%, 10%, 11%, 13%, 16%
Urban maintenance and construction tax	Turnover tax payable	7%, 5%
Enterprise income tax	Taxable income	15%, 20%, 25%
Educational surtax	Turnover tax payable	3%

Local educational surtax	Turnover tax payable	2%
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Notes of the disclosure situation of the taxpaying bodies with different enterprises income tax rate

Name	Income tax rate
Foshan Electrical and Lighting Co., Ltd.	15%
FSL Chanchang Optoelectronics Co., Ltd.	25%
Foshan Chansheng Electronic Ballast Co., Ltd.	20%
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	25%
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	25%
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	25%
FSL New Light Source Technology Co., Ltd.	25%
Guangdong Fozhao Financial Leasing Co., Ltd.	25%
Foshan Lighting Lamps and Lanterns Co., Ltd.	25%
FSL Zhida Electric Technology Co., Ltd.	25%
FSL Europe GmbH	15%

## 2. Tax Preference

The Company passed the re-examination for High-tech Enterprises in 2017, as well as won the “Certificate of High-tech Enterprise” after approval by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Bureau of State Taxation and Guangdong Provincial Bureau of Local Taxation. In accordance with relevant provisions in Corporate Income Tax Law of the People’s Republic of China and the Administration Measures for Identification of High-tech Enterprises promulgated in 2007, the Company paid the corporate income tax based on a tax rate of 15% within three years since 1 January 2017.

## 3. Other

Paid according to the relevant regulation of the tax law.

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

### 1. Monetary Capital

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	41,073.13	34,937.47
Bank deposits	766,646,136.79	784,166,295.87
Other monetary capital	62,822,506.73	112,445,486.53
Total	829,509,716.65	896,646,719.87

Of which: Total amount deposited overseas	1,018,633.97	739,617.83
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Other notes

Note: Other monetary capital includes cash deposit for notes, cash deposit for future foreign exchange settlement, investment fund deposited in securities companies and e-commerce balance, of which, the cash deposit for notes and cash deposit for future foreign exchange settlement are restricted assets. For details, please refer to Note VII-Notes to Items of Consolidated Financial Statements (81. Assets with Restricted Ownership and Right to Use).

## 2. Trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Of which:		
Financial assets assigned measured by fair value and the changes be included in the current gains and losses		6,000,000.00
Of which:		
Total		6,000,000.00

Other notes:

The reason for the decrease of trading financial assets at the period-end is the Company transferred 69% of shares in Chengdu Hongbo Enterprise Co., Ltd. to Xiamen Tungsten Co., Ltd. in the Reporting Period.

## 3. Derivative Financial Assets

Naught

## 4. Notes Receivable

### (1) Notes Receivable Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	135,766,529.32	107,506,613.50
Total	135,766,529.32	107,506,613.50

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		Amount	Proportion	Amount	Withdrawal	

				proportion					proportion	
Of which:										
Notes receivable withdrawn bad debt provision by group	135,766,529.32	100.00%			135,766,529.32	107,506,613.50	100.00%			107,506,613.50
Of which:										
Total	135,766,529.32	100.00%			135,766,529.32	107,506,613.50	100.00%			107,506,613.50

Individual withdrawal of bad debt provision:

Naught

Withdrawal of bad debt provision by group:

Naught

Notes of confirming the basis of the groups:

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 notes receivable.

☐ Applicable ☒ Not applicable

## (2) Notes Receivable Withdrawn, Reversed or Collected during the Reporting Period

Information of bad debt provision in the Reporting Period:

Naught

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

☐ Applicable ☒ Not applicable

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

Unit: RMB

Item	Amount pledged at the period-end
Bank acceptance bill	79,189,073.66
Total	79,189,073.66

## (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 terminated recognition at the period-end
Bank acceptance bill	47,238,011.00	
Total	47,238,011.00	

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

Naught

**(6) The Actual Write-off Accounts 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	23,377,223.66	2.87%	16,266,810.09	69.58%	7,110,413.57	23,377,223.66	2.65%	16,266,810.09	69.58%	7,110,413.57
Of which:										
Accounts receivable withdrawn bad debt provision by group	792,053,023.50	97.13%	33,336,071.31	4.21%	758,716,952.19	860,060,668.85	97.35%	32,750,486.37	3.81%	827,310,182.48
Of which:										
Total	815,430,247.16	100.00%	49,602,881.40	6.08%	765,827,365.76	883,437,892.51	100.00%	49,017,296.46	5.55%	834,420,596.05

Individual withdrawal of bad debt provision:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Withdrawal reason
Customer A	14,220,827.14	7,110,413.57	50.00%	Involved in the lawsuit, the Company won the lawsuit in the first instance, and the other side has appealed.

Customer B	9,156,396.52	9,156,396.52	100.00%	Involved in the lawsuit, the case hasn't been finalized
Total	23,377,223.66	16,266,810.09	--	--

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Credit risk group	792,053,023.50	33,336,071.31	4.21%
Total	792,053,023.50	33,336,071.31	--

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)	724,279,399.86
1 to 2 years	30,884,789.03
2 to 3 years	7,653,591.61
3 to 4 years	2,782,638.29
4 to 5 years	226,946.97
Over 5 years	0.00
Total	765,827,365.76

## (2) Accounts Receivable Withdrawn, Reversed or Collected during the Reporting Period

Information of withdrawal of bad debt provision:

Unit: RMB

Category	Beginning amount	Changes in the Reporting Period			Ending balance
		Withdrawal	Reversal or recovery	Write-off	
Accounts receivable	49,017,296.46	696,350.03	0.00	110,765.09	49,602,881.40
Total	49,017,296.46	696,350.03		110,765.09	49,602,881.40

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

Naught

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

Unit: RMB

Item	Amount
No. 1	110,652.83
Other retails accounts	112.26

Of which verification of significant accounts receivable:

Naught

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

Unit: RMB

Name of units	Relationship with the Company	Carrying amount	Amount of bad debt provision withdrawn	Proportion to total accounts receivable (%)
No. 1	Non-related party	116,548,474.42	3,496,454.23	14.29%
No. 2	Non-related party	21,132,097.12	691,796.76	2.59%
No. 3	Non-related party	19,446,088.18	876,795.88	2.38%
No. 4	Non-related party	17,103,092.54	513,092.78	2.10%
No. 5	Non-related party	16,775,164.92	503,254.95	2.06%
Total		191,004,917.18	6,081,394.60	23.42%

### (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

## 7. Prepayment

### (1) Listed by Aging

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	7,024,075.66	59.07%	8,074,848.21	58.46%
1 to 2 years	2,549,809.80	21.44%	3,525,963.03	25.53%
2 to 3 years	706,193.75	5.94%	721,403.24	5.22%
Over 3 years	1,611,051.65	13.55%	1,489,690.70	10.79%
Total	11,891,130.86	--	13,811,905.18	--

Notes of the reasons of the prepayment aging over 1 year with significant amount but failed settled in time:

Naught

### (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 (%)	Aging
No. 1	Non-related supplier	1,190,838.91	10.01%	Within 1 year
No. 2	Non-related supplier	1,043,968.84	8.78%	Within 1 year
No. 3	Non-related supplier	600,525.92	5.05%	Within 2 years
No. 4	Non-related supplier	591,568.29	4.97%	Within 2 years
No. 5	Non-related supplier	418,205.26	3.52%	Within 1 year
Total		3,845,107.22	32.33%	

## 8. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Interest receivable	5,828,623.70	5,152,364.04
Dividend receivable	0.00	0.00
Other receivables	21,236,642.37	16,593,326.49
Total	27,065,266.07	21,745,690.53



**(1) Interest Receivable**

## 1) Category of Interest Receivable

Unit: RMB

Item	Ending balance	Beginning balance
Deposits on a regular basis	1,575,001.54	56,317.78
Entrusted loan		0.00
Bond investment		0.00
Structural deposit	2,400,361.88	3,151,895.54
Bank financial products	1,853,260.28	1,944,150.72
Total	5,828,623.70	5,152,364.04

## 2) Significant Overdue Interest

Naught

## 3) Information of Withdrawal of Bad Debt Provision

☐Applicable ☒Not applicable**(2) Dividends Receivable**

Naught

**(3) Other Receivables**

## 1) Other Receivables Classified by Accounts Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Staff borrow and deposit	6,418,419.33	3,451,053.16
VAT export tax refunds	6,006,579.00	6,252,642.96
Performance bond	3,949,456.48	2,905,450.00
Rent, water & electricity fees	1,516,762.13	765,582.10
Other	5,017,418.94	4,549,969.87
Total	22,908,635.88	17,924,698.09

## 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	Expected loss in the duration (credit impairment	

		not occurred)	occurred)	
Balance of 1 January 2019	427,381.20	903,990.40		1,331,371.60
Balance of 1 January 2019 in the current period	—	—	—	—
Withdrawal of the current period	149,282.77	191,339.14		340,621.91
Balance of 30 June 2019	576,663.97	1,095,329.54		1,671,993.51

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)	18,645,468.79
1 to 2 years	1,584,151.10
2 to 3 years	938,235.43
3 to 4 years	11,181.16
4 to 5 years	57,605.89
Over 5 years	0.00
Total	21,236,642.37

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

Information of withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period		Ending balance
		Withdrawal	Reversal or recovery	
Other receivables	1,331,371.60	340,621.91		1,671,993.51
Total	1,331,371.60	340,621.91		1,671,993.51

Of which bad debt provision reversed or recovered with significant amount during 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 the Other Receivables Collected according to the Arrears Party

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to ending	Ending balance of
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				balance of other receivables (%)	bad debt provision
No. 1	Export rebates	6,006,579.00	Within 1 year	26.22%	180,197.37
No. 2	Social insurance	1,532,340.79	Within 1 year	6.69%	45,970.22
No. 3	Other	1,296,947.31	1 to 3 years	5.66%	314,327.63
No. 4	Other	1,157,064.20	Within 1 year	5.05%	34,711.93
No. 5	Petty cash	1,151,893.62	1 to 3 years	5.03%	70,085.15
Total	--	11,144,824.92	--	48.65%	645,292.30

## 6) Accounts Receivable Involving Government Subsidies

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 has executed the new income standards

☐ Yes ☒ No**(1) Category of Inventory**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves	Carrying value	Carrying amount	Falling price reserves	Carrying value
Raw materials	101,814,729.03	2,221,937.15	99,592,791.88	126,493,040.39	1,912,404.69	124,580,635.70
Goods in process	67,462,606.70		67,462,606.70	34,923,287.33		34,923,287.33
Inventory goods	393,861,262.51	30,812,489.13	363,048,773.38	495,768,205.24	25,743,927.08	470,024,278.16
Semi-finished goods	112,541,908.64	906,893.85	111,635,014.79	135,536,163.37	787,982.05	134,748,181.32
Low priced and easily worn articles	3,247,274.19		3,247,274.19	3,043,216.49		3,043,216.49
Total	678,927,781.07	33,941,320.13	644,986,460.94	795,763,912.82	28,444,313.82	767,319,599.00

Whether the Company need satisfy relevant disclosure requirements stated in SZSE Industrial Information Disclosure Guidance No.4---Listed Company Specialized in Seed Industry and Planting Businesses or not?

No

**(2) Falling Price Reserves of Inventory**

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal	Other	Reversal or write-off	Other	
Raw materials	1,912,404.69	1,217,399.07		907,866.61		2,221,937.15
Inventory goods	25,743,927.08	10,637,928.27		5,569,366.22		30,812,489.13
Semi-finished goods	787,982.05	383,916.87		265,005.07		906,893.85
Total	28,444,313.82	12,239,244.21		6,742,237.90		33,941,320.13

Reason for withdrawal and reversal of falling price reserves of inventories

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

**(3) Notes to the Ending Balance of Inventory Including Capitalized Borrowing Expense**

Not applicable

**(4) Completed Unsettled Assets Formed from the Construction Contract at the Period-end**

Naught

**10. Contract Assets**

Naught

**11. Held-for-Sale Assets**

Naught

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

Naught

**13. Other Current Assets**

Whether the Company has executed the new income standards

☐ Yes ☒ No

Unit: RMB

Item	Ending balance	Beginning balance
Deductible input tax of VAT	38,945,157.63	21,691,700.53
Advance payment of enterprise income tax		2,401,962.77
Bank financial products (Note)	295,000,000.00	240,000,000.00
Structural deposits (Note)	580,000,000.00	600,000,000.00
Total	913,945,157.63	864,093,663.30

Other notes:

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

**14. Creditors' Investment**

Naught

**15. Other Creditors' Investment**

Naught

**16. Long-term Accounts Receivable**

Naught

**17. Long-term Equity Investment**

Unit: RMB

Investees	Beginning balance	Increase/decrease								Ending balance	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											
II. Associated enterprises											
Shenzhen Primatron	182,458,559.69			784,711.98			3,120,585.75			180,122,685.92	

ix (Nanho) Electronic s Ltd.											
Subtotal	182,458,559.69			784,711.98			3,120,585.75			180,122,685.92	
Total	182,458,559.69			784,711.98			3,120,585.75			180,122,685.92	

## 18. Other Equity Instrument Investment

Unit: RMB

Item	Ending balance	Beginning balance
Non-listed equity investment	297,628,309.40	297,628,309.40
Listed equity investment	666,584,409.99	594,088,280.80
Total	964,212,719.39	891,716,590.20

## Disclosure of Non-trading Equity Instrument Investment

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 the current gains and losses	Reason for other comprehensive income transferred to retained earnings
Shares of Guoxuan High-tech		375,686,137.61				
Shares of Everbright Bank	2,986,027.39	47,013,384.92				
Total	2,986,027.39	422,699,522.53				

## 19. Other Non-current Financial Assets

Naught

## 20. Investment Property

Naught

**21. Fixed Assets**

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	586,093,658.59	512,106,912.39
Disposal of fixed assets	0.00	0.00
Total	586,093,658.59	512,106,912.39

**(1) List of Fixed Assets**

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Total
I. Original carrying value					
1. Beginning balance	710,892,641.29	721,559,752.40	22,584,005.26	27,863,135.01	1,482,899,533.96
2. Increased amount of the period	96,636,567.00	8,632,421.52	92,758.58	639,458.50	106,001,205.60
(1) Purchase		4,044,140.03	92,758.58	639,458.50	4,776,357.11
(2) Transfer from construction in progress	96,636,567.00	4,588,281.49			101,224,848.49
(3) Enterprise combination increase					
3. Decreased amount of the period		1,209,668.15	431,957.26	49,799.75	1,691,425.16
(1) Disposal or scrap		1,159,375.15	431,957.26	49,799.75	1,641,132.16
(2) Equipment transformation		50,293.00			50,293.00
4. Ending balance	807,529,208.29	728,982,505.77	22,244,806.58	28,452,793.76	1,587,209,314.40
II. Accumulative depreciation					
1. Beginning balance	432,350,311.91	497,669,898.94	16,516,228.63	21,965,331.34	968,501,770.82
2. Increased amount of the period	9,828,642.78	20,205,006.36	561,299.96	1,290,449.88	31,885,398.98

(1) Withdrawal	9,828,642.78	20,205,006.36	561,299.96	1,290,449.88	31,885,398.98
3. Decreased amount of the period		1,104,695.59	410,359.40	47,309.75	1,562,364.74
(1) Disposal or scrap		1,093,945.45	410,359.40	47,309.75	1,551,614.60
(2) Equipment transformation		10,750.14			10,750.14
4. Ending balance	442,178,954.69	516,770,209.71	16,667,169.19	23,208,471.47	998,824,805.06
III. Depreciation reserves					
1. Beginning balance	0.00	2,290,422.72	0.00	428.03	2,290,850.75
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal or scrap					
4. Ending balance		2,290,422.72		428.03	2,290,850.75
IV. Carrying value					
1. Ending carrying value	365,350,253.60	209,921,873.34	5,577,637.39	5,243,894.26	586,093,658.59
2. Beginning carrying value	278,542,329.38	221,599,430.74	6,067,776.63	5,897,375.64	512,106,912.39

**(2) List of Temporarily Idle Fixed Assets**

Unit: RMB

Item	Original carrying value	Accumulated depreciation	Depreciation reserves	Carrying value	Note
T5, T8, energy-saving lamp production line	7,940,325.52	5,945,024.07	1,943,741.93	51,559.52	Name of the announcement: Announcement on Withdrawing the



					Preparation for the Assets Impairment on the Idle Equipments and Construction in Progress; the Announcement No.: 2015-030; disclosure website: www.cninfo.com.cn
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**(3) Fixed Assets Leased in by Financing Lease**

Naught

**(4) Fixed Assets Leased out by Operation Lease**

Naught

**(5) Fixed Assets Failed to Accomplish Certification of Property**

Naught

**(6) Disposal of Fixed Assets**

Unit: RMB

Item	Ending balance	Beginning balance
Total	0.00	0.00

**22. Construction in Progress**

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	158,184,271.59	224,624,447.16
Engineering materials	0.00	0.00
Total	158,184,271.59	224,624,447.16

**(1) List of Construction in Progress**

Unit: RMB

Item	Ending balance	Beginning balance
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	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Construction in progress	158,184,271.59		158,184,271.59	224,624,447.16		224,624,447.16
Total	158,184,271.59		158,184,271.59	224,624,447.16		224,624,447.16

## (2) Changes in Significant Construction in Progress during the Reporting Period

Unit: RMB

Item	Budget	Beginning balance	Increase amount	Transferred in fixed assets	Other decrease amount	Ending balance	Proportion of accumulated investment in constructions to budget	Job schedule	Accumulated amount of interest capitalization	Of which: amount of capitalized interests for the Reporting Period	Capitalization rate of interests for the Reporting Period	Capital resources
Fuwan intelligent workshop H	52,040,000.00	41,583,109.95	5,042,505.78		33,168.62	46,592,447.11	89.53%	99.00%				Other
Gaoming R&D workshop 11, 12, 13, 14 and 18	40,000,000.00	12,615,097.54	11,372,859.14		1,212,576.14	22,775,380.54	56.94%	65.00%				Other
Fuwan standard workshop K1	23,775,000.00	19,241,452.36	439,002.14		210,108.52	19,470,345.98	81.89%	99.00%				Other
Fuwan standard workshop J3	23,775,000.00	19,015,075.82	305,357.32		210,108.51	19,110,324.63	80.38%	99.00%				Other
Family housing of Gao Ming,	10,100,000.00	7,693,423.10	920,308.42		3,663.06	8,610,068.46	85.25%	99.00%				Other

Building 8#												
Employee Housing Seven of Fuwan	6,500,00 0.00	5,643,72 9.10	599,922. 96		99,829.2 3	6,143,82 2.83	94.52%	99.00%				Other
Automat ic system of intellige nt producti on worksho p (worksh op H)	21,920,0 00.00	11,604,4 61.41	0.00		486,620. 65	11,117,8 40.76	50.72%	85.00%				Other
Fuwan standard worksho p J1	22,310,0 00.00	18,583,8 45.29	1,267,02 2.40	19,850,8 67.69			100.00%	100.00%				Other
Fuwan standard worksho p J2	22,310,0 00.00	18,367,6 69.88	1,122,12 5.31	19,489,7 95.19			100.00%	100.00%				Other
Fuwan standard worksho p K2	26,200,0 00.00	21,702,4 30.93	3,259,15 3.06	24,961,5 83.99			100.00%	100.00%				Other
Fuwan standard worksho p K3	26,200,0 00.00	21,942,2 87.85	3,841,30 6.92	25,783,5 94.77			100.00%	100.00%				Other
Total	275,130, 000.00	197,992, 583.23	28,169,5 63.45	90,085,8 41.64	2,256,07 4.73	133,820, 230.31	--	--				--

### (3) List of the Withdrawal of the Depreciation Reserves for Construction in Progress

Naught

**(4) Engineering Materials**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Total			0.00			0.00

**23. Productive Living Assets****(1) Productive Biological Assets Adopting Cost Measurement Mode**☐ Applicable ☒ Not applicable**(2) Productive Biological Assets Adopting Fair Value Measurement Mode**☐ Applicable ☒ Not applicable**24. Oil and Gas Assets**☐ Applicable ☒ Not applicable**25. Right-to-use Assets**

Naught

**26. Intangible Assets****(1) List of Intangible Assets**

Unit: RMB

Item	Land use right	Patent	Non-patent technology	Using right of software	Total
I. Original carrying value					
1. Beginning balance	233,741,723.60	200,000.00		2,773,651.87	236,715,375.47
2. Increased amount of the period					
(1) Purchase					
(2) Internal R&D					

(3) Business combination increase					
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	233,741,723.60	200,000.00		2,773,651.87	236,715,375.47
II. Accumulated amortization					
1. Beginning balance	61,904,106.59	200,000.00		1,885,991.67	63,990,098.26
2. Increased amount of the period	2,157,510.86			56,849.34	2,214,360.20
(1) Withdrawal	2,157,510.86			56,849.34	2,214,360.20
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	64,061,617.45	200,000.00		1,942,841.01	66,204,458.46
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	169,680,106.15			830,810.86	170,510,917.01

2. Beginning carrying value	171,837,617.01			887,660.20	172,725,277.21
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**(2) Land Use Right with Certificate of Title Uncompleted**

Naught

**27. R&D Expense**

Naught

**28. Goodwill**

Naught

**29. Long-term Prepaid Expense**

Unit: RMB

Item	Beginning balance	Increased amount	Amortization amount of the period	Other decreased amount	Ending balance
Engineering decoration expenses	6,004,040.42	2,914,673.24	2,832,554.17		6,086,159.49
Other	848,944.93	1,792,321.52	365,824.99		2,275,441.46
Total	6,852,985.35	4,706,994.76	3,198,379.16		8,361,600.95

**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	93,357,045.81	14,481,934.60	86,933,832.63	13,391,933.49
Unrealized profit of internal transactions	1,363,677.73	204,551.66	1,187,129.74	178,069.46
Depreciation of fixed assets	74,907,420.57	11,577,365.09	75,022,616.39	11,594,644.46
Payroll payable	53,463,130.75	8,019,469.61	83,969,846.94	12,595,477.04

Changes in fair value of trading financial liabilities	1,473,400.00	221,010.00	477,200.00	71,580.00
Total	224,564,674.86	34,504,330.96	247,590,625.70	37,831,704.45

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

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Changes in fair value of other equity instrument investment	422,699,522.53	63,404,928.38	350,203,393.34	52,530,509.00
Total	422,699,522.53	63,404,928.38	350,203,393.34	52,530,509.00

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

Unit: RMB

Item	Mutual set-off amount of deferred income tax assets and liabilities at the period-end	Amount of deferred income tax assets or liabilities after off-set at the period-end	Mutual set-off amount of deferred income tax assets and liabilities at the period-begin	Amount of deferred income tax assets or liabilities after off-set at the period-begin
Deferred income tax assets		34,504,330.96		37,831,704.45
Deferred income tax liabilities		63,404,928.38		52,530,509.00

**(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**

Whether the Company has executed the new income standards

☐ Yes ☒ No

Unit: RMB

Item	Ending balance	Beginning balance
Land purchase and the ownership implicit of relevant items	41,755,700.00	41,755,700.00
Prepayments for business facilities	5,610,971.02	6,549,735.42
Total	47,366,671.02	48,305,435.42

### 32. Short-term Borrowings

Naught

### 33. Trading Financial Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Of which:		
Specified as financial liabilities at fair value through profit or loss	1,473,400.00	477,200.00
Of which:		
Total	1,473,400.00	477,200.00

### 34. Derivative Financial Liabilities

Naught

### 35. Notes Payable

Unit: RMB

Item	Ending balance	Beginning balance
Trade acceptance	0.00	
Bank's acceptance bill	375,906,405.75	452,683,676.97
Total	375,906,405.75	452,683,676.97

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
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Accounts payable	508,983,045.12	532,597,143.95
Total	508,983,045.12	532,597,143.95

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

Naught

**37. Advances from Customers**

Whether the Company has executed the new income standards

☐ Yes ☒ No**(1) List of Advances from Customers**

Unit: RMB

Item	Ending balance	Beginning balance
Advances from customers	35,916,666.09	43,850,788.04
Total	35,916,666.09	43,850,788.04

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

Naught

**(3) Settled but Uncompleted Projects Formed by Construction Contracts at the Period-end**

Naught

**38. Contract Liabilities**

Naught

**39. Payroll Payable****(1) List of Payroll Payable**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	96,088,621.59	271,353,842.77	302,643,615.93	64,798,848.43
II. Post-employment benefit-defined contribution plans		20,142,130.34	20,142,130.34	
Total	96,088,621.59	291,495,973.11	322,785,746.27	64,798,848.43

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

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	95,725,486.52	245,059,024.54	276,318,324.20	64,466,186.86
2. Employee welfare		6,362,973.01	6,362,973.01	
3. Social insurance		12,654,519.65	12,654,519.65	
Of which: Medical insurance premiums		10,015,605.90	10,015,605.90	
Work-related injury insurance		514,975.61	514,975.61	
Maternity insurance		2,123,938.14	2,123,938.14	
4. Housing fund		5,257,270.50	5,257,270.50	
5. Labor union budget and employee education budget	363,135.07	2,020,055.07	2,050,528.57	332,661.57
Total	96,088,621.59	271,353,842.77	302,643,615.93	64,798,848.43

**(3) List of Defined Contribution Plans**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits		19,470,095.01	19,470,095.01	
2. Unemployment insurance		672,035.33	672,035.33	
Total		20,142,130.34	20,142,130.34	

**40. Taxes Payable**

Unit: RMB

Item	Ending balance	Beginning balance
VAT	12,661,807.02	3,147,064.81
Corporate income tax	6,230,743.24	14,907,122.79
Personal income tax	1,273,129.98	704,101.03
Urban maintenance and construction tax	1,627,040.15	761,673.03
Education surcharge	1,162,171.53	544,052.17

Property tax	3,035,301.90	2,374,748.34
Land use tax	2,311,597.02	2,750,413.52
Other	170,816.92	165,290.68
Total	28,472,607.76	25,354,466.37

#### 41. Other Payables

Unit: RMB

Item	Ending balance	Beginning balance
Other payables	47,164,268.80	43,115,011.68
Total	47,164,268.80	43,115,011.68

##### (1) Interest Payable

Naught

##### (2) Dividends Payable

Naught

##### (3) Other Payables

1) Other Payables Listed by Nature

Unit: RMB

Item	Ending balance	Beginning balance
Compensation for lawsuit	1,126,231.95	1,762,533.43
Performance bond	31,524,138.52	27,413,254.10
Other	14,513,898.33	13,939,224.15
Total	47,164,268.80	43,115,011.68

2) Significant Other Payables Aging over One Year

Naught

#### 42. Held-for-sale Liabilities

Naught

#### 43. Current Portion of Non-current Liabilities

Naught

**44. Other Current Liabilities**

Whether the Company has executed the new income standards

☐ Yes ☒ No

Naught

**45. Long-term Borrowings**

Naught

**46. Bonds Payable**

Naught

**47. Lease Liabilities**

Naught

**48. Long-term Payables**

Naught

**49. Long-term Payroll Payable**

Naught

**50. Provisions**

Whether the Company has executed the new income standards

☐ Yes ☒ No

Naught

**51. Deferred Income**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
Government subsidies	155,000.31		77,499.96	77,500.35	Government subsidies related to assets/income
Total	155,000.31		77,499.96	77,500.35	--

Item involving government subsidies:

Unit: RMB

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Amount offset cost in the Reporting Period	Other changes	Ending balance	Related to assets/related to income
Production line of 50 million energy-saving fluorescent lamp	155,000.31		77,499.96				77,500.35	Related to assets
Total	155,000.31		77,499.96				77,500.35	

**52. Other Non-current Liabilities**

Whether the Company has executed the new income standards

☐ Yes ☒ No

Naught

**53. Share Capital**

Unit: RMB

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

**54. Other Equity Instruments**

Naught

**55. Capital Reserves**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium	151,362,201.53			151,362,201.53

(premium on stock)				
Other capital reserves	7,245,971.54			7,245,971.54
Total	158,608,173.07			158,608,173.07

## 56. Treasury Shares

Naught

## 57. Other Comprehensive Income

Unit: RMB

Item	Beginning balance	Reporting Period						Ending balance
		Income before taxation in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred in profit or loss in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred in 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	297,672,884.34	72,496,129.19			10,874,419.38	61,621,709.81		359,294,594.15
Changes in fair value of other equity instrument investment	297,672,884.34	72,496,129.19			10,874,419.38	61,621,709.81		359,294,594.15
II. Other comprehensive income that may subsequently be reclassified to profit or loss	-5,011.54	14,177.84				14,177.84		9,166.30
Differences arising from translation of foreign currency-denominated financial statements	-5,011.54	14,177.84				14,177.84		9,166.30
Total of other comprehensive income	297,667,872.80	72,510,307.03			10,874,419.38	61,635,887.65		359,303,760.45

**58. Specific Reserve**

Naught

**59. Surplus Reserves**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	672,569,617.84			672,569,617.84
Discretionary surplus reserves	136,886,568.36			136,886,568.36
Total	809,456,186.20			809,456,186.20

**60. Retained Earnings**

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	1,654,181,032.39	1,731,600,796.18
Beginning balance of retained earnings after adjustments	1,654,181,032.39	1,731,600,796.18
Add: Net profit attributable to owners of the Company as the parent	167,275,725.75	229,277,455.82
Dividend of ordinary shares payable	218,298,000.02	418,531,713.57
Ending retained earnings	1,603,158,758.12	1,542,346,538.43

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) RMB0.00 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.

**61. Operating Revenue and Cost of Sales**

Unit: RMB

Item	Reporting Period	Same Period of last year
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	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	1,670,888,644.93	1,283,982,749.97	2,048,839,316.62	1,568,876,663.19
Other operations	16,296,015.93	13,353,963.80	15,939,973.37	10,415,204.70
Total	1,687,184,660.86	1,297,336,713.77	2,064,779,289.99	1,579,291,867.89

Whether the Company has executed the new income standards

☐ Yes ☒ No

## 62. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	8,002,766.99	8,264,474.00
Education surcharge	5,716,249.15	5,949,176.10
Property tax	3,616,025.09	4,231,277.07
Land use tax	2,499,767.83	2,590,984.95
Vehicle and vessel use tax	4,952.48	6,668.80
Stamp duty	934,962.64	906,543.92
Environmental protection tax	61,544.56	13,393.40
Total	20,836,268.74	21,962,518.24

## 63. Selling Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee's remuneration	29,625,732.79	30,104,690.49
Freight	36,186,424.88	36,843,018.64
Business travel charges	5,908,417.09	4,436,361.10
Business propagandize fees and advertizing fees	23,221,696.87	9,922,450.58
Dealer meeting expense	2,629,705.03	2,444,484.12
Sales promotion fees	10,918,490.31	7,768,266.90
Other	14,920,099.41	12,397,738.64
Total	123,410,566.38	103,917,010.47

## 64. Administrative Expense

Unit: RMB



Item	Reporting Period	Same period of last year
Employee's remuneration	41,310,326.31	56,356,593.01
Office expenses	5,056,903.17	5,211,417.98
Rent of land and management charge	2,757,197.21	3,135,605.89
Amortization of intangible assets	2,214,360.20	2,157,008.85
Depreciation charge	7,701,119.24	7,681,086.49
Other	8,497,273.56	10,988,826.52
Total	67,537,179.69	85,530,538.74

## 65. R&D Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee's remuneration	23,210,591.76	13,466,962.82
Expense on equipment debugging	1,357,085.75	2,277,877.56
Fees for certification testing	2,197,635.38	1,851,079.26
Material consumption	1,955,730.02	598,544.26
Charges related to patents	187,908.12	494,973.06
Depreciation and long-term prepayments	303,946.75	169,890.88
Other	647,734.83	84,164.94
Total	29,860,632.61	18,943,492.78

Other notes:

1. The R&D expense of the Reporting Period was RMB10,917,139.83 with increase of 57.63% compared with that of last year which was due to the huge increase in labor costs compared with that of last year.
2. In the Company's R&D activities, the expense on bench-scale and pilot-scale production is recorded in R&D expense, the revenue generated from the sale of products through bench-scale and pilot-scale production is recorded in main operation revenue, and the costs incurred are recorded in the cost of sales of main operation.

## 66. Finance Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expense		
Less: Interest income	10,378,329.29	4,879,439.87
Foreign exchange gains or losses	-303,552.28	-9,341,097.44
Other	773,843.90	1,135,060.70
Total	-9,908,037.67	-13,085,476.61

**67. Other Income**

Unit: RMB

Sources	Reporting Period	Same period of last year
Subsidy for stabilizing posts		792,403.17
Supporting fund for import and export	4,494,490.00	
Competition among Hundreds of Enterprises	700,000.00	
Other	329,380.00	225,982.00
Total	5,523,870.00	1,018,385.17

**68. Investment Income**

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	784,711.98	179,781.56
Investment income from holding of trading financial assets	1,750,000.00	
Investment income from disposal of trading financial assets	13,550,000.00	
Investment income from holding of other equity instrument investment	13,957,444.99	
Investment income from holding of available-for-sale financial assets		10,971,417.60
Income received from financial products and structural deposits	14,528,002.77	13,358,671.20
Other	-730,500.00	
Total	43,839,659.74	24,509,870.36

**69. Net Gain on Exposure Hedges**

Naught

**70. Gain on Changes in Fair Value**

Unit: RMB

Sources	Reporting Period	Same period of last year
Trading financial liabilities	-996,200.00	

Total	-996,200.00	
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**71. Credit Impairment Loss**

Unit: RMB

Item	Reporting Period	Same period of last year
Bad debt loss of other receivables	-340,621.91	
Bad debt loss of accounts receivable	-696,350.03	
Total	-1,036,971.94	

**72. Assets Impairment Loss**

Whether the Company has executed the new income standards

☐ Yes ☒ No

Unit: RMB

Item	Reporting Period	Same period of last year
I. Bad debt loss		-8,366,488.61
II. Loss on inventory valuation	-12,239,244.21	-7,640,381.22
Total	-12,239,244.21	-16,006,869.83

**73. Assets Disposal Income**

Naught

**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 subsidy	1,202,579.96	914,699.96	1,202,579.96
Other	739,292.61	755,156.47	739,292.61
Total	1,941,872.57	1,669,856.43	1,941,872.57

Government subsidies recorded in current profit or loss:

Unit: RMB

Item	Distribution entity	Distribution reason	Nature	Whether influence the profits or losses of the year or not	Special subsidy or not	Reporting Period	Same period of last year	Related to assets/related to income
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Production line of 50 million energy-saving fluorescent lamp		Subsidy	Due to engaged in special industry that the state encouraged and supported, gained subsidy (obtaining in line with the law and the regulations of national policy)	No	No	77,499.96	77,499.96	Related to assets
Other miscellaneous government subsidies		Rewards	Subsidy from R&D Technical updating and transformation, etc.	No	No	1,125,080.00	837,200.00	Related to income
Total						1,202,579.96	914,699.96	

## 75. Non-operating Expense

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Total losses from disposal of non-current assets	53,336.67	70,182.97	53,336.67
Of which: Losses from disposal of fixed assets	53,336.67	70,182.97	53,336.67
Losses on inventories	170,523.69		170,523.69
Penalty	4,995.00		4,995.00
Delaying payment	239,571.80		239,571.80
Lawsuit compensation		65,000.00	
Other	9,964.81	56,566.45	9,964.81
Total	478,391.97	191,749.42	478,391.97

**76. Income Tax Expense****(1) List of Income Tax Expense**

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	23,839,915.08	44,301,342.36
Deferred income tax expense	3,327,373.49	2,742,803.34
Total	27,167,288.57	47,044,145.70

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

Unit: RMB

Item	Reporting Period
Profit before taxation	194,665,931.53
Current income tax expense accounted at statutory/applicable tax rate	28,967,898.33
Influence of applying different tax rates by subsidiaries	1,166,469.64
Influence of income tax before adjustment	-443,721.62
Influence of non-taxable income	-2,523,357.78
Income tax expense	27,167,288.57

**77. Other Comprehensive Income**

Refer to Note 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	8,960,610.92	10,461,602.02
Income from insurance compensation	245,123.30	50,333.58
Cash deposit income	14,070,620.26	1,729,639.24
Property and rental income	3,133,802.35	2,110,828.30
Income from subsidy	6,634,379.76	1,911,331.54
Income from waste	6,413,317.83	8,814,180.41
Other	5,704,607.15	8,467,917.26

Total	45,162,461.57	33,545,832.35
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**(2) Cash Used in Other Operating Activities**

Unit: RMB

Item	Reporting Period	Same period of last year
Administrative expense paid in cash	15,681,410.19	20,080,875.34
Selling expense paid in cash	80,443,469.23	70,572,897.55
Finance costs paid in cash	237,571.61	343,210.94
Returned cash deposit	7,855,566.14	
Other	6,902,354.83	6,351,791.98
Total	111,120,372.00	97,348,775.81

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

Naught

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

Unit: RMB

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

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

Naught

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

Naught

**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	167,498,642.96	232,174,685.49
Add: Provision for impairment of assets	13,276,216.15	16,006,869.83
Depreciation of fixed assets, oil-gas assets, and productive living assets	31,885,398.98	34,998,383.79
Amortization of intangible assets	2,214,360.20	2,157,008.85
Amortization of long-term prepaid expenses	3,198,379.16	2,859,910.25
Losses from disposal of fixed assets (gains: negative)	53,336.67	70,182.97
Losses from changes in fair value (gains: negative)	996,200.00	
Investment loss (gains: negative)	-43,839,659.74	-24,509,870.36
Decrease in deferred income tax assets (increase: negative)	3,327,373.49	2,742,803.34
Decrease in inventory (gains: negative)	116,836,131.75	23,967,773.95
Decrease in accounts receivable generated from operating activities (gains: negative)	12,637,048.69	-280,200,774.50
Increase in accounts payable used in operating activities (decrease: negative)	-117,401,594.83	134,456,804.77
Net cash generated from/used in operating activities	190,681,833.48	144,723,778.38
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Net increase/decrease of cash and cash equivalents:	--	--
Ending balance of cash	767,162,849.74	911,663,899.88
Less: Beginning balance of cash	795,285,756.38	570,184,208.96
Net increase in cash and cash equivalents	-28,122,906.64	341,479,690.92

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

Naught

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

Naught

**(4) Cash and Cash Equivalents**

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	767,162,849.74	795,285,756.38
Including: Cash on hand	41,073.13	34,937.47
Bank deposit on demand	765,976,136.79	783,346,295.87
Other monetary capital on demand	1,145,639.82	11,904,523.04
III. Ending balance of cash and cash equivalents	767,162,849.74	795,285,756.38

**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 to Use**

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary capital	62,346,866.91	Security deposit of notes and security deposit of future foreign exchange settlement
Notes receivable	79,189,073.66	Pledged for notes pool
Total	141,535,940.57	--

**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 capital	--	--	2,363,055.17
Of which: USD	194,325.01	6.8747	1,335,926.15
EUR	131,396.83	7.8170	1,027,129.02
HKD			
Accounts receivable	--	--	278,313,858.59



Of which: USD	40,483,782.36	6.8747	278,313,858.59
EUR			
HKD			
Long-term borrowings	--	--	
Of which: USD			
EUR			
HKD			
Advances from customers			15,878,401.30
Of which: USD	2,250,062.46	6.8747	15,468,504.40
EUR	52,436.60	7.8170	409,896.90
Prepayments			1,462,174.10
Of which: USD	212,689.15	6.8747	1,462,174.10
Other payables			481,710.23
Of which: USD	70,070.00	6.8747	481,710.23

**(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

Naught

### 84. Government Subsidy

#### (1) Basic Information on Government Subsidy

Unit: RMB

Type	Amount	Presented in	Charged to current profit or loss
Rewards for Competition among Hundreds of Enterprises	700,000.00	Other income	700,000.00
Supporting fund for import and export	4,494,490.00	Other income	4,494,490.00
Other	329,380.00	Other income	329,380.00
Production line of 50 million energy-saving fluorescent lamp	77,499.96	Non-operating income	77,499.96

Other miscellaneous government subsidies	1,125,080.00	Non-operating income	1,125,080.00
Total	6,726,449.96		6,726,449.96

## (2) Return of Government Subsidy

☐ Applicable ☒ Not applicable

## 85. Other

Naught

## VIII. Changes of Consolidation Scope

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

Naught

### 2. Business Combination under the Same Control

Naught

### 3. Counter Purchase

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:

The original subsidiary not included in combination scope in the current year

On September 7, 2018, the Company held the 26th meeting of the 8th Board of Directors, in which examined and approved the Proposal on Cancelling the Wholly-owned Subsidiary Guangdong FSL Finance Leasing Co., Ltd.(hereinafter referred as “FSL Leasing Company). The Company received the Notice of Approval of Cancellation and Registration issued by Market Supervision and Administration of Foshan on March 26, 2019 and has completed the registration cancellation of FSL Leasing Company. FSL

Leasing Company will not be included in the consolidated financial statements of the Company after cancelling thereof.

## 6. Other

Naught

## IX. Equity in Other Entities

### 1. Equity in Subsidiary

#### (1) Subsidiaries

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

Co., Ltd.						
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

Notes: Holding proportion in subsidiary different from voting proportion:

Naught

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

Naught

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

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

Naught

Other notes:

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%	452,768.42		8,560,833.21
FSL Zhida Electric Technology Co., Ltd.	49.00%	-229,851.21		13,716,946.93

Holding proportion of minority shareholder in subsidiary different from voting proportion:

Naught

Other notes:

Naught

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

Unit: RMB

Name	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities

Foshan Taimei Times Lamps and Lanterns Co., Ltd.	36,400,405.91	19,106,461.76	55,506,867.67	26,970,756.97		26,970,756.97	35,881,053.56	19,031,531.64	54,912,585.20	27,885,702.58		27,885,702.58
FSL Zhida Electric Technolo gy Co., Ltd.	74,496,865.78	10,281,076.04	84,777,941.82	41,692,335.84		41,692,335.84	74,044,533.25	10,388,813.87	84,433,347.12	40,878,657.04		40,878,657.04
Total	110,897,271.69	29,387,537.80	140,284,809.49	68,663,092.81		68,663,092.81	109,925,586.81	29,420,345.51	139,345,932.32	68,764,359.62		68,764,359.62

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.	59,575,680.86	1,509,228.08	1,509,228.08	778,035.37	73,606,152.87	3,544,952.10	3,544,952.10	11,967,649.42
FSL Zhida Electric Technology Co., Ltd.	38,271,963.92	-469,084.10	-469,084.10	6,129,306.92	56,884,635.54	3,742,334.78	3,742,334.78	-6,170,821.36
Total	97,847,644.78	1,040,143.98	1,040,143.98	6,907,342.29	130,490,788.41	7,287,286.88	7,287,286.88	5,796,828.06

**(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

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/The same period of last year
Joint ventures:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprises:	--	--
Total carrying value of investment	180,122,685.92	182,458,559.69
The total of following items according to the shareholding proportions	--	--
--Net profit	784,711.98	179,781.56
--Total comprehensive income	784,711.98	179,781.56

### (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: monetary funds, accounts receivable, notes receivable, accounts payable, etc. The details of each financial instrument see relevant items of Note VII.

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

**(I) Credit risk**

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

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

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

**(II) Liquidity Risk**

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

estimated due within 1 year.

### (III) Market risk

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

#### 1. Exchange rate risk

Exchange rate risk was referred to risk of possible losses due to changes of exchange rate. The exchange rate risk undertaken by the Company was mainly generated from USD and EUR. On June 30, 2019, all assets and liabilities of the Company were balances in RMB except that the balances of assets and liabilities presented in the Note VII (82) Foreign Currency Monetary Items were in USD and EUR. The exchange rate risk generated from those balance of assets and liabilities in foreign currency might influence the running performance of the Company to some extent.

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

#### 2. Interest rate risk

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

#### 3. Other price risk

Naught

## XI. The Disclosure of Fair Value

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

Unit: RMB

Item	Ending fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(III) Other equity instrument investment	666,584,409.99			666,584,409.99
The total amount of assets consistently measured at fair value	666,584,409.99			666,584,409.99
(VII) Specified as financial liabilities at fair value through profit or loss	1,473,400.00			1,473,400.00
The total amount of liabilities consistently	1,473,400.00			1,473,400.00



measured at fair value				
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 exchange rate.

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

Naught

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

Naught

## 5. Sensitiveness Analysis on Unobservable Parameters and Adjustment Information between Beginning and Ending Carrying Value of Consistent Fair Value Measurement Items at Level 3

Naught

## 6. Explain the Reason for Conversion and the Governing Policy when the Conversion Happens if Conversion Happens among Consistent Fair Value Measurement Items at Different Levels

Naught

## 7. Changes in the Valuation Technique in the Current Period and the Reason for Such Changes

Naught

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

Naught

## 9. Other

Naught

## XII. Related Party and Related-party Transactions

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

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the Company as the parent against the Company	Proportion of voting rights owned by the Company as the parent against the Company
Hong Kong Wah Shing Holding Company Limited	Hong Kong	Investment	HKD110,000	13.47%	13.47%
Shenzhen Rising Investment Development Co., Ltd.	Shenzhen	Investment	RMB135.409614 million	5.12%	5.12%
Guangdong Electronics Information Industry Group Ltd.	Guangzhou	Sales & Production	RMB462 million	4.74%	4.74%
Rising Investment Development Co., Ltd.	Hong Kong	Investment	RMB 200 million and HKD1 million	1.82%	1.82%
Guangdong Rising Finance Holding Co., Ltd.	Zhuhai	Investment	RMB1393 million	0.54%	0.54%
Total				25.70%	25.70%

Notes: Information on the Company as the parent

The largest shareholder of the Company, Hong Kong Wah Shing Holding Co., Ltd., was the wholly-owned subsidiary of Electronics Group, and Electronics Group, Shenzhen Rising Investment Development Co., Ltd. (hereinafter referred to as “Shenzhen Rising”), Guangdong Rising Finance Holding Co., Ltd. (hereinafter referred to as “GD Rising Finance”) and Rising Investment Development Co., Ltd. (hereinafter referred to as “Rising Investment”) were the wholly-owned subsidiaries of Guangdong Rising Assets Management Co., Ltd. (hereinafter referred to as “Rising Company”). In line with the relevant stipulation of Corporation Law and Rules on Listed Companies Acquisition, Electronics Group, Shenzhen Rising and Rising Investment were persons acting in concert, and the Rising Company was the actual controller of the Company. As of 30 June 2019, the aforesaid persons acting in concert holding total A, B share of the Company 359,632,344.00 shares, 25.70 % of total share equity of the Company.

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

### 2. Subsidiaries of the Company

Refer to Note IX Equity in Other Entities-1. Equity in 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.

### 4. Information on Other Related Parties

Name	Relationship with the Company
PROSPERITY LAMPS & COMPONENTS LTD	Shareholder owning over 5% shares
Foshan NationStar Optoelectronics Co. Ltd.	Under same actual controller
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Under same actual controller
Guangdong Rising Optoelectronics Co., Ltd.	Under same actual controller
Guangdong Vollsun Data Solid-state Storage Co., Ltd	Under same actual controller
Guangdong Rising Finance Limited	Under same actual controller
MTM Semiconductor Equipment Co., Ltd.	Under same actual controller
Henan Rising Technology Investment Co., Ltd.	Under same actual controller
Guangdong Electronic Technology Research Institute	Under same actual controller
Guangzhou Diansheng Property Management Co., Ltd.	Under same actual controller
Hangzhou Times Lighting and Electrical Co., Ltd.	Company controlled by related natural person
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Company controlled by related natural person
Prosperity Electrical (China) Co., Ltd.	Company controlled by related natural person
Siteco Prosperity Lighting (Langfang) Co., Ltd.	Company controlled by related natural person
OSRAM (China) Lighting Co., Ltd.	Company controlled by related natural person with significant influence

### 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
Prosperity Lamps and Components Ltd.	Purchase of materials	1,358,912.39	12,000,000.00	No	3,844,498.14
Prosperity Electrical (China) Co., Ltd.	Purchase of materials		4,500,000.00	No	729,882.89

Hangzhou Times Lighting and Electrical Co., Ltd.	Purchase of materials	317,153.35	1,000,000.00	No	368,916.04
Foshan NationStar Optoelectronics Co., Ltd.	Purchase of materials	24,160,788.99	210,000,000.00	No	43,595,754.55
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Purchase of materials	1,919,036.93	10,000,000.00	No	5,172,863.77
Guangdong Electronic Technology Research Institute	Purchase of equipment	46,551.72	3,000,000.00	No	760,683.76
MTM Semiconductor Equipment Co., Ltd.	Purchase of equipment	261,855.01	1,000,000.00	No	323,282.05
Guangdong Vollsun Data Solid-state Storage Co., Ltd.	Purchase of equipment				1,600,000.00
Total		28,064,298.39	241,500,000.00		56,395,881.20

## 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 LTD	Sale of products	11,773,638.34	18,871,809.73
Prosperity Electrical (China) Co., Ltd.	Sale of products	56,974.66	175,397.67
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Sale of products		46,299.15
Guangdong Rising Optoelectronics Co., Ltd.	Sale of products		568.97
Guangzhou Diansheng Property Management Co., Ltd.	Sale of products	846.90	
Total		11,831,459.90	19,094,075.52

## Information of sales/purchase of goods and provision/reception of labor service

The pricing for related-party transactions observes the principle of market subject to the market price when the transaction happens and relevant accounts shall be paid on time based on actual transaction.

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

Naught

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

The Company was lessor:

Naught

The Company was lessee:

Unit: RMB

Name of lessor	Category of leased assets	The lease fee confirmed in the Reporting Period	The lease fee confirmed in the same period of last year
Guangdong Electronics Information Industry Group Ltd.	Vehicles	5,699.21	8,333.31

**(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	0.00	0.00
General Manager	707,777.02	700,000.00
Chairman of the Supervisory Committee	199,621.80	0.00
Secretary of the Board	66,667.00	400,000.00
Chief Financial Officer	407,777.02	400,000.00
Other	2,773,195.18	2,695,000.00
Total	4,155,038.02	4,195,000.00

**(8) Other Related-party Transactions**

Naught

**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
Interest receivable	Guangdong Rising Finance Co., Ltd.	16,711.11		49,800.02	
Accounts receivable	Guangdong Vollsun Data Solid-state Storage Co., Ltd.	2,753,280.00	82,598.40	2,753,280.00	82,598.40
Accounts receivable	Guangzhou Diansheng Property Management Co., Ltd.	957.00	28.71		
Accounts receivable	PROSPERITY LAMPS & COMPONENTS LTD	3,642,370.89	109,271.13	3,676,377.29	110,291.32
Accounts receivable	Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	86,367.27	86,293.82	86,367.27	69,093.82
Accounts receivable	OSRAM (China) Lighting Co., Ltd.	117,554.16	41,566.93	117,554.16	35,266.25
Prepayments	Prosperity Electrical (China) Co., Ltd.	7,521.37		7,521.37	
Prepayments	MTM Semiconductor Equipment Co., Ltd			28,368.00	
Other receivables	Guangdong Electronics Information Industry Group Ltd.			19,500.00	585.00
Total		6,624,761.80	319,758.99	6,738,768.11	297,834.79

**(2) Accounts Payable**

Unit: RMB

Item	Related party	Ending carrying amount	Beginning carrying amount
Accounts payable	Foshan NationStar Optoelectronics Co., Ltd.	15,740,680.29	17,964,138.25
Accounts payable	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	1,757,507.91	1,489,703.61
Accounts payable	Siteco Prosperity Lighting (Langfang) Co., Ltd.	251,021.56	251,021.56
Accounts payable	Prosperity Electrical (China) Co., Ltd.	160,759.70	160,759.70
Accounts payable	Hangzhou Times Lighting and Electrical Co., Ltd.	197,700.70	229,109.60
Accounts payable	Prosperity Lamps and Components Ltd.		554,680.06
Other payables	Guangdong Electronic Technology Research Institute	181,700.00	179,000.00
Other payables	Prosperity Electrical (China) Co., Ltd.	100,000.00	100,000.00
Other payables	MTM Semiconductor Equipment Co., Ltd.	21,000.00	38,600.00
Other payables	Prosperity Lamps and Components Ltd.	481,710.23	480,904.43
Other payables	Foshan NationStar Optoelectronics Co., Ltd.	200,000.00	
Other payables	Guangdong Electronics Information Industry Group Ltd.		11,111.12
Advances from customers	Prosperity Electrical (China) Co., Ltd.	57,295.04	38,646.66
Total		19,149,375.43	21,497,674.99

**7. Commitments of Related Party**

(1)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

Type of commitment: About avoidance of horizontal competition

Contents: Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising

Investment have made a commitment that the elimination of the horizontal competition between Foshan Nation Star Optoelectronics Co., Ltd. and the Company through business integration or other ways or arrangements shall be completed before December 4, 2019.

Date of commitment making: 4 December 2017

Term of commitment: 24 months

Fulfillment: In execution

(2)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

Type of commitment: About avoidance of horizontal competition

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

Date of commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

(3)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

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

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



procedure and information disclosure duties pursuant to the applicable laws, regulations and regulatory documents. Where the aforesaid commitments are broken and a loss is thus caused for the Company, its subsidiaries or the Company's other shareholders, they shall be obliged to compensate.

Date of commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

(4)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

Type of commitment: About independence

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

independent bank accounts and not share bank accounts with its related parties. (3) They promise that the Company's financial personnel do not hold concurrent positions in its related parties. (4) They promise that the Company will independently pay its tax according to law. And (5) They promise that the Company can make financial decisions independently and that they will not illegally intervene in the Company's use of its funds.

Date of commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

## 8. Other

Naught

## XIII. Stock Payment

### 1. The Overall Situation of Stock Payment

☐Applicable ☒Not applicable

### 2. The Stock Payment Settled in Equity

☐Applicable ☒Not applicable

### 3. The Stock Payment Settled in Cash

☐Applicable ☒Not applicable

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

Naught

## 5. Other

Naught

## XIV. Commitments and Contingency

### 1. Significant Commitments

Significant commitments on the balance sheet date

Naught

## **2. Contingency**

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

Naught

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

There was no significant contingency in the Company.

## **3. Other**

Naught

## **XV. Events after Balance Sheet Date**

### **1. Significant Non-adjusted Events**

Naught

### **2. Profit Distribution**

Naught

### **3. Sales Return**

Naught

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

Naught

## **XVI. Other Significant Events**

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

Naught

### **2. Debt Restructuring**

Naught

**3. Assets Replacement**

Naught

**4. Pension Plan**

Naught

**5. Discontinued Operations**

Naught

**6. Segment Information**

Naught

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

Naught

**8. Other**

Naught

**XVII. Notes of Main Items in the Financial Statements of the Company as the Parent****1. Accounts Receivable****(1) Accounts Receivable Disclosed by Category**

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable for which bad debt provision separately accrued	23,377,223.66	3.09%	16,266,810.09	69.58%	7,110,413.57	23,377,223.66	2.78%	16,266,810.09	69.58%	7,110,413.57
Of which:										
Accounts receivable	732,299,	96.91%	30,039,3	4.10%	702,259,9	819,146,6	97.22%	30,359,11	3.71%	788,787,51

for which bad debt provision accrued by group	386.93		93.85		93.08	35.09		6.01		9.08
Of which:										
Total	755,676,610.59	100.00%	46,306,203.94	6.13%	709,370,406.65	842,523,858.75	100.00%	46,625,926.10	5.53%	795,897,932.65

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	14,220,827.14	7,110,413.57	50.00%	Involved in the lawsuit; the Company won in the first instance judgment and the other side had appealed
Customer B	9,156,396.52	9,156,396.52	100.00%	Involved in the lawsuit, the case hasn't been finalized
Total	23,377,223.66	16,266,810.09	--	--

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal reason
Credit risk	732,299,386.93	30,039,393.85	4.10%
Total	732,299,386.93	30,039,393.85	--

Notes to the determination basis for the group:

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)	676,467,035.42
1 to 2 years	22,338,039.73
2 to 3 years	7,653,591.61
3 to 4 years	2,782,638.29
4 to 5 years	129,101.60

Total	709,370,406.65
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**(2) Bad Debt Provision Withdrawal, Reversed or Recovered in the Reporting Period**

Information of withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period			Ending balance
		Withdrawal	Reversal or recovery	Write-off	
Accounts receivable	46,625,926.10	-210,202.38		109,519.78	46,306,203.94
Total	46,625,926.10	-210,202.38		109,519.78	46,306,203.94

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

Naught

**(3) Particulars of the Actual Verification of Accounts Receivable during the Reporting Period**

Unit: RMB

Item	Amount
No. 1	109,420.64
Other driblet small amount	99.14

Of which verification of significant accounts receivable:

Naught

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

Unit: RMB

Name	Relationship with the Company	Carrying amount	Amount of bad debt provision withdrawn	Proportion to total accounts receivable
No. 1	Non-related party	116,548,474.42	3,496,454.23	15.42%
No. 2	Non-related party	21,132,097.12	691,796.76	2.80%
No. 3	Non-related party	18,052,065.50	834,975.20	2.39%
No. 4	Non-related party	17,103,092.54	1,710,309.25	2.26%
No. 5	Non-related party	16,775,164.92	1,677,516.49	2.22%
Total		189,610,894.50	8,411,051.93	25.09%

**(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
Interest receivable	5,828,623.70	5,152,364.04
Other receivables	43,751,294.85	38,386,484.68
Total	49,579,918.55	43,538,848.72

**(1) Interest Receivable**

1) Category of Interest Receivable

Unit: RMB

Item	Ending balance	Beginning balance
Fixed time deposit	1,575,001.54	56,317.78
Structural deposit	2,400,361.88	3,151,895.54
Bank financial products	1,853,260.28	1,944,150.72
Total	5,828,623.70	5,152,364.04

2) Significant Overdue Interest

Naught

3) Information of Withdrawal of Bad Debt Provision

☐ Applicable ☒ Not applicable**(2) Dividends Receivable**

Naught

**(3) Other Receivables**

1) Other Receivables Classified by Accounts Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Internal business group	23,824,279.81	22,478,786.69
Borrowings and petty cash for employees	6,070,982.35	3,294,170.26
VAT export tax refunds	6,006,579.00	6,252,642.96

Performance bond	3,904,842.00	2,905,450.00
Rental fees and water & electricity fees	1,253,446.62	765,582.10
Other	4,302,146.66	3,991,470.59
Total	45,362,276.44	39,688,102.60

## 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 2019	406,679.05	894,938.87		1,301,617.92
Balance of 1 January 2019 in the current period	—	—	—	—
Withdrawal of the current period	132,933.30	176,430.37		309,363.67
Balance of 30 June 2019	539,612.35	1,071,369.24		1,610,981.59

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)	41,271,745.79
1 to 2 years	1,483,985.07
2 to 3 years	927,958.10
3 to 4 years	10,000.00
4 to 5 years	57,605.89
Total	43,751,294.85

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

Information of withdrawal of bad debt provision

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period		Ending balance
		Withdrawal	Reversal or recovery	
Other accounts receivable	1,301,617.92	309,363.67		1,610,981.59
Total	1,301,617.92	309,363.67		1,610,981.59



Of which bad debt provision recovered or reversed 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 ending balance of total other receivables%	Ending balance of bad debt provision
No. 1	Internal business group	18,835,715.58	Within 3 years	41.52%	
No. 2	Export rebates	6,006,579.00	Within 1 year	13.24%	180,197.37
No. 3	Internal business group	4,584,479.53	Within 1 year	10.11%	
No. 4	Other	1,296,947.31	Within 3 years	2.86%	314,327.63
No. 5	Other	1,157,064.20	Within 1 year	2.55%	34,711.93
Total	--	31,880,785.62	--	70.28%	529,236.93

6) Accounts Receivable Involving Government Subsidies

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	283,793,102.26		283,793,102.26	283,793,102.26		283,793,102.26
Investment to joint ventures and associated enterprises	180,122,685.92		180,122,685.92	182,458,559.69		182,458,559.69
Total	463,915,788.18		463,915,788.18	466,251,661.95		466,251,661.95

**(1) Investment to Subsidiaries**

Unit: RMB

Investee	Beginning balance	Increase	Decrease	Ending balance	Depreciation reserve withdrawn	Ending balance of depreciation reserve
Foshan Chansheng Electronic Ballast Co., Ltd.	2,744,500.00			2,744,500.00		
FSL Chanchang Optoelectronics Co., Ltd.	82,507,350.00			82,507,350.00		
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	350,000.00			350,000.00		
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	72,000,000.00			72,000,000.00		
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	35,418,439.76			35,418,439.76		
Guangdong Fozhao New Light Sources Technology Co., Ltd.	50,077,000.00			50,077,000.00		
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		
<b>Total</b>	<b>283,793,102.26</b>			<b>283,793,102.26</b>		

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

Unit: RMB

Investee	Beginning balance	Increase/decrease								Ending balance	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint ventures											
II. Associated enterprises											
Shenzhen Primatronix (Nanhu) Electronics Ltd.	182,458,559.69			784,711.98			3,120,585.75			180,122,685.92	
Subtotal	182,458,559.69			784,711.98			3,120,585.75			180,122,685.92	
Total	182,458,559.69			784,711.98			3,120,585.75			180,122,685.92	

**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	1,587,821,567.72	1,245,016,649.64	1,951,987,821.57	1,545,234,231.64
Other business	47,837,600.24	39,394,932.17	52,300,623.19	42,160,088.89
Total	1,635,659,167.96	1,284,411,581.81	2,004,288,444.76	1,587,394,320.53

Whether the Company has executed the new income standards

☐ Yes ☒ No**5. Investment Income**

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	784,711.98	179,781.56

Investment income from disposal of long-term equity investment	330,228.20	
Investment income from holding of trading financial assets	1,750,000.00	
Investment income from disposal of trading financial assets	13,550,000.00	
Dividend income from holding of other equity instrument investment	13,957,444.99	
Investment income from holding of available-for-sale financial assets		10,971,417.60
Investment income from financial products and structural deposits	14,528,002.77	9,886,641.16
Other	-730,500.00	
Total	44,169,887.94	21,037,840.32

## 6. Other

Naught

## XVIII. Supplementary Materials

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

√ Applicable □ Not applicable

Unit: RMB

Item	Amount	Note
Gains/losses on the disposal of non-current assets	-53,336.67	
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	2,231,959.96	
Gain/loss from change of fair value of trading assets and liabilities, derivative in financial assets and liabilities, and investment gains from disposal of trading financial assets and liabilities, derivative financial assets and liabilities, and other creditors' investment, other than valid hedging related to the Company's common	12,553,800.00	Mainly because investment income obtained from selling equity of Chengdu Hongbo Enterprise Co., Ltd.

businesses		
Other non-operating income and expenses other than the above	314,237.31	
Less: Income tax effects	2,287,287.39	
Non-controlling interests effects	1,635.12	
Total	12,757,738.09	--

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

☐ Applicable ☒ Not applicable

## 2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	3.77%	0.1195	0.1195
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	3.49%	0.1104	0.1104

## 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