

# **FOSHAN ELECTRICAL AND LIGHTING CO., LTD.**

## **2013 Semi-annual Report**

**August 2013**

## I. Important Reminders, Contents & Explanation

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

All directors attended the board session for reviewing this report except the following:

Name	Position	Reason for not attending the session in person	Name of the proxy
Ye zaiyou	Director	ON business	Liu xingming

The Company plans not to distribute cash dividends or bonus shares or turn capital reserve into share capital.

The financial report for the first half of 2013 has not been audited by a CPAs firm.

Pan Jie, company principal, Liu Xingming, chief of the accounting work, and Yin Jianchun, chief of the accounting organ (chief of accounting), hereby confirm that the Financial Report enclosed in this report is factual, accurate and complete.

This report is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

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

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## Explanation

Term	Refers to	Contents
CSRC	Refers to	China Securities Regulation Commission
SZSE, the Stock Exchange	Refers to	Shenzhen Stock Exchange
Company, the Company, our company, FSL	Refers to	Foshan Electrical and Lighting Co., Ltd.
Board of Directors	Refers to	Board of Directors of Foshan Electrical and Lighting Co., Ltd.
Shareholders' General Meeting	Refers to	Shareholders' General Meeting of Foshan Electrical and Lighting Co., Ltd.
Supervisory Committee	Refers to	Supervisory Committee of Foshan Electrical and Lighting Co., Ltd.
Yuan, Thousand Yuan, Ten thousand Yuan, One Hundred Million Yuan	Refers to	RMB Yuan, RMB Thousand Yuan, RMB Ten thousand Yuan, RMB One Hundred Million Yuan
Reporting period, this reporting period	Refers to	1 Jan. 2013-30 Jun. 2013

## II. Company Profile

### I. Basic information of the Company

Stock abbreviation	FSZM/YZMB	Stock code	000541/200541
Stock exchange listed with	Shenzhen Stock Exchange		
Chinese name of the Company	佛山电器照明股份有限公司		
Abbr. of the Chinese name of the Company (if any)	佛山照明		
English name of the Company (if any)	FOSHAN ELECTRICAL AND LIGHTING CO.,LTD		
Abbr. of the English name of the Company (if any)	FSL		
Legal representative of the Company	Pan Jie		

### II. For Contact

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

### III. Other information

#### 1. Ways to contact the Company

Did any change occur to the registered address, office address and their postal codes, website address and email address of the Company during the reporting period?

☐ Applicable ☒ Inapplicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2012 Annual Report.

## **2. About information disclosure and where this report is placed**

Did any change occur to information disclosure media and where this report is placed during the reporting period?

☐ Applicable ☒ Inapplicable

The newspapers designated by the Company for information disclosure, the website designated by CSRC for disclosing this report and the location where this report is placed did not change during the reporting period. The said information can be found in the 2012 Annual Report.

## **3. Change of the registered information**

Did any change occur to the registered information during the reporting period?

☐ Applicable ☒ Inapplicable

The registration date and place of the Company, its business license No., taxation registration No. and organizational code did not change during the reporting period. The said information can be found in the 2012 Annual Report.

## **4. Other relevant information**

Did any change occur to other relevant information during the reporting period?

☐ Applicable ☒ Inapplicable

### III. Accounting & Business Highlights

#### I. Major accounting data and financial indicators

Does the Company adjust retrospectively or restate accounting data of previous years due to change of the accounting policy or correction of any accounting error?

☐ Yes ☒ No

	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues (RMB Yuan)	1,208,260,446.06	1,064,337,124.25	13.52%
Net profit attributable to shareholders of the Company (RMB Yuan)	153,047,291.37	134,522,943.15	13.77%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	146,663,823.95	135,668,742.77	8.10%
Net cash flows from operating activities (RMB Yuan)	11,712,252.61	234,485,514.83	-95.01%
Basic EPS (RMB Yuan/share)	0.16	0.14	14.29%
Diluted EPS (RMB Yuan/share)	0.16	0.14	14.29%
Weighted average ROE (%)	5.63%	4.62%	1.01%
	As at the end of the reporting period	As at the end of last year	YoY +/- (%)
Total assets (RMB Yuan)	3,516,955,055.58	3,448,274,301.82	1.99%
Net assets attributable to shareholders of the Company (RMB Yuan)	2,795,996,703.55	2,950,106,976.17	-5.22%

#### II. 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

Unit: RMB Yuan

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Reporting period	Same period of last year	Closing amount	Opening amount
According to Chinese accounting standards	153,047,291.37	134,522,943.15	2,795,996,703.55	2,950,106,976.17
Items and amounts adjusted according to international accounting standards				
According to international	153,047,291.37	134,522,943.15	2,795,996,703.55	2,950,106,976.17

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

Unit: RMB Yuan

	Net profit attributable to shareholders of the Company		Net assets attributable to shareholders of the Company	
	Reporting period	Same period of last year	Closing amount	Opening amount
According to Chinese accounting standards	153,047,291.37	134,522,943.15	2,795,996,703.55	2,950,106,976.17
Items and amounts adjusted according to overseas accounting standards				
According to overseas accounting standards	153,047,291.37	134,522,943.15	2,795,996,703.55	2,950,106,976.17

## 3. Explain reasons for the differences between accounting data under domestic and overseas accounting standards

N/A

## III. Items and amounts of extraordinary gains and losses

Unit: RMB Yuan

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	13,187,805.39	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of official approval documents	0.00	
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 country's unified standards	302,499.98	
Capital occupation charges on non-financial enterprises that recorded into current gains and losses	654,987.04	
Gains due to that the investment costs for the Company to obtain subsidiaries, associates and joint ventures are lower than the enjoyable fair value of the identifiable net assets of the investees when making the investments	0.00	
Gain/loss on non-monetary asset swap	0.00	
Gain/loss on entrusting others with investments or asset management	0.00	



Asset impairment provisions due to acts of God such as natural disasters	0.00	
Gain/loss on debt restructuring	0.00	
Expenses for business reorganization, such as expenses for staffing, reorganization etc.	0.00	
Gain/loss on the part over the fair value due to transactions with distinctly unfair prices	0.00	
Current gains and losses of subsidies acquired from business combination under the same control as from period-begin to combination date	0.00	
Gain/loss on contingent events irrelevant to the Company's normal business	0.00	
Gains and losses on change in fair value from tradable financial assets and tradable financial liabilities, as well as investment income from disposal of tradable financial assets and tradable financial liabilities and financial assets available for sales except for effective hedging related with normal businesses of the Company	1,296,011.09	
Reversal of provision for impairment that made impairment test independently	0.00	
Gain/loss on loans obtained by entrusting others	0.00	
Gain/loss on change of the fair value of investing real estate of which the subsequent measurement is carried out adopting the fair value method	0.00	
Effect on current gains/losses when a one-off adjustment is made to current gains/losses according to requirements of taxation, accounting and other relevant laws and regulations	0.00	
Custody fee income when entrusted with operation	0.00	
Other non-operation income and expenses other than the above	-8,068,874.34	
Other gain/loss items that meet the definition of an extraordinary gain/loss	2.84	
Less: Income tax effects	988,964.58	
Minority interests effects (after tax)	0.00	
Total	6,383,467.42	--

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

☐ Applicable ☒ Inapplicable

## IV. Report of the Board of Directors

### I. Overview

The reporting period witnessed a complex and changeable international economy. The peak of the European Crisis had passed, but economic recession seemed inevitable and the U.S. economy was also in a slow recovery. China's economy was under increasing downward pressure with the economic growth slowing down at a marked pace. Meanwhile, boosted by various stimulus industrial policies of the government, the production capacity of the industry expanded quickly and thus market competition became increasingly fierce. With such an economic environment and industrial background, the Company, according to the policies set at the beginning of the year, worked hard to increase its strength, product quality and operating efficiency by promoting lean manufacturing and optimizing internal management. Meanwhile, it input more efforts in brand and channel development, as well as R&D and market expansion. As a result, the Company achieved a stable growth in its main business.

For the reporting period, the Company achieved operating revenues of RMB 1,208,260.4 thousand, up 13.52% over the same period of last year; total profit of RMB192,598.8 thousand, up20.85% over the same period of last year; and net profit attributable to shareholders of the Company of RMB 153,047.3 thousand, representing a year-on-year growth of 13.77%.

### II. Main business analysis

For the reporting period, the Company achieved a sales income of RMB 1,182,317.6 thousand from its main business, up 12.26% over the same period of last year, of which the domestic sales income stood at RMB 854,494.3 thousand, up 17.40% on the year-on-year basis, and the export income stood at RMB 327,823.3 thousand, down 3.92% on the year-on-year basis. The gross profit rate was 23.11%, down 2.01% over the same period of last year.

YoY change of major financial data:

Unit: RMB Yuan

	Reporting period	Same period of last year	YoY +/- %	Main reasons for change
Operating revenues	1,208,260,446.06	1,064,337,124.25	13.52%	
Operating costs	925,675,209.12	792,978,460.81	16.73%	
Selling expenses	44,431,240.08	46,953,881.19	-5.37%	
Administrative expenses	77,932,401.53	75,564,365.47	3.13%	

Financial expenses	-3,963,817.89	-7,159,594.18	44.64%	Increase of exchange loss
R&D input	33,914,703.00	35,236,168.02	-3.75%	
Income tax expenses	39,614,342.25	25,616,659.61	54.64%	Profit increased and the taxable amount increased accordingly.
Net cash flows from operating activities	11,712,252.61	234,485,514.83	-95.01%	Increase of cash paid for goods and labor services
Net cash flows from investing activities	25,328,242.59	879,254.59	2,780.65%	Increase of cash received from investment retraction
Net cash flows from financing activities	-284,036,742.40	-26,780.81	-1,060,498.03%	Cash dividends were distributed in the reporting period while they were not in the same period of last year.
Net increase in cash and cash equivalents	-249,046,824.08	235,575,364.17	-205.72%	The cash dividends for 2012 were distributed in the reporting period.

Major changes to the profit structure or sources of the Company during the reporting period:

☐ Applicable    ☒ Inapplicable

No major changes occurred to the profit structure or sources of the Company during the reporting period.

Reporting period progress of the future development planning in the disclosed documents of the Company such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc.:

☐ Applicable    ☒ Inapplicable

The Company did not mention any future planning for the reporting period in its disclosed documents such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc.

Review the progress of the previously disclosed business plan in the reporting period:

In the reporting period, according to its operating plan for 2013, the Company made rational and careful arrangements and planning. The operation as a whole showed a steady development and the operating plan for the first half of the year was excellently fulfilled. In the coming 6 months, the Company will continue to push forward relevant work at a steady pace.

### III. Breakdown of main business

Unit: RMB Yuan

	Operating revenues	Operating costs	Gross profit rate (%)	Increase/decrease of operating revenues over the same period of last year (%)	Increase/decrease of operating costs over the same period of last year (%)	Increase/decrease of gross profit rate over the same period of last year (%)
Classified by industry:						
Lighting fixtures and lamps	1,182,317,613.69	909,136,643.67	23.11%	12.26%	15.27%	-2.01%
Classified by product:						
Lighting fixtures and lamps	1,182,317,613.69	909,136,643.67	23.11%	12.26%	15.27%	-2.01%
Classified by region:						
Domestic	854,494,345.56	669,777,009.94	21.62%	17.40%	21.15%	-2.42%
Overseas	327,823,268.13	239,359,633.72	26.99%	3.92%	4.75%	-0.58%

### IV. Core competitiveness analysis

In the reporting period, the Company continued to give play to its leading competitive edges in channel building, scale & cost, brand recognition, technological R&D, etc. Meanwhile, it input more efforts in R&D, protected its intellectual properties such as patents and trademarks, improved the management of intangible assets and proactively brought in professional technical personnel. There was no such a case where the core competitiveness of the Company was severely damaged by core technicians leaving their posts or expiration of important intellectual properties and intangible assets.

### V. Investment analysis

#### 1. Investments in equities of external parties

##### (1) Investments in external parties

Investments in external parties		
Investment amount in the reporting period (RMB Yuan)	Investment amount in the same period of last year (RMB Yuan)	+/-%
0.00	0.00	0.00%
Particulars about investees		

Name of investee	Main business	Proportion of the Company's investment in the investee's total equity interests (%)
Qinghai Fozhao Lithium Energy Exploitation Co., Ltd.	Integrated development and utilization of salt lake brine resource.	38%
Guangdong Fozhao Guoxuan Power Battery Co., Ltd.	R&D, production, installation and sales of lithium ion battery and its control system	50%
Hefei Guoxuan High-tech Power Energy Co., Ltd.	R&D, production and sale of lithium ion batteries and materials, solar, wind and other renewable energy application products, equipment and systems, energy-saving optoelectronic and electronic products, equipment and systems, and lithium power emergency supply, power-driven tools, transportation tools and chargers; operation and agent service of import and export of products and technologies; design and construction of lighting projects for cities and roads	14.8361%
Guangzhou Zhujiang Asset Management Company Limited	Investment, operation and management of self-owned funds; project planning; investment management consulting service	15.38%
Shenzhen Zhonghao (Group) Ltd.	Electronic products, communication devices, household appliances, furniture, speakers, paper, paper products, chemicals for daily use, shoes, hats and garment; domestic commerce, material supply and marketing (excluding goods operated, sold and controlled by special entities); supervision of the self-developed projects	Less than 5%
Chengdu Hongbo Industrial Co., Ltd.	Production and sale of tungsten, molybdenum, nickel and clad metal products, diamond die, thin steel strips, electric light source products, power supply products, industrial gas and special equipment; production, installation, sale, mechanic processing, vehicle repair, consulting service, sale of goods (excluding those prohibited by the government from circulating), export of products produced by it or its member companies; import of needed mechanic equipment, components, raw and auxiliary	6.94%

	materials; processing and compensation trade	
Xiamen Bank	Banking services	7.99%
China Guangfa Bank Co., Ltd.	Banking services	Less than 5%
Foshan Fochan Road Development Company Limited	Building and operation of the Fochan (Foshan Chencun) Road	7.66%
Shenzhen Liangke Venture Capital Company Limited	Investment into hi-tech and innovative businesses, trusteeship management and operation of venture capital of other venture capital companies; investment consulting service (excluding restricted fields)	18.5%

## (2) Equity-holdings in financial enterprises

Enterprise name	Enterprise variety	Initial investment cost (RMB Yuan)	Opening equity-holdings (share)	Opening equity-holding ratio (%)	Closing equity-holdings (share)	Closing equity-holding ratio (%)	Closing book value (RMB Yuan)	Gain/loss in the reporting period (RMB Yuan)	Accounting title	Equity source
China Everbright Bank	Commercial bank	30,828,816.00	23,546,768	0.06%	23,546,768	0.06%	67,343,756.48	1,365,712.54	Available-for-sale financial assets	Additional issue
Xiamen Bank	Commercial bank	208,574,217.00	109,714,176	7.99%	109,714,176	7.99%	292,574,133.00		Long-term equity investment	Additional issue
China Guangfa Bank	Commercial bank	500,000.00	229,792	Less than 5%	229,792	Less than 5%	500,000.00		Long-term equity investment	Additional issue
Total			239,903,033.00	133,490,736	--	133,490,736	--	360,417,889.48	1,365,712.54	--

## (3) Securities investments

Variety of securities	Code of securities	Name of securities	Initial investment cost (RMB Yuan)	Number of shares held at period-begin	Shareholding percentage at period-begin	Number of shares held at period-end	Shareholding percentage at period-end	Closing book value (RMB Yuan)	Gain/loss for reporting period (RMB)	Accounting title	Source of stock
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				gin	d		Yuan)		
Fund		5,000,000.00				3,943,027.30	-69,701.45	Trading financial assets	
Other securities investments held at the period-end		0.00	0	--	0	--	0.00	0.00	-- --
Total		5,000,000.00				3,943,027.30	-69,701.45	--	--
Disclosure date of the board announcement on approval of the securities investment		25 Nov. 2010							

Shareholdings in other listed companies:

☐ Applicable ☒ Inapplicable

## 2. Wealth management entrustment, derivative investments and entrustment loans

### (1) Wealth management entrustment

Naught

### (2) Derivative investments

Naught

### (3) Entrustment loans

Unit: RMB Ten thousand

Borrower	Related party or not	Loan amount	Interest rate	Guarantor or pawn	Use of funds by the borrower
Qinghai Fozhao Lithium Energy Exploitation Co., Ltd.	Yes	4,332	5.6%	Naught	Short-term working funds
Total	--	4,332	--	--	--
Extension, overdue loans or lawsuits (if any) According to the "Proposal on Providing Financial Support for a Joint Stock Company" reviewed and approved at the 1 <sup>st</sup> Special Shareholders' General Meeting on 8 Jan. 2013, the entrustment loan would become due after 4 months since the date when the Company, the relevant commercial bank and Qinghai Fozhao Lithium Energy Exploitation Co., Ltd. ("QFLEE" for short) signed the entrustment loan contract, i.e. on 20 May 2013. Due to various reasons, QFLEE failed to repay the loan to the Company in time, but it promised to repay all the loan and interest before 1 Sept. 2013 (for details, see the Announcement No. 2013-020 disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> on 8 Jun. 2013).					

Countermeasures for extension overdue loans or lawsuits (if any)	Concerning the overdue loan to QFLEE, the Company has sent multiple reminders and staff to QFLEE to try to collect the loan in time. Up to 26 Aug. 2013, Qinghai Fozhao Lithium Energy Exploitation Co., Ltd. still hadn't pay off the arrearage. In order to ensure the capital safety and protect its legal rights and interests from harms, the Board of Directors of the Company has agreed to bring an action against Qinghai Fozhao Lithium Energy Exploitation Co., Ltd.
Disclosure date of the board announcement approving the entrustment loan (if any)	18 Dec. 2012
Disclosure date of the general meeting announcement approving the entrustment loan (if any)	9 Jan. 2013

### 3. Use of raised funds

Naught

### 4. Analysis to main subsidiaries and stock-participating companies

Main subsidiaries and stock-participating companies:

Unit: RMB Yuan

Company name	Company variety	Industry	Main products/services	Registered capital (0,000)	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Foshan Chansheng Electronic Ballast Co., Ltd.	Subsidiary	Manufacture	Production and operation of electronic ballasts, electronic transformers and electronic igniters	RMB 100	14,033,186.86	7,330,167.46	20,123,729.25	1,447,915.88	1,076,612.89
Foshan Chanchang Electric Appliances (Gaoming) Co., Ltd.	Subsidiary	Manufacture	Producer of lamps, electric lighting products and related fittings, providing relevant installation	RMB 7,278	130,067,191.19	95,487,727.55	77,650,098.53	9,401,093.84	7,050,820.38



			and consulting services						
Foshan Taimei Times Lamps Co., Ltd.	Subsidiary	Manufacture	R&D, production and sales of lamps, household appliances and fittings, and other electric lighting products	RMB 50	140,813,551.05	33,243,022.99	120,407,762.34	7,706,880.53	5,773,182.05
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	Subsidiary	Manufacture	Production of energy-saving lighting products, lamps and lighting equipments; lighting projects; energy-saving technology development and production of relevant fittings; sale of self-produced products	RMB 4168.32	92,687,556.62	72,338,863.07	23,650,560.20	215,096.31	357,258.73
Foshan Lighting Lamps Co., Ltd.	Subsidiary	Manufacture	R&D and production of lamps of electric light source and related electrical, metal and	RMB 500	8,083,568.00	8,083,823.75	0.00	12,492.72	9,203.79

			nonmetal fittings						
FSL (Xinxiang) Lighting Co., Ltd.	Subsidiary	Manufactur e	Production and sale of equipments and products of electric light source; and sale of components of electric light source, related materials, electrical materials, automobile components, lamps and fittings	RMB 1000	12,606,415.83	6,362,871.78	0.00	-461,278.31	-463,546.31
Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd.	Subsidiary	Manufactur e	Producing and selling lithium ion battery cathode materials	RMB 5000	35,428,636.54	22,258,493.73	0.00	-7,217,769.52	-8,528,914.77
Guangdong Fozhao Financing Lease Co., Ltd.	Subsidiary	Finance	Financing lease, lease, lease consulting and guaranty, financing lease service for new-energy automobiles & main components, energy-savi	RMB 20000	208,674,922.50	208,592,537.07	0.00	2,824,123.39	2,118,092.54

			ng lighting products & projects						
FSL Lighting Equipment Co., Ltd.	Subsidiary	manufacture	R&D and production of electric light source products, equipment, fittings, electrical materials, automobile components, home appliances, socket outlets, power switches, fire-protection products, ventilation equipment, LED products, etc.; domestic trade, import and export of technology and goods	RMB 1500	15,005,784.88	15,001,257.66	0.00	1,676.88	1,257.66

## 5. Significant projects invested with non-raised funds

Naught

## VI. Predict the operating results of Jan.-Sept. 2013

Warning of possible loss or considerable YoY change of the accumulated net profit made during the period-begin to the end of the next reporting period according to prediction, as well as explanations

on the reasons:

☐Applicable ☒Inapplicable

**VII. Explanation of the Board of Directors and the Supervisory Committee on the “Non-standard Audit Report” issued by the CPAs firm for the reporting period**

Inapplicable

**VIII. Explanation of the Board of Directors on the issues mentioned in the “Non-standard Audit Report” issued by the CPAs firm for last year**

Inapplicable

**IX. Implementation of profit allocation during the reporting period**

Profit allocation plan implemented during the reporting period, especially execution and adjustment of the cash dividend plan and the plan for turning capital reserve into share capital:

☒Applicable ☐ Inapplicable

On 28 May 2013, the “Preplan for Profit Allocation for 2012” was reviewed and approved at the 2012 Annual Shareholders’ General Meeting held by the Company. As the profit allocation plan for 2012, the Company, based on the total 978,563,745 shares as at the end of 2012, distributed a cash dividend of RMB 3.10 (tax included; dividends for B-share holders paid in HKD) for every 10 shares held by its shareholders of A share and B share. On 8 Jun. 2013, the Company disclosed the “Announcement of the Implementation of Profit Allocation for 2012” and determined that A shares’ date of record was on 18 Jun. 2013, ex-dividend date on 19 Jun. 2013, the last trading date of B shares on 18 Jun. 2013 and the ex-dividend date on 19 Jun. 2013. B shares’ date of record was on 21 Jun. 2013. At the end of the reporting period, the implementation of profit allocation plan for 2012 was completed.

**X. Pre-plan for profit allocation and turning capital reserve into share capital for the reporting period**

During the reporting period, the Company did not distribute cash dividends or bonus shares or turn capital reserve into share capital.

**XI. Particulars about researches, visits and interviews received in this reporting period**

Time of reception	Place of reception	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
16 Jan. 2013	The Company	Field research	Institution	China Securities Co., Ltd.	The operation and production of the Company

## Section V Significant Events

### I. Corporate governance

In the reporting period, in strict accordance with applicable laws, regulations and regulatory documents such as the Company Law, the Securities Law, the Code of Corporate Governance of Listed Companies and the Stock Listing Rules of Shenzhen Stock Exchange, the Company kept improving the corporate governance structure, optimizing the internal management and control system and enhancing the standardized operation. At the same time, according to the Basic Rules for Internal Control of Enterprises and the Mating Guidelines for Internal Control of Enterprises, etc., the Company actively carried out internal control improvement. In addition to the Audit Department, the Company has also set up an internal control leading team to establish and improve the internal control system and effectively implement the system. In the reporting period, the actual situation of the Company's governance did not differ from the Company Law and the relevant CSRC requirements.

### II. Significant litigations and arbitrations

☐Applicable ☒Inapplicable

The Company was not involved in any significant lawsuit or arbitration during the reporting period.

### III. The media's doubts

☐Applicable ☒Inapplicable

There was no such a case in the reporting period where most of the media raised the same doubt about the Company.

### IV. Bankruptcy and reorganization

Inapplicable

## V. Asset transaction

### 1. Purchase of assets

Inapplicable

### 2. Sale of assets

Transact ion party	Asset sold	Date of sale	Transact ion price (RMB Ten thousan d)	Net profit contribu ted by the asset from the period-b egin to the date of sale (RMB Ten thousan d)	Influenc e of the sale on the Compan y (note 3)	Ratio of the net profit contribu ted to the Compan y by the asset sale to the total profit (%)	Pricing princip le	Related- party transacti on or not	Relation ship between the transacti on party and the Compan y (applica ble for related- party transacti ons)	Whether or not the ownersh ip of the asset involve d has been fully transferr ed	Whether or not the creditor' s right and liabilitie s involved have been fully transferr ed	Disclos ure date	Disclos ure index
Shenzhe n Meilu Trade Develop ment Co., Ltd.	18.5% equity of Shenzhe n Liangke Venture Capital Co., Ltd.	28 Jun. 2012	2,220	0	The sale of the 18.5% equity of Shenzhe n Liangke Venture Capital Co., Ltd. has no influenc e on the business continui ty and manage ment	0%	With the assessm ent result as the pricing base	No	Inapplic able	Yes	Yes	23 Aug. 2013	Name of announc ement: Announ cement on Comple tion of the Transfer of Equity- holdings in a Former Shareho lding Compan y;

					stability of the Company, and has no direct impact on the financial position and operating results during the reporting period.								Announcement No.: 2013-025; Disclosure website: <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
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Explanation on the sale of assets:

On 28 Jun. 2012, the 18<sup>th</sup> Session of the 6<sup>th</sup> Board of Directors was convened, at which the “Proposal on Transferring Equities of Shenzhen Liangke Venture Capital Co., Ltd.” was reviewed and approved. Up to 1 Jul. 2013, the transferee had paid all the equity transfer amount and delay charges to the Company; On 22 Aug. 2013, the transfer of the 18.5% stake that the Company had held in Shenzhen Liangke Venture Capital Company Limited was completed, generating a gain about RMB 8.97 million.

### 3. Business combination

Inapplicable

## VI. Implementation and influence of any equity incentive plan of the Company

Inapplicable



## VII. Significant related-party transactions

### 1. Related-party transactions arising from routine operation

Related transaction party	Relation	Type of the transaction	Contents of the transaction	Pricing principle	Transaction price (RMB Ten thousand)	Transaction amount (RMB Ten thousand)	Proportion in the total amounts of transactions of the same kind (%)	Mode of settlement	Obtainable market price for the transaction of the same kind (RMB Ten thousand)	Disclosure date	Disclosure index
Hangzhou Times Lighting Electric Co., Ltd.	Person acting in concert with a legal person that held over 5% shares of the Company	Purchasing products and receiving labor service from the related party	Purchase of material	Market price	0.65	0.65	0%	Remittance	0.65	2013.4.26	www.cninfo.com.cn
Prosperity Electrical (China) Co., Ltd.	Person acting in concert with a legal person that held over 5% shares of the Company	Purchasing products and receiving labor service from the related party	Purchase of material	Market price	1,482.70	1,482.70	1.43%	Remittance	1,482.70	2013.4.26	www.cninfo.com.cn
OSRAM (China) Lighting Co., Ltd.	Person acting in concert with a legal person	Purchasing products and receiving labor	Purchase of material	Market price	6.24	6.24	0.01%	Remittance	6.24	2013.4.26	www.cninfo.com.cn

	that held over 5% shares of the Company	service from the related party									
Prosperity Lamps & Components Limited	Legal person that held over 5% shares of the Company	Purchasing products and receiving labor service from the related party	Purchase of material	Market price	212.44	212.44	0.2%	Remittance	212.44	2013.4.26	www.cninfo.com.cn
Prosperity (Xinxiang) Electro-Optical Machinery Co., Ltd	Person acting in concert with a legal person that held over 5% shares of the Company	Purchasing products and receiving labor service from the related party	Purchase of material	Market price	2.97	2.97	0%	Remittance	2.97	2013.4.26	www.cninfo.com.cn
Siteco Prosperity Lighting (Langfang) Co., Ltd.	A company which has a related shareholder as its director	Purchasing products and receiving labor service from the related party	Purchase of material	Market price	135.20	135.20	0.13%	Remittance	135.20	Inapplicable	Inapplicable
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Person acting in concert with a legal person that held	Selling products and providing labor service to the	Sales of products	Market price	251.17	251.17	0.15%	Remittance	251.17	2013.4.26	www.cninfo.com.cn

	over 5% shares of the Company	related party									
Prosperity Electrical (China) Co., Ltd.	Person acting in concert with a legal person that held over 5% shares of the Company	Selling products and providing labor service to the related party	Sales of products	Market price	50.78	50.78	0.03%	Remittance	50.78	2013.4.26	www.cninfo.com.cn
OSRAM (China) Lighting Co., Ltd.	Person acting in concert with a legal person that held over 5% shares of the Company	Selling products and providing labor service to the related party	Sales of products	Market price	557.75	557.75	0.34%	Remittance	557.75	2013.4.26	www.cninfo.com.cn
Prosperity Lamps & Components Limited	Legal person that held over 5% shares of the Company	Selling products and providing labor service to the related party	Sales of products	Market price	2,329.87	2,329.87	1.44%	Remittance	2,329.87	2013.4.26	www.cninfo.com.cn
Osram Asia Pacific Ltd.	Person acting in concert with a legal person that held over 5%	Selling products and providing labor service to the related	Sales of products	Market price	1.30	1.30	0.00%	Remittance	1.30	Inapplicable	Inapplicable

	shares of the Company	party									
Prosperity Lamps & Components Limited	Shareholder who held over 5% shares of the Company	Purchasing products and receiving labor service from the related party	Purchase of equipment	Market price	134.04	134.04	3.44%	Remittance	134.04	2013.4.26	www.cninfo.com.cn
Prosperity (Xinxiang) Lighting Machinery Co., Ltd.	Person acting in concert with a legal person that held over 5% shares of the Company	Purchasing products and receiving labor service from the related party	Purchase of equipment	Market price	72.06	72.06	1.85%	Remittance	72.06	2013.4.26	www.cninfo.com.cn
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	Associate enterprise	Selling products and providing labor service to the related party	Collection of rent	Market price	22.21	22.21	2.85%	Remittance	22.21	Inapplicable	Inapplicable
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	Associate enterprise	Selling products and providing labor service to the related parties	Collection of water & electricity fee	Market price	4.27	4.27	0.99%	Remittance	4.27	Inapplicable	Inapplicable
Total				--	--	5,263.65	--	--	--	--	--

Details of large-amount sales returns	Naught
Where the total amount of routine related-party transactions to occur in the reporting period had been predicted by type, give the actual execution in the reporting period (if any)	On 28 May 2013, the Company convened the 2012 Annual Shareholders' General Meeting, at which the "Proposal on the Routine Related-party Transactions for 2013" was reviewed and approved. It was estimated that the amount of routine transactions with related parties in 2013 would stand at RMB 135.60 million. In the reporting period, the actual amount of purchase from related parties was RMB 20,463 thousand and that of sale to related parties was RMB 31,908.7 thousand.
Explanation on significant difference between the transaction price and the market price (if any).	Inapplicable

## 2. Related-party transactions arising from acquisition and sale of assets

Inapplicable

## 3. Significant related-party transactions arising from joint investment in external parties

Inapplicable

## 4. Credits and liabilities with related parties

Was there any credit or liability with any related party for non-operating purpose?

☐ Yes ☒ No

## 5. Other significant related-party transactions

On 8 Jan. 2013, the Company held the First Special Shareholders' General Meeting in 2013, at which the "Proposal on Providing Financial Support for a Stock-participating Company" was reviewed and approved. The Company provided the related enterprise Qinghai Fozhao Lithium Energy Exploitation Co., Ltd. with a financial support of RMB 43.32 million.

Index for the interim reports on significant related-party transactions disclosed on the relevant website

Title of the interim announcement	Disclosure date	Disclosure website
Announcement on Resolutions Made at the First Special Shareholders' General Meeting for 2013	9 Jan 2013	www.cninfo.com.cn

## VIII. Significant contracts and their fulfillment

### 1. Trusteeship, contracting and leasing

During the reporting period, the Company did not have any trust, contracting or leasing event.

### 2. Guarantees provided by the Company

During the reporting period, the Company and its controlled subsidiaries did not provide any guarantee for any external party.

### 3. Other significant contracts

During the reporting period, there was no other significant contract.

### 4. Other significant transactions

Naught

## IX. Commitments made by the Company or shareholders holding over 5% of the Company's shares in the reporting period or such commitments carried down into the reporting period

There were no commitments made by the Company or shareholders holding over 5% of the Company's shares in the reporting period or such commitments carried down into the reporting period.

## X. Engagement and disengagement of the CPAs firm

Has the semi-annual financial report been audited?

☐ Yes ☒ No

## XI. Punishment and rectification

Name of the punished	Type of the punished	Reason	Type of punishment or investigation	Conclusion (if any)	Disclosure date	Disclosure index
Foshan Electrical and Lighting Co., Ltd.	Company	Illegal information disclosure	Administrative punishment by Guangdong CSRC	On 6 Mar. 2013, Guangdong CSRC issued the "Administrative	7 Mar. 2013	Announcement title: Announcement

				Punishment Decision”, ordering the Company to make rectification, giving a warning and imposing a fine of RMB 0.4 million.		on Receiving the Administrative Punishment Decision by Guangdong CSRC; Announcement No.: 2013-004 Disclosure website: www.cninfo.com.cn
Zhong Xincui, Zou Jianping, Zhao Yong, Liu Xingming, Xie Qing, Wei Bin (Zhong Xincui, Zou Jianping and Zhao Yong had left their posts)	Senior management staff	Responsible for illegal information disclosure	Administrative punishment by Guangdong CSRC	On 6 Mar. 2013, Guangdong CSRC issued the “Administrative Punishment Decision”, giving a warning to and imposing a fine of RMB 150,000 on Zhong Xincui; giving a warning to and a fine of RMB 100,000 on Zou Jianping; giving a warning to and a fine of RMB 30,000 on Zhao Yong; giving a warning to and a fine of RMB 30,000 on Liu Xingming; and giving a warning to Xie Qing and Wei Bin.	7 Mar. 2013	Announcement title: Announcement on Receiving the Administrative Punishment Decision by Guangdong CSRC; Announcement No.: 2013-004 Disclosure website: www.cninfo.com.cn

## Notes to rectification

√Applicable □ Inapplicable

On 4 Jul. 2012, the Company received the Written Decision of Guangdong CSRC on Administrative Regulatory Measures (2012) No. 9— Decision on Ordering Foshan Electrical and Lighting Co., Ltd. to Adopt Rectification Measures. The Company later disclosed relevant announcements on 13 Jul. 2012 and 2 Aug. 2012 respectively. Meanwhile, it engaged the Shenzhen Branch of Albright Law Offices (hereinafter referred to as “Albright Law Offices”) as the special legal advisor on the rectification & standardization of the related-party transactions & information disclosure of the Company, and engaged GP Certified Public Accountants (hereinafter referred to as “GP”) to check the authenticity and fairness of transactions regarding the Company selling products to and

purchasing goods from as well as paying processing fee to the related parties. And GP issued the Report on Executing Agreed Proceedings for relevant Transaction Facts of Foshan Electrical and Lighting Co., Ltd.

After receiving the Administrative Punishment Decision from Guangdong CSRC on 6 Mar. 2013, The Company paid special attention to preventing such events from happening again. It learned lessons from the case and adopted the measures as follows:

1. It perfected the system on registration & update for related parties and reinforced the management on the files of related parties as well as combed relevant information, so as to obtain detailed information of the related parties of the Company and update it in time, and further ensure the authenticity, accuracy and completeness of the information of related parties.
2. It conducted special training on current directors, supervisors and senior management staff of the Company, so as to make them systematically know the contents of securities laws, rules and standardized documents, and get familiar with the basic knowledge of the securities market, as well as strengthen the awareness of standardized operation.
3. It standardized corporate governance, improved the decision-making procedures, strictly enforced relevant laws, regulations and regulatory documents and strengthened organization and management over the information disclosure work so as to prevent these events from happening again.
4. It reinforced improvement of internal control rules, especially financial management, on its controlled subsidiaries and important shareholding companies, and established a more effective control mechanism for them.

## **XII. Explanation on other significant events**

The Company convened the 3<sup>rd</sup> Session of the 6<sup>th</sup> Board of Directors on 13 Jul. 2010, at which the “Investment Proposal on the Formal Acquisition of 20% Equity Interests of Hefei Guoxuan Hi-tech Power Energy Co., Ltd. Held by Hefei Guoxuan Marketing Planning Co., Ltd. was reviewed and approved. On 15 Jul. 2010, the Company disclosed the “Investment Announcement on the Formal Acquisition of 20% Equity Interests of Hefei Guoxuan Hi-tech Power Energy Co., Ltd. Held by Hefei Guoxuan Marketing Planning Co., Ltd.” and the “Progress Announcement on the Intention of Accepting Equity Interests of Hefei Guoxuan Hi-tech Power Energy Co., Ltd.” According to the “Equity Transfer Agreement” signed between the transferor and the transferee, if Hefei Guoxuan Hi-tech Power Energy Co., Ltd. (hereinafter referred to as “Hefei Guoxuan”) fails to achieve the predicted annual average profit of RMB 100 million for the three consecutive years ended 30 Jun. 2013, the transferor shall refund the corresponding equity transfer amount with the interest (at the loan interest rate prescribed by the People’s Bank of China at the time) to the Company according



to the decrease ratio of the actually achieved annual average profit of Hefei Guoxuan in the three years to the predicted annual average profit. And the shareholding percentages of both parties shall remain the same. The profit evaluation period for Hefei Guoxuan is from 1 Jul. 2010 to 30 Jun. 2013 and the average annual profit for the three years shall be RMB 100 million (for details, please refer to the Announcement No. 2010-023 disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) dated 15 Jul. 2010). At present, Huapu Tianjian Certified Public Accountants is carrying out an audit on Hefei Guoxuan. After the audit, the Company will, according to the audit report, decide whether the target of an annual average profit of RMB 100 million for the three years from 1 Jul. 2010 to 30 Jun. 2013 is fulfilled or not and disclose the information in time.

## VI. Change in Shares & Shareholders

### I. Change in shares

	Before the change		Increase/decrease (+, -)					After the change	
	Amount	Proportion (%)	Issuance of new shares	Bonus shares	Capitalization of public reserve fund	Others	Subtotal	Amount	Proportion (%)
I. Restricted shares	137,192,615	14.02%				-977,140	-977,140	136,215,475	13.92%
3. Shares held by other domestic investors	4,286,189	0.44%				-1,228,271	-1,228,271	3,057,918	0.31%
Among which: shares held by domestic corporations	3,733,593	0.38%				-675,675	-675,675	3,057,918	0.31%
Shares held by domestic natural persons	552,596	0.05%				-552,596	-552,596	0	0%
4. Shares held by foreign investors	131,815,685	13.47%						131,815,685	13.47%
Among which: Shares held by foreign corporations	131,815,685	13.47%						131,815,685	13.47%
5. Share held by senior management staff	1,090,741	0.11%				251,131	251,131	1,341,872	0.14%
II. Non-restricted shares	841,371,130	85.98%				977,140	977,140	842,348,270	86.08%
1. Renminbi ordinary shares	616,150,093	62.96%				977,140	977,140	617,127,233	63.06%
2. Domestically listed foreign shares	225,221,037	23.02%						225,221,037	23.02%
III. Total shares	978,563,745	100%						978,563,745	100%

Reason for the change in shares:

☒ Applicable ☐ Inapplicable

(1) The previously restricted 1,228,271 shares (including 675,675 shares held by domestic corporations and 552,596 shares held by domestic natural persons) became non-restricted on 8 Mar.

2013.

(2) Because of re-election of the Board of Directors and the Supervisory Committee, the former board chairman Zhong Xincai, the former supervisor Yang Xudong and the former financial manager Wang Shuqiong stepped down from their posts. As a result, the non-restricted shares held by the said three persons became restricted in the statutory period.

(3) Due to his position as a supervisor, 75% of the shares held by Zhang Xuequan were locked up as required.

(4) Due to (2) and (3) above, the restricted shares held by senior management staff increased by 259,831 shares.

(5) Because it had been over 6 months since the resignation of the former vice GM Zhao Yong, his previously restricted 8,700 shares all became non-restricted.

(6) Thus, 251,131 restricted shares increased to the shares held by senior management staff in the reporting period.

Approval of the change in shares

☒Applicable ☐Inapplicable

Upon the review and approval of Shenzhen Stock Exchange and the Shenzhen branch of China Securities Depository and Clearing Co., Ltd., the previously restricted 1,228,271 shares became tradable on 8 Mar. 2013 (for details, see the “Suggestive Announcement No. 2013-003 on Unlocking Restricted Shares” disclosed on [www.cninfo.com.cn](http://www.cninfo.com.cn) dated 6 Mar. 2013).

Transfer of share ownership

☐Applicable ☒Inapplicable

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

☐Applicable ☒Inapplicable

Other contents that the Company considered necessary or were required by the securities regulatory authorities to disclose

☐Applicable ☒Inapplicable

Change of the total shares, shareholder structure, asset structure and liability structure

☐Applicable ☒Inapplicable

**II. Total number of shareholders and their shareholdings**

Unit: share

Total number of shareholders at the end of the reporting period		149,214						
Particulars about shares held by shareholders with a shareholding percentage over 5%								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase/decrease during the reporting period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares	
							Status of shares	Number of shares
OSRAM Holding Company Limited	Foreign corporation	13.47%	131,815,685	0	131,815,685	0		
Prosperity Lamps & Components Limited	Foreign corporation	10.5%	102,751,648	0	0	102,751,648		
DBS VICKERS (HONK KONG) LTD A/C CLIENTS	Foreign corporation	1.61%	15,721,395	1,162,901	0	15,721,395		
EAST ASIA SECURITIES COMPANY LIMITED	Foreign corporation	0.97%	9,527,080	0	0	9,527,080		
Taifook Securities Company Limited-Account Client	Foreign corporation	0.97%	9,495,511	-1,010,701	0	9,495,511		
Zhuang Jianyi	Foreign natural person	0.85%	8,324,132	0	0	8,324,132		
Guangzhou Prosperity Lamps & Components Trade Co., Ltd.	Domestic non-state-owned corporation	0.57%	5,586,815	0	0	5,586,815		
Zhang Yuan	Domestic natural person	0.5%	4,900,000	-4,700,001	0	4,900,000		
BBH A/C VANGUARD	Foreign corporation	0.47%	4,592,770		0	4,592,770		

EMERGING MARKETS STOCK INDEX FUND								
Qiu Shijie	Domestic natural person	0.4%	3,880,000		0	3,880,000		
Strategic investor or general corporation becoming a top ten shareholder due to placing of new shares (if any) (see Note 3)	Naught							
Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders	Among the top ten shareholders of the Company, Prosperity Lamps & Components Limited and Zhuang Jianyi were related parties and acting-in-concert parties. Apart from that, it’s unknown whether there was any associated relationship among other shareholders of the top ten shareholders, or whether there is any action-in-concert among them regarding to Administrative Measures on Acquisition of Listed Companies.							
Particulars about shareholdings of the top ten shareholders holding non-restricted shares								
Name of shareholder	Number of non-restricted shares held at the period-end		Type of shares					
			Type	Number				
Prosperity Lamps & Components Limited	102,751,648		RMB ordinary share		102,751,648			
DBS VICKERS (HONK KONG) LTD A/C CLIENTS	15,721,395		Domestically listed foreign shares		15,721,395			
EAST ASIA SECURITIES COMPANY LIMITED	9,527,080		Domestically listed foreign shares		9,527,080			
Taifook Securities Company Limited-Account Client	9,495,511		Domestically listed foreign shares		9,495,511			
Zhuang JianYi	8,324,132		Domestically listed foreign shares		8,324,132			
Guangzhou Prosperity Lamps & Components Trade Co., Ltd.	5,586,815		RMB ordinary share		5,586,815			
Zhang Yuan	4,900,000		RMB ordinary share		4,900,000			
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX FUND	4,592,770		Domestically listed foreign shares		4,592,770			
Qiu Shijie	3,880,000		RMB ordinary share		3,880,000			
Hou Chunhu	3,813,717		Domestically listed foreign shares		3,813,717			
Explanation on associated	Among the top ten shareholders of the Company, Prosperity Lamps & Components Limited							

relationship or/and persons acting in concert among the top ten tradable shareholders and between the top ten tradable shareholders and the top ten shareholders	and Zhuang Jianyi were related parties and acting-in-concert parties. Apart from that, it's unknown whether there was any associated relationship among other shareholders of the top ten shareholders, or whether there is any action-in-concert among them regarding to Administrative Measures on Acquisition of Listed Companies.
Explanation on shareholders participating in the margin trading business (if any) (see Note 4)	Naught

Did any shareholder of the Company carry out an agreed buy-back in the reporting period?

☐ Yes ☒ No

### III. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

☐ Applicable ☒ Inapplicable

Change of the actual controller in the reporting period

☐ Applicable ☒ Inapplicable

## VII. Directors, Supervisors & Senior Management Staff

### I. Shareholding changes of directors, supervisors and senior management staff

√Applicable □Inapplicable

Name	Position	Current/former	Shareholding at the period-begin (share)	Shareholding increase during this reporting period (share)	Shareholding decrease during this reporting period (share)	Shareholding at the period-end (share)	Restricted shares held at the period-begin (share)	Restricted shares granted during this reporting period (share)	Restricted shares held at the period-end (share)
Pan Jie	Chairman of the Board	Current	0	0	0	0	0	0	0
Liu Xingming	Vice Chairman and General Manager	Current	351,280	0	0	351,280	0	0	0
Wu Shengbo	Director	Current	0	0	0	0	0	0	0
Werner Jürgen Dietrich Hoffmann	Director	Current	0	0	0	0	0	0	0
Yang Jianhu	Director	Current	0	0	0	0	0	0	0
Ye Zaiyou	Director	Current	0	0	0	0	0	0	0
Liu Zhenping	Independent Director	Current	0	0	0	0	0	0	0
Dou Linping	Independent Director	Current	0	0	0	0	0	0	0
Xue Yizhong	Independent Director	Current	0	0	0	0	0	0	0
Jiao Zhigang	Chairman of the Supervisory Committee	Current	22,880	0	0	22,880	0	0	0
Ye Zhenghong	Supervisor	Current	20,560	0	0	20,560	0	0	0

Zhang Xuequan	Supervisor	Current	6,400	0	0	6,400	0	0	0
Zhuang Rujia	Supervisor	Current	0	0	0	0	0	0	0
Zhang Yingqi	Supervisor	Current	0	0	0	0	0	0	0
Lin Yihui	Company Secretary	Current	0	0	0	0	0	0	0
Xie Qing	Vice GM	Current	12,950	0	0	12,950	0	0	0
Wei Bin	Vice GM	Current	15,684	0	0	15,684	0	0	
Yin Jianchun	CFO	Current	0	0	0	0	0	0	0
Zhong Xincan	Chairman of the Board	Former	876,206	0	0	876,206			
Michel Jean-paul Henri	Director	Former	0	0	0	0	0	0	0
Yang Xudong	Supervisor	Former	3,900	0	0	3,900			
Wang Shuqiong	Financial Manager	Former	140,013	0	0	140,013	0	0	0
Zhou Xiangfeng	Company Secretary	Former	0	0	0	0	0	0	0
Total			1,449,873	0	0	1,449,873	0	0	0

## II. Appointment, resignation and dismissal of directors, supervisors and senior management staff of the Company

Name	Position	Type	Date	Reason
Pan Jie	Chairman of the Board	Elected	28 May 2013	Elected as the Chairman for the 7 <sup>th</sup> Board of Directors on re-election of the board
Liu Xingming	Vice Chairman and GM	Elected	28 May 2013	Elected as the Vice Chairman for the 7 <sup>th</sup> Board of Directors on re-election of the board and appointed as the GM at the same time
Wu Shengbo	Director	Elected	28 May 2013	Elected as a director for the 7 <sup>th</sup> Board of Directors on re-election of the board
Werner Jürgen Dietrich	Director	Elected	28 May 2013	Elected as a director for the 7 <sup>th</sup> Board of Directors on re-election of the board



Hoffmann				
Yang Jianhu	Director	Elected	28 May 2013	Elected as a director for the 7 <sup>th</sup> Board of Directors on re-election of the board
Ye Zaiyou	Director	Elected	28 May 2013	Elected as a director for the 7 <sup>th</sup> Board of Directors on re-election of the board
Liu Zhenping	Independent director	Elected	28 May 2013	Elected as an independent director for the 7 <sup>th</sup> Board of Directors on re-election of the board
Dou Linping	Independent director	Elected	28 May 2013	Elected as an independent director for the 7 <sup>th</sup> Board of Directors on re-election of the board
Xue Yizhong	Independent director	Elected	28 May 2013	Elected as an independent director for the 7 <sup>th</sup> Board of Directors on re-election of the board
Jiao Zhigang	Chairman of the Supervisory Committee	Elected	28 May 2013	Elected as the Chairman for the 7 <sup>th</sup> Supervisory Committee on re-election of the committee
Ye Zhenghong	Supervisor	Elected	21 May 2013	Elected as a supervisor for the 7 <sup>th</sup> Supervisory Committee on re-election of the committee
Zhang Xuequan	Supervisor	Elected	21 May 2013	Elected as a supervisor for the 7 <sup>th</sup> Supervisory Committee on re-election of the committee
Zhuang Rujia	Supervisor	Elected	28 May 2013	Elected as a supervisor for the 7 <sup>th</sup> Supervisory Committee on re-election of the committee
Zhang Yingqi	Supervisor	Elected	28 May 2013	Elected as a supervisor for the 7 <sup>th</sup> Supervisory Committee on re-election of the committee
Lin Yihui	Company secretary	Employment	28 May 2013	Appointed as the Company Secretary after the re-election of the Board of Directors
Xie Qing	Vice GM	Employment	28 May 2013	Appointed as a vice GM after the re-election of the Board of Directors
Wei Bin	Vice GM	Employment	28 May 2013	Appointed as a vice GM after the re-election of the Board of Directors
Yin Jianchun	CFO	Employment	28 May 2013	Appointed as the CFO after the re-election of the Board of Directors
Zhong Xincui	Chairman of the Board	Departure upon expiration of the office term	28 May 2013	Left the post as his office term in the Board of Directors expired
Michel Jean-paul Henri ( Mr. Ming Pengbo)	Director	Departure upon expiration of the office term	28 May 2013	Left the post as his office term in the Board of Directors expired
Yang Xudong	Supervisor	Departure	21 May 2013	Left the post as his office term in the Supervisory

		upon expiration of the office term		Committee expired
Wang Shuqiong	Financial manager	Departure upon expiration of the office term	28 May 2013	Left the post as her office term expired
Zhou Xiangfeng	Vice GM and Company secretary	Departure upon expiration of the office term	28 May 2013	Left the post as his office term expired

## VIII. Financial Report

### I. Audit report

Has this semi-annual report been audited?

☐ Yes ☒ No

The semi-annual financial report has not been audited.

### II. Financial statements

Currency unit for the statements in the notes to these financial statements: RMB Yuan

#### 1. Consolidated balance sheet

Prepared by Foshan Electrical and Lighting Co., Ltd.

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	736,404,066.66	985,450,890.74
Settlement reserves		
Intra-group lendings		
Transactional financial assets	3,943,027.30	4,012,728.75
Notes receivable	150,179,224.30	175,907,019.08
Accounts receivable	550,624,462.21	334,006,892.19
Accounts paid in advance	83,522,308.86	12,383,426.98
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable	780,921.73	530,542.81
Dividend receivable		
Other accounts receivable	70,243,222.42	56,196,390.54
Financial assets purchased under agreements to resell		
Inventories	499,825,772.83	434,541,386.19
Non-current assets due within 1 year		
Other current assets	16,477,687.08	2,935,179.47

Total current assets	2,112,000,693.39	2,005,964,456.75
Non-current assets:		
Loans by mandate and advances granted		
Available-for-sale financial assets	67,343,756.48	71,817,642.40
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	517,382,658.15	519,693,431.95
Investing property		
Fixed assets	511,767,056.50	539,145,022.38
Construction in progress	83,846,379.25	95,684,569.86
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	162,446,457.07	150,424,391.76
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	18,868,854.20	23,003,056.72
Other non-current assets	43,299,200.54	42,541,730.00
Total of non-current assets	1,404,954,362.19	1,442,309,845.07
Total assets	3,516,955,055.58	3,448,274,301.82
Current liabilities:		
Short-term borrowings		
Borrowings from Central Bank		
Customer bank deposits and due to banks and other financial institutions		
Intra-group borrowings		
Transactional financial liabilities		
Notes payable		
Accounts payable	461,746,849.65	246,652,513.45
Accounts received in advance	61,854,798.34	19,632,316.50
Financial assets sold for repurchase		
Handling charges and commissions		

payable		
Employee's compensation payable	44,224,504.68	63,086,369.68
Tax payable	52,471,741.72	58,992,047.62
Interest payable		
Dividend payable		
Other accounts payable	28,837,844.99	37,085,568.58
Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	649,135,739.38	425,448,815.83
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term payables		
Specific payables		
Estimated liabilities		
Deferred income tax liabilities	5,597,742.01	6,268,824.89
Other non-current liabilities	19,191,441.69	19,353,441.69
Total non-current liabilities	24,789,183.70	25,622,266.58
Total liabilities	673,924,923.08	451,071,082.41
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	978,563,745.00	978,563,745.00
Capital reserves	621,792,954.03	625,595,757.07
Less: Treasury stock		
Specific reserves		
Surplus reserves	622,494,531.96	622,494,531.96
Provisions for general risks		
Retained profits	573,145,472.56	723,452,942.14

Foreign exchange difference		
Total equity attributable to owners of the Company	2,795,996,703.55	2,950,106,976.17
Minority interests	47,033,428.95	47,096,243.24
Total owners' (or shareholders') equity	2,843,030,132.50	2,997,203,219.41
Total liabilities and owners' (or shareholders') equity	3,516,955,055.58	3,448,274,301.82

Legal representative: Pan Jie

Chief of the accounting work: Liu Xingming

Chief of the accounting organ: Yin Jianchun

## 2. Balance sheet of the Company

Prepared by Foshan Electrical and Lighting Co., Ltd.

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	429,905,060.78	699,511,754.78
Transactional financial assets	3,943,027.30	4,012,728.75
Notes receivable	146,279,224.30	167,509,926.71
Accounts receivable	605,078,759.91	362,956,611.71
Accounts paid in advance	73,534,280.53	12,705,111.19
Interest receivable		
Dividend receivable		
Other accounts receivable	97,807,543.73	82,043,309.37
Inventories	455,395,530.41	389,680,405.66
Non-current assets due within 1 year		
Other current assets	3,518,940.04	2,935,179.47
Total current assets	1,815,462,367.00	1,721,355,027.64
Non-current assets:		
Available-for-sale financial assets	67,343,756.48	71,817,642.40
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	882,866,195.38	880,176,969.18
Investing property		
Fixed assets	406,314,341.24	443,001,716.36
Construction in progress	68,440,869.35	66,216,618.10

Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	142,327,674.27	130,800,094.82
R&D expense		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	16,682,635.50	20,724,220.91
Other non-current assets	43,524,515.59	41,783,700.00
Total of non-current assets	1,627,499,987.81	1,654,520,961.77
Total assets	3,442,962,354.81	3,375,875,989.41
Current liabilities:		
Short-term borrowings		
Transactional financial liabilities		
Notes payable		
Accounts payable	495,625,286.36	265,603,565.11
Accounts received in advance	61,721,134.62	19,586,999.28
Employee's compensation payable	44,204,138.68	63,084,499.68
Tax payable	44,491,476.88	58,950,265.18
Interest payable		
Dividend payable		
Other accounts payable	30,498,209.50	38,631,089.33
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	676,540,246.04	445,856,418.58
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term payables		
Specific payables		
Estimated liabilities		
Deferred income tax liabilities	5,597,742.01	6,268,824.89

Other non-current liabilities	10,133,941.75	10,218,441.73
Total non-current liabilities	15,731,683.76	16,487,266.62
Total liabilities	692,271,929.80	462,343,685.20
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	978,563,745.00	978,563,745.00
Capital reserves	618,692,127.09	622,494,930.13
Less: Treasury stock		
Specific reserves		
Surplus reserves	622,494,531.96	622,494,531.96
Provisions for general risks		
Retained profits	530,940,020.96	689,979,097.12
Foreign exchange difference		
Total owners' (or shareholders') equity	2,750,690,425.01	2,913,532,304.21
Total liabilities and owners' (or shareholders') equity	3,442,962,354.81	3,375,875,989.41

Legal representative: Pan Jie

Chief of the accounting work: Liu Xingming

Chief of the accounting organ: Yin Jianchun

### 3. Consolidated income statement

Prepared by Foshan Electrical and Lighting Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun 2012
I. Total operating revenues	1,208,260,446.06	1,064,337,124.25
Including: Sales income	1,208,260,446.06	1,064,337,124.25
Interest income		
Premium income		
Handling charge and commission income		
II. Total operating cost	1,075,626,585.36	919,922,209.19
Including: Cost of sales	925,675,209.12	792,978,460.81
Interest expenses		
Handling charge and commission expenses		
Surrenders		



Net claims paid		
Net amount withdrawn for the insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and associate charges	13,697,631.32	10,426,957.03
Selling and distribution expenses	44,431,240.08	46,953,881.19
Administrative expenses	77,932,401.53	75,564,365.47
Financial expenses	-3,963,817.89	-7,159,594.18
Asset impairment loss	17,853,921.20	1,158,138.87
Add: Gain/(loss) from change in fair value ("-" means loss)	-69,701.45	64,722.78
Gain/(loss) from investment ("-" means loss)	-945,061.26	16,484,342.95
Including: share of profits in associates and joint ventures	-2,310,773.80	-1,218,791.19
Foreign exchange gains ("-" means loss)		
III. Business profit ("-" means loss)	131,619,097.99	160,963,980.79
Add: non-operating income	71,680,160.17	883,683.34
Less: non-operating expense	10,700,438.83	2,481,216.29
Including: loss from non-current asset disposal	908,276.06	119,256.76
IV. Total profit ("-" means loss)	192,598,819.33	159,366,447.84
Less: Income tax expense	39,614,342.25	25,616,659.61
V. Net profit ("-" means loss)	152,984,477.08	133,749,788.23
Including: Net profit achieved by combined parties before the combinations	0.00	0.00
Attributable to owners of the Company	153,047,291.37	134,522,943.15
Minority shareholders' income	-62,814.29	-773,154.92
VI. Earnings per share	--	--
(I) Basic earnings per share	0.16	0.14
(II) Diluted earnings per share	0.16	0.14
VII. Other comprehensive incomes	-3,802,803.04	-200,147.53

VIII. Total comprehensive incomes	149,181,674.04	133,549,640.70
Attributable to owners of the Company	149,244,488.33	134,322,795.62
Attributable to minority shareholders	-62,814.29	-773,154.92

Legal representative: Pan Jie

Chief of the accounting work: Liu Xingming

Chief of the accounting organ: Yin Jianchun

#### 4. Income statement of the Company

Prepared by Foshan Electrical and Lighting Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun 2012
I. Total sales	1,223,393,705.32	1,052,015,761.72
Less: cost of sales	960,725,666.05	795,594,113.34
Business taxes and surcharges	11,627,281.00	9,134,465.77
Distribution expenses	43,727,705.08	45,486,876.29
Administrative expenses	73,053,854.25	62,956,801.15
Financial costs	-621,497.90	-3,130,496.10
Impairment loss	16,165,237.79	902,614.65
Add: gain/(loss) from change in fair value ("-" means loss)	-69,701.45	64,722.78
Gain/(loss) from investment ("-" means loss)	-2,324,333.77	16,886,055.17
Including: income from investment on associates and joint ventures	-2,310,773.80	-1,218,791.19
II. Business profit ("-" means loss)	116,321,423.83	158,022,164.57
Add: non-business income	71,489,414.54	777,963.24
Less: non-business expense	9,340,695.22	2,426,866.10
Including: loss from non-current asset disposal	908,276.06	
III. Total profit ("-" means loss)	178,470,143.15	156,373,261.71
Less: income tax expense	34,154,458.36	23,262,776.08
IV. Net profit ("-" means loss)	144,315,684.79	133,110,485.63
V. Earnings per share	--	--
(I) Basic earnings per share		
(II) Diluted earnings per share		

VI. Other comprehensive income	-3,802,803.04	-200,147.53
VII. Total comprehensive income	140,512,881.75	132,910,338.10

Legal representative: Pan Jie

Chief of the accounting work: Liu Xingming

Chief of the accounting organ: Yin Jianchun

## 5. Consolidated cash flow statement

Prepared by Foshan Electrical and Lighting Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun 2012
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	1,172,739,056.38	1,088,693,196.26
Net increase of deposits from customers and dues from banks		
Net increase of loans from the central bank		
Net increase of funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase of deposits of policy holders and investment fund		
Net increase of disposal of tradable financial assets		
Cash received from interest, handling charges and commissions		
Net increase of intra-group borrowings		
Net increase of funds in repurchase business		
Tax refunds received	4,267,457.30	31,631,469.58
Other cash received relating to operating activities	31,153,008.64	10,048,037.45
Subtotal of cash inflows from operating activities	1,208,159,522.32	1,130,372,703.29
Cash paid for goods and services	736,896,903.91	563,256,522.79

Net increase of customer lendings and advances		
Net increase of funds deposited in the central bank and amount due from banks		
Cash for paying claims of the original insurance contracts		
Cash for paying interest, handling charges and commissions		
Cash for paying policy dividends		
Cash paid to and for employees	207,027,929.97	166,066,086.16
Various taxes paid	145,930,301.44	103,675,839.11
Other cash payment relating to operating activities	106,592,134.39	62,888,740.40
Subtotal of cash outflows from operating activities	1,196,447,269.71	895,887,188.46
Net cash flows from operating activities	11,712,252.61	234,485,514.83
II. Cash flows from investing activities:		
Cash received from withdrawal of investments	41,710,000.00	
Cash received from return on investments	1,365,712.54	17,703,134.14
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	24,189,200.00	
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	67,264,912.54	17,703,134.14
Cash paid to acquire fixed assets, intangible assets and other long-term assets	41,936,669.95	16,823,879.55
Cash paid for investment		
Net increase of pledged loans		
Net cash paid to acquire subsidiaries and other business units		

Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	41,936,669.95	16,823,879.55
Net cash flows from investing activities	25,328,242.59	879,254.59
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received from borrowings		
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit	284,036,742.40	26,780.81
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	284,036,742.40	26,780.81
Net cash flows from financing activities	-284,036,742.40	-26,780.81
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-2,050,576.88	237,375.56
V. Net increase in cash and cash equivalents	-249,046,824.08	235,575,364.17
Add: Opening balance of cash and cash equivalents	985,450,890.74	690,691,751.15
VI. Closing balance of cash and cash equivalents	736,404,066.66	926,267,115.32

Legal representative: Pan Jie

Chief of the accounting work: Liu Xingming

Chief of the accounting organ: Yin Jianchun

## 6. Cash flow statement of the Company

Prepared by Foshan Electrical and Lighting Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun 2012
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	1,158,623,534.80	1,056,475,585.78
Tax refunds received	4,267,457.30	31,631,469.58
Other cash received relating to operating activities	27,298,534.13	7,305,933.03
Subtotal of cash inflows from operating activities	1,190,189,526.23	1,095,412,988.39
Cash paid for goods and services	796,901,956.65	570,370,649.60
Cash paid to and for employees	169,614,592.87	145,150,128.43
Various taxes paid	123,599,675.65	80,361,997.07
Other cash payment relating to operating activities	104,395,965.90	95,924,424.54
Subtotal of cash outflows from operating activities	1,194,512,191.07	891,807,199.64
Net cash flows from operating activities	-4,322,664.84	203,605,788.75
II. Cash flows from investing activities:		
Cash received from retraction of investments	50,330,727.49	
Cash received from return on investments	1,365,712.54	17,703,134.14
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	24,189,200.00	
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	75,885,640.03	17,703,134.14
Cash paid to acquire fixed assets, intangible assets and other long-term assets	40,082,349.91	12,988,432.60

Cash paid for investment	15,000,000.00	
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	55,082,349.91	12,988,432.60
Net cash flows from investing activities	20,803,290.12	4,714,701.54
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings		
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	0.00	0.00
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit	284,036,742.40	
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	284,036,742.40	
Net cash flows from financing activities	-284,036,742.40	
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-2,050,576.88	237,353.63
V. Net increase in cash and cash equivalents	-269,606,694.00	208,557,843.92
Add: Opening balance of cash and cash equivalents	699,511,754.78	412,626,723.50
VI. Closing balance of cash and cash equivalents	429,905,060.78	621,184,567.42

Legal representative: Pan Jie

Chief of the accounting work: Liu Xingming

Chief of the accounting organ: Yin Jianchun

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

Prepared by Foshan Electrical and Lighting Co., Ltd.

Jan.-Jun. 2013

Unit: RMB Yuan

Item	Jan.-Jun. 2013									
	Equity attributable to owners of the Company								Minority interests	Total owners' equity
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Others		
I. Balance at the end of the previous year	978,563,745.00	625,595,757.07			622,494,531.96		723,452,942.14		47,096,243.24	2,997,203,219.41
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	978,563,745.00	625,595,757.07			622,494,531.96		723,452,942.14		47,096,243.24	2,997,203,219.41
III. Increase/ decrease in the period ("-" means decrease)		-3,802,803.04					-150,307,469.58		-62,814.29	-154,173,086.91
(I) Net profit							153,047,291.37		-62,814.29	152,984,477.08
(II) Other comprehensive incomes		-3,802,803.04								-3,802,803.04
Subtotal of (I) and (II)		-3,802,803.04					153,047,291.37		-62,814.29	149,181,674.04
(III) Capital paid in and reduced by owners										
1. Capital paid in by owners										
2. Amounts of share-based payments recognized in owners' equity										
3. Others										



(IV) Profit distribution							-303,354,760.95			-303,354,760.95
1. Appropriations to surplus reserves										
2. Appropriations to general risk provisions										
3. Appropriations to owners (or shareholders)							-303,354,760.95			-303,354,760.95
4. Other										
(V) Internal carry-forward of owners' equity										
1. New increase of capital (or share capital) from capital public reserves										
2. New increase of capital (or share capital) from surplus reserves										
3. Surplus reserves for making up losses										
4. Other										
(VI) Specific reserve										
1. Withdrawn for the period										
2. Used in the period										
(VII) Other										
IV. Closing balance	978,563,745.00	621,792,954.03			622,494,531.96		573,145,472.56		47,033,428.95	2,843,030,132.50

Jan.-Dec. 2012

Unit: RMB Yuan

Item	Jan.-Jun. 2012									
	Equity attributable to owners of the Company								Minority interests	Total owners' equity
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Others		
I. Balance at the end of the previous year	978,563,745.00	622,193,249.09			583,537,290.22		606,584,375.02		47,467,033.17	2,838,345,692.50

Add: retrospective adjustment due to business combination under the same control										
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	978,563,745.00	622,193,249.09			583,537,290.22		606,584,375.02		47,467,033.17	2,838,345,692.50
III. Increase/ decrease in the period (“-” means decrease)		3,402,507.98			38,957,241.74		116,868,567.12		-370,789.93	158,857,526.91
(I) Net profit							400,466,745.11		-236,885.85	400,229,859.26
(II) Other comprehensive incomes		3,402,507.98								3,402,507.98
Subtotal of (I) and (II)		3,402,507.98					400,466,745.11		-236,885.85	403,632,367.24
(III) Capital paid in and reduced by owners										
1. Capital paid in by owners										
2. Amounts of share-based payments recognized in owners' equity										
3. Others										
(IV) Profit distribution					38,957,241.74		-283,598,177.99		-133,904.08	-244,774,840.33
1. Appropriations to surplus reserves					38,957,241.74		-38,957,241.74			
2. New increase of capital (or share capital) from surplus reserves										
3. Surplus reserves for making up losses							-244,640,936.25		-133,904.08	-244,774,840.33
4. Other										
(VI) Specific reserve										

1. New increase of capital (or share capital) from capital public reserves										
2. New increase of capital (or share capital) from surplus reserves										
3. Surplus reserves for making up losses										
4. Other										
(VI) Specific reserve										
1. Withdrawn for the period										
2. Used in the period										
(VII) Other										
IV. Closing balance	978,563,745.00	625,595,757.07			622,494,531.96		723,452,942.14		47,096,243.24	2,997,203,219.41

Legal representative: Pan Jie

Chief of the accounting work: Liu Xingming

Chief of the accounting organ: Yin Jianchun

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

Prepared by Foshan Electrical and Lighting Co., Ltd.

Jan.-Jun. 2013

Unit: RMB Yuan

Item	Jan.-Jun. 2013							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the previous year	978,563,745.00	622,494,930.13			622,494,531.96		689,979,097.12	2,913,532,304.21
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	978,563,745.00	622,494,930.13			622,494,531.96		689,979,097.12	2,913,532,304.21
III. Increase/ decrease in the		-3,802,803.					-159,039,0	-162,841,8

period (“-” means decrease)		04					76.16	79.20
(I) Net profit							144,315,68 4.79	144,315,68 4.79
(II) Other comprehensive incomes		-3,802,803. 04						-3,802,803. 04
Subtotal of (I) and (II)		-3,802,803. 04					144,315,68 4.79	140,512,88 1.75
(III) Capital paid in and reduced by owners								
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners’ equity								
3. Others								
(IV) Profit distribution							-303,354,7 60.95	-303,354,7 60.95
1. Appropriations to surplus reserves								
2. Appropriations to general risk provisions								
3. Appropriations to owners (or shareholders)							-303,354,7 60.95	-303,354,7 60.95
4. Other								
(V) Internal carry-forward of owners’ equity								
1. New increase of capital (or share capital) from capital public reserves								
2. New increase of capital (or share capital) from surplus reserves								
3. Surplus reserves for making up losses								
4. Other								
(VI) Specific reserve								
1. Withdrawn for the period								
2. Used in the period								
(VII) Other								

IV. Closing balance	978,563,74 5.00	618,692,12 7.09			622,494,53 1.96		530,940,02 0.96	2,750,690, 425.01
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Jan.-Dec. 2012

Unit: RMB Yuan

Item	Jan.-Jun. 2012							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the previous year	978,563,745.00	619,092,422.15			583,537,290.22		584,004,857.71	2,765,198,315.08
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	978,563,745.00	619,092,422.15			583,537,290.22		584,004,857.71	2,765,198,315.08
III. Increase/ decrease in the period ("-" means decrease)		3,402,507.98			38,957,241.74		105,974,239.41	148,333,989.13
(I) Net profit							389,572,417.40	389,572,417.40
(II) Other comprehensive incomes		3,402,507.98						3,402,507.98
Subtotal of (I) and (II)		3,402,507.98					389,572,417.40	392,974,925.38
(III) Capital paid in and reduced by owners								
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners' equity								
3. Others								
(IV) Profit distribution					38,957,241.74		-283,598,177.99	-244,640,936.25
1. Appropriations to surplus reserves					38,957,241.74		-38,957,241.74	
2. Appropriations to general								

risk provisions								
3. Appropriations to owners (or shareholders)							-244,640, 936.25	-244,640, 936.25
4. Other								
(V) Internal carry-forward of owners' equity								
1. New increase of capital (or share capital) from capital public reserves								
2. New increase of capital (or share capital) from surplus reserves								
3. Surplus reserves for making up losses								
4. Other								
(VI) Specific reserve								
1. Withdrawn for the period								
2. Used in the period								
(VII) Other								
IV. Closing balance	978,563,7 45.00	622,494,9 30.13			622,494,5 31.96		689,979,0 97.12	2,913,532 ,304.21

Legal representative: Pan Jie

Chief of the accounting work: Liu Xingming

Chief of the accounting organ: Yin Jianchun

### (III) Company Profile

#### **Company history**

Foshan Electrical & Lighting Co., Ltd. (hereinafter referred to as “the Company”), a joint-stock limited company jointly founded by Foshan Electrical and Lighting Company, Nanhai Wuzhuang Color Glazed Brick Field, and Foshan Poyang Printing Industrial Co. on Oct. 20, 1992 by raising funds under the approval of YGS (1992) No. 63 Document issued by the Joint Examination Group for Experimental Enterprises in Stock System of Guangdong Province and the Economic System Reform Commission of Guangdong Province, is an enterprise with its shares held by both the corporate and the natural persons. As approved by China Securities Regulatory Commission with Document (1993) No. 33, the Company publicly issued 19.3 million shares of social public shares (A shares) to the public in Oct., 1993, and was listed in Shenzhen Stock Exchange for trade on Nov. 23, 1993. The Company was approved to issue 50,000,000 B shares on Jul. 23, 1995. And, as approved to change into a foreign-invested stock limited company on Aug. 26, 1996 by (1996) WJMZEHZ No. 466 Document issued by the Ministry of Foreign Trade and Economic Cooperation of the People’s Republic of China. On Dec. 11, 2000, as approved by China Securities Regulatory Commission with ZJGS Zi [2000] No. 175 Document, the Company additionally issued 55,000,000 A shares. At approved by the Shareholders’ General Meeting 2006, 2007 and 2008, the Company implemented the plan of capitalization of capital reserve, after the transfer, the registered capital of the Company has increased to RMB 978,563,745.00 Yuan. And the registration code for corporate business license is QGYZZ No. 002889.

Legal representative: Mr. Pan Jie

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

#### **Business scope of the Company**

R&D and production of electro-optical source products, electro-optical source equipment and electro-optical accessories, electro-optical materials, lamps and components, electrical engineering materials, accessories for motor vehicles, household appliances, electrical switches, outlet, fire fighting products, ventilation equipment, LED products, lithium-ion battery and other materials, sale of those products on both the domestic and overseas markets, and the relevant engineering consultation service. The main products of the Company include all kinds of electro-optical source products.

#### **Basic organizational structure of the Company**

Shareholders’ General Meeting is the highest authority organ of the Company, Board of Directors is an executive organ to carry out the provisions formulated by the Shareholders’ General Meeting, Board of supervisors is an internal supervision organ of the Company, and the General Manager is responsible for routine operation and management. Up till the end of the reporting period, the Company owns nine actually controlled subsidiaries, i.e. Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd., Foshan Chansheng Electronic Ballast Co., Ltd., Foshan Taimei Times Lamps and Lanterns Co., Nanjing Fozhao Lighting Components Co., Ltd., FSL (Xinxiang) Lighting Co., Ltd., Foshan Lighting Lamps and Lanterns Co., Ltd., Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd., Foshan Lighting Components Co., Ltd. and Guangdong Fozhao Leasing Co., Ltd..

## **(IV) Main accounting policies, accounting estimates and corrections of prior accounting errors**

### **1. Basis for preparation of financial statements**

With going-concern assumption as the basis, the Company prepares its financial statement in light of the actual transactions and matters, as well as the accounting standard for business enterprise-basic standard promulgated by the Ministry of Finance of PRC in 15 Feb. 2006, other specific accounting standards, and the relevant provisions of application guide and interpretation, as well as the following primary accounting policies and accounting estimates.

### **2. Statement of compliance with Corporate Accounting Standards**

The financial statements prepared by the Company is in compliance with the requirements of Accounting Standard for Business Enterprises, which gives a true and fair view of the state of affairs of the Company as for the financial status and operating results & cash flows.

### **3. Accounting period**

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

### **4. Recording currency**

Renminbi is the recording currency for the Company.

### **5. Measurement method for the business combination under the same control and business combination not under the same control**

#### **(1) Business combination under the same control**

In a business combination under the same control, the assets and liabilities that the combining party obtains in a business combination shall be measured on the basis of their carrying amount in the combined party on the combining date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it, the additional paid-in capital shall be adjusted. If the additional paid-in capital is not sufficient to be offset, the retained earnings shall be adjusted.

#### **(2) Business combination not under the same control**

In a business combination 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 acquirer in exchange for the control on the acquiree. The positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree shall be recognized as goodwill. The negative balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree shall be recorded into the profits and losses of the current period after the reexamination.



## **6. Preparation methods for consolidated financial statements**

### **(1) Preparation methods for consolidated financial statements**

The scope of consolidation of consolidated financial statements shall include the Company and all its subsidiaries. The operating outcomes and financial status of the subsidiaries shall be included in the consolidated financial statements from start date of the control to end date of the control.

The subsidiaries that the Company obtains due to business combination under the same control shall be included into the scope of consolidation when preparing the consolidated financial statements of the current period, and the beginning balance in the consolidated financial statement and prior comparison sheet shall be adjusted accordingly.

As for the subsidiaries that the Company obtains due to business combination not under the same control, their financial statements shall be adjusted based on the fair value of each identifiable asset and liability determined on the combining date when preparing the consolidated financial statements of the current period. Such combined subsidiaries shall be included into the scope of consolidation from the combining date.

If the accounting period and accounting policies adopted by a subsidiary are different from those adopted by the Company, when preparing the consolidated financial statement, necessary adjustments shall be made to the financial statements of the subsidiary under the accounting period and accounting policies adopted by the Company. Within the scope of consolidation, all significant transactions between the enterprises, balance and unrealized profits and losses shall be offset when preparing the consolidated financial statement. As for the unrealized losses occurred in the internal transaction, if there is an evidence shows that such loss is impairment loss on relevant assets, it shall not be offset. The equity and profits & losses attributable to minority shareholders of the subsidiary shall be particularly presented in the item of “shareholder’s equity” in the consolidated balance sheets and in the item of “net profit” in the consolidated income statement respectively.

### **(2) Relevant accounting method shall be revealed for the equity of a same subsidiary purchased and sold in successive two fiscal years**

Naught

## **7. Recognition standards for cash and cash equivalents**

The term “cash equivalents” refers to short-term ( within 3 months from the purchase date) and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

## **8. Foreign currency and accounting method for foreign currency**

### **(1) Foreign currency**

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) Accounting method for foreign currency**

Naught

## **9. Financial instruments**

Financial instruments include financial assets, financial liabilities and equity instruments.

### **(1) Category of financial instruments**

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

Financial liabilities shall be classified into the following two categories when they are initially recognized: (1) the Trading financial liabilities; and (2) other financial liabilities.

### **(2) Recognition and Measurement of Financial Liabilities**

Financial assets, at their initial recognition, shall be measured at fair value. As for financial assets measured at fair value and of which variations are recorded in the profits and losses for the current period, the relevant trading expenses shall be directly recorded into the profits and losses of the current period; for other categories of financial assets, the transaction expenses thereof shall be included into the initially recognized amount.

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

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

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

Available-for-sale financial assets: the non-derivative financial assets which are designated as available-for-sale financial assets when they are initially recognized as well as the non-derivative financial assets other than loans and accounts receivables, investments held until their maturity; and transaction financial assets. The Company shall make subsequent measurement on available-for-sale financial assets at fair value, and the profits and losses arising from the change in the fair value shall be directly recorded into the owner's equity, until the said financial assets shall be transferred out when they are terminated from recognizing or are impaired, which shall be recorded into the profits and losses of current period. Where the intention of holding or the ability to hold changes, or the fair value can not be reliably measured any more, or the term of holding has exceeded "two complete accounting years", which makes it no longer suitable to measure the available-for-sale financial assets at its fair value, the Company concerned may measure the said financial assets on the basis of post-amortization cost. And such post-amortization cost at the re-classification day shall be the carrying amount of the financial assets. The gains or losses that are related to the said financial assets and that are directly included in the owner's equity shall be dealt with according to the following provisions: ① Where such financial asset has a fixed date of maturity, it shall be amortized within the remaining period of the said financial asset by adopting the actual interest rate method and be recorded into the profits and losses of the current period. The gap between the post-amortization cost of the financial asset and the amount on the maturity date shall also be amortized within the remaining period of the said financial asset by adopting the actual interest rate method and be recorded into the profits and losses of the current period. If, during the subsequent accounting period, the financial asset is impaired, the relevant profits and losses that were included in the owner's equity shall be transferred out and be recorded into the current profits and losses. ② Where such financial asset does not have a fixed date of maturity, it shall remain in the owner's equity. Where such financial asset is transferred out when it is impaired or determined from recognizing during the remaining period of accounting that follows, and shall be recorded into the profits and losses of the current period

Held-to-maturity Investments: non-derivative financial asset with a fixed date of maturity, a fixed or determinable recoverable amount and which the Company's management holds for a definite purpose or the Company's management is able to hold until its maturity. The Company shall make subsequent measurement on its Held-to-maturity Investments on the basis of the post-amortization costs by adopting the actual interest rate, from which gains and losses, when loan and accounts receivable are terminated from recognizing, or are impaired or amortized, shall be recorded into the profits and losses of the current period. Where part of the held-to-maturity investment is sold or the re-classified amount thereof is considerably large, so that the remainder of the said investment is no longer suitable to be classified as a held-to-maturity investment, the Company shall re-classify the remainder of the said investment as an available-for-sale financial asset, and shall make subsequent measurement on it according to its fair value on the re-classification day, and no longer re-classify the said financial asset as held-to-maturity investment in the current fiscal year and the subsequent two complete accounting years. The gap between the carrying amount of the said remnant part of the investment at the re-classification day and the fair value shall be computed into the owner's equity. And when the said available-for-sale financial asset is terminated from recognition or transferred out when it is impaired, it shall be recorded into the profits and losses of the current period.

The financial liabilities initially recognized by the Company shall be measured at their fair values. For the Trading financial liabilities, the transaction expenses thereof shall be directly recorded into the profits and losses of the current period; for other categories of financial liabilities, the transaction expenses thereof shall be included into the initially recognized amount.

Trading financial liabilities: such financial liabilities held by the Company for the purpose for repurchasing at the fair value in the near future, and financial liabilities formed a part of combination of financial instruments which are managed by way of short-term profit making in the near future, and derivative financial liabilities (the designated derivative instruments which are effective hedging instruments, or derivative instruments to financial guarantee contracts, and the derivative instruments which are connected with the equity instrument investment for which there is no quoted price in the active market, whose fair value cannot be reliably measured, and which shall be settled by delivering the said equity instruments) shall be classified as trading financial liabilities. Subsequent measurement of transaction financial liabilities shall be measured at fair value, and the profits and losses arising from the change in the fair value shall be recorded into the profits and losses of the current period.

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

#### Determination of the Fair Value of Financial Instruments

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

### **(3) Recognition and Accounting Method for Transfer of Financial Assets**

Where transfer of financial assets occurs in the Company, if the Company has transferred nearly all of risks and rewards related to the ownership of the financial asset to the transferee, it shall stop recognizing the financial asset. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing the financial asset. When the Company makes a judgment about whether the transfer of a financial asset satisfies all the above conditions to stop the recognition, the Company adopts the code of “Rather substantial than superficial”. The Company differentiates the transfer of financial asset into the entire transfer and the partial transfer of financial assets. If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following 2 items shall be recorded in the profits and losses of the current period: (1) The book value of the transferred financial asset; (2) The sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in the owner's equities (in the event that the financial asset involved in the transfer is a financial asset available for sale). If the transfer of partial financial asset satisfies the conditions to stop the recognition, the entire book value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped (under such circumstance, the service asset retained shall be deemed as a portion of financial asset whose recognition has not been stopped), be apportioned according to their respective relative fair value, and the difference between the amounts of the following 2 items shall be included into the profits and losses of the current period: (1) The book value of the portion whose recognition has been stopped; (2) The sum of consideration of the portion whose recognition has been stopped, and the portion of the accumulative amount of the changes in the fair value originally recorded in the owner's equities which is corresponding to the portion whose recognition has been stopped (in the event that the financial asset involved in the transfer is a financial asset available for sale). If the transfer of a financial asset doesn't satisfy the conditions to stop the recognition,

the Company shall continue to recognize the financial asset and shall recognize the consideration it receives as a financial liability.

#### **(4) Recognition Conditions for Termination of Financial Liabilities**

When the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. If the Company enters into an agreement with creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, the Company shall terminate the recognition of the existing financial liability, and shall at the same time recognize the new financial liability. Where the Company makes substantial revisions to some or all of the contractual stipulations of the existing financial liability, it shall terminated the recognition of the existing financial liability or part of it, and at the same time recognize the financial liability after revising the contractual stipulations as a new financial liability. Where the recognition of a financial liability is totally or partially terminated, the Company shall include into the profits and losses of the current period the gap between the carrying amount which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed). If the Company buys back part of its financial liabilities, it shall distribute, on the report day, the carrying amount of the whole financial liabilities in light of the comparatively fair value of the part that continues to be recognized and the part whose recognition has already been terminated and carries out distribution of the overall book value of the financial liability. The gap between the carrying amount which is distributed to the part whose recognition has terminated and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed) shall be recorded into the profits and losses of the current period.

#### **(5) Recognition of Financial Assets and Financial Liabilities**

As for the financial assets and financial liabilities that the Company measured by fair value, they all refer to the quoted prices in the active market.

#### **(6) Withdrawal of Impairment Provision for Financial Assets (excluding Accounts Receivable)**

Except for financial assets measured at fair value and of which the alterations charged to the profits and losses in the current period, the Company conducts check on book value of financial assets at the Balance Sheet Date. If there is any objective evidences proving that a specific financial asset is impaired, an impairment provision shall be made. (1) Impairment provision for available-for-sale financial assets: as at the end of the reporting period, if there is a relatively large reduce on fair value of available-for-sale financial assets, or it is estimated that the trend of reduce is temporarily with a comprehensive consideration of various relevant ingredients, the available-for-sale financial assets is recognized as impaired, the accumulative losses arising from the decrease of the fair value of the owners' equity which was directly included shall be transferred out and recognized as impairment. As for available-for-sale debt instruments whose impairment-related losses have been recognized, if, within the accounting period thereafter, the fair value has risen and are objectively related to the subsequent events that occur after the originally impairment-related losses were recognized impairment-related losses shall be reversed and be recorded into the profits and losses of the current period. The impairment-related losses incurred to an available-for-sale equity instrument investment shall not be reversed through profit and losses. (2) As for impairment provision of hold-to-maturity investment: the measurement of impairment on hold-to-maturity

investment shall be treated according to measurement of impairment on accounts receivable.

## **(7) Notes on Basis of Hold-to-Maturity Investment undue that reclassified into Available-for-Sales Financial Assets**

Naught

## **10. Recognition and Withdrawal Method for Bad-debt Provisions for Accounts Receivable**

Accounts receivable of the Company mainly including accounts receivable and other receivables. The Company conducts a check to the book value of accounts receivable at the Balance Sheet Date, if there is any objective evidence proving that the accounts receivable is impaired, it shall be recorded into provision for bad debts.

### **(1) Provisions for Bad-debt Accounts Receivable with a significant single amount**

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

### **(2) Accounts receivable for which bad-debt provisions are made on the group basis**

Group name	Withdraw method	Basis for recognition of group
Common transaction group	Balance percentage method	Accounts receivable arising from other common transactions than internal transactions are classified according to credit risk features.
Internal transaction group	Other methods	Accounts receivable arising from internal transactions within the scope of the consolidation statements are classified according to credit risk features.

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

☐Applicable ☒Inapplicable

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

☐ Applicable ☒ Inapplicable

Name of the group	Withdrawing proportion of account receivables (%)	Withdrawing proportion of other account receivables (%)
Ordinary business group	6%	6%

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

☐ Applicable ☒ Inapplicable

Name of the group	Notes
Internal business group	Withdrawing bad debt provision according to the discrepancy between present value of future cash flow and book value.

### **(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:	When there is conclusive evidence proving that obvious difference exists in the recoverability.
Method for making bad-debt provisions for the said accounts receivables:	As for other receivables (including notes receivable, prepayments, interest receivable, long-term receivables, etc.), bad-debt provisions are made according to the differences between the present values of their future cash flows and their carrying amounts.

## **11. Inventory**

### **(1) Category of Inventory**

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

### **(2) Pricing method for distributed inventories**

Method: others

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

### **(3) Recognition basis of net realizable value of inventories and withdrawal method for impairment provision of inventories**

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

### **(4) Inventory system of inventories**

Inventory system: perceptual inventory system

### **(5) Amortization method of low-value consumption goods and packages**

Low-value consumption goods

Amortization method: one time method

Packages

Amortization method: one time method

## **12. Long-term equity investment**

### **(1) Recognition for initial cost**

Pricing of long-term equity investment

— Long-term equity investment for the corporate combination

——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.

——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.

——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.



—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.

—The cost of a long-term equity investment of an investor shall be the value stipulated in the investment contract or agreement except the unfair value stipulated in the contract or agreement.

—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.

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

## **(2) Subsequent measurement and recognition of gains and losses**

—The long-term equity investment of the Company that is able to control the invested enterprise and which of the Company that does not do joint control or does not have significant influences on the invested entity, and has no offer in the active market and its fair value cannot be reliably measured, it shall be measured by employing the cost method. Except for the declared but not distributed cash dividends or profits included in the price or consideration actually paid when an investment is obtained, the dividends or profits declared to distribute by the invested entity shall be recognized as the current investment income.

## **(3) Recognition basis of jointly control and significant influence in invested units**

—A long-term equity investment of the Company that does joint control or significant influences over the invested entity shall be measured by employing the equity method. If the cost of a long-term equity investment is more than the Company's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the cost of the long-term equity investment may not be adjusted. If the cost of a long-term equity investment is less than the Company's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the difference shall be included in the current profits and losses and the cost of the long-term equity investment shall be adjusted simultaneously. The Company shall recognize the net losses of the invested enterprise until the book value of the long-term equity investment and other long-term rights and interests which substantially form the net investment made to the invested entity are reduced to zero, unless the investing enterprise has the obligation to undertake extra losses. The Company shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognize the attributable share of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity.

## **(4) Impairment test method and withdrawal method for impairment provision**

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

cash flow of the long-term equity investment. Once any loss of impairment of the long-term investment is recognized, it shall not be switched back in the future accounting periods.

### 13. Investment real estate

The Company doesn't have investment real estate.

### 14. Fixed assets

#### (1) Recognition of fixed assets

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

Category of fixed assets: housing and building, machinery equipment, transportation vehicle and other.

#### (2) Recognition basis and pricing method for fixed assets acquired under finance lease

The "finance lease" shall refer to a lease that has transferred in substance all the risks and rewards related to the ownership of an asset. The Company shall recognize 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 cost of fixed assets of finance lease. In calculation of the depreciation of a leased fixed asset, the Company adopts a depreciation policy for leased assets consistent with that for depreciable assets. If it is reasonable to be certain that the Company will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the Company will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life.

#### (3) Depreciation method of various fixed assets

Measurement of fixed assets and depreciation method: fixed assets shall be measured at actual cost. Depreciation rate shall be recognized by employing the straight-line method and in accordance with appraisal economical useful life and predicated net residuals

The categories	Estimated useful life (years)	Residual value (%)	Annual depreciation rate (%)
Houses and buildings	3—25	5%	31.67%-4.75%
Machineries	2—8	5%	47.50%-11.88%
Electronic equipment	5—10	5%	19%-9.50%
Vehicles	2—8	5%	47.50%-11.88%

#### (4) Impairment test method and withdrawal method for impairment provision of fixed assets

Provision for impairment of fixed assets: The Company shall carry out inspection to fixed assets item by item every year. If the recoverable amount is lower than carrying value due to sustained decline of market price of

fixed assets or technological obsolescence, damage or long-term idle, then the provision for impairment of fixed assets shall be withdrawn on the basis of the balance hereof. Once any loss of impairment of the fixed assets is recognized, it shall not be switched back in the future accounting periods. The recoverable amount shall be determined in light of the higher one of the net amount of the fair value of the fixed assets minus the disposal expenses and the current value of the expected future cash flow of the fixed assets. The current value of future cash flow of assets shall be recognized based on the amount after the predicated future cash flow occurred in the process of continuous services and when the final disposal is discounted by adopting proper discount rate.

## **(5) Other explanation**

Naught

## **15. Construction in Progress**

### **(1) Categories of construction in process**

Categories of construction in process refer to the newly establishment, amendment or expansion of fixed assets of the Company, or project expenses on unaccomplished project such as technology innovation, equipment updating and major repair projects, etc.,

### **(2) Standards and time of transferring construction in process into fixed asset**

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

### **(3) Impairment test method and withdrawal method for impairment provision of construction in process**

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

## 16. Borrowing costs

### (1) Recognition principles for capitalization of borrowing costs

The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements: (1) The asset disbursements have already incurred, which shall include the cash, transferred non-cash assets or interest bearing debts paid for the acquisition and construction or production activities for preparing assets eligible for capitalization; (2) The borrowing costs has already incurred; and (3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started.

### (2) Capitalization period of borrowing costs

The borrowing costs shall not be capitalized unless they simultaneously meet the following requirements: (1) The asset disbursements have already incurred; (2) The borrowing costs have already incurred and (3) The acquisition and construction or production activities which are necessary to prepare the asset for its intended use or sale have already started. And then it shall be recorded into assets costs that satisfied conditions of capitalization. When the qualified asset under acquisition and construction or production is ready for the intended use or sale, the capitalization of the borrowing costs shall be ceased; borrowing costs incurred thereafter shall be recognized as expenses at the incurred amount when they are incurred.

### (3) Period for suspending capitalization of borrowing costs

Suspension of capitalization: Where the acquisition and construction or production of a qualified asset is interrupted abnormally and the interruption period lasts for more than 3 months, the capitalization of the borrowing costs shall be suspended. The borrowing costs incurred during such period shall be recognized as expenses, and shall be recorded into the profits and losses of the current period, till the acquisition and construction or production of the asset restarts. If the interruption is a necessary step for making the qualified asset under acquisition and construction or production ready for the intended use or sale, the capitalization of the borrowing costs shall continue.

### (4) Calculation method of capitalized amount of borrowing costs

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

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

—Where a general borrowing is used for the acquisition and construction or production of assets eligible for capitalization, the Company shall calculate and determine the to-be-capitalized amount of interests on the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset

disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

## 17. Biological assets

Naught

## 18. Oil gas assets

Naught

## 19. Intangible assets

### (1) Pricing method of intangible assets

—The cost of outsourcing intangible assets shall be measured at actual expenditures occurred for reaching the expected use purpose.

—The research expenditures for its internal research and development projects of the Company shall be recorded into the profit or loss for the current period. The development expenditures for its internal research and development projects of the Company may be confirmed as cost of intangible assets when they satisfy capitalization conditions.

—The cost invested into intangible assets by investors shall be determined according to the conventional value in the investment contract or agreement, except for those of unfair value in the contract or agreement.

—The intangible assets received by the Company through accepting debtor's non-cash assets for compensation for debts, or by receivables, shall be measured at the fair value of the intangible assets received.

—The cost invested into intangible assets by non-monetary transaction shall be determined according to the fair value of non-monetary assets and relevant payable taxes.

### (2) Estimated useful life of intangible assets with limited useful life

For intangible assets of limited useful life, the Company adopts straight-line method for amortization in useful life term. The Company shall, at the end of each year, recheck the estimated useful life and amortization method and makes suitable adjustment.

Item	Estimated useful life	Basis
Land use right	50 years	Statutory use right
Patent	10 years	Estimated term of making profit

### (3) Judgment basis of intangible assets with uncertain useful life

The Company doesn't have intangible assets with uncertain useful life.

**(4) Withdrawal of impairment provision of intangible assets**

Provision for impairment of intangible assets: the Company shall made overall inspection to the intangible asset at the end of reporting period. If the intangible assets have already been replaced by other new technologies, resulting in the Company's ability to create economic benefits suffering materials adverse influence, or a sustained decline of market price of intangible assets and impossible to be recover within the residual amortization years, or certain intangible asset has exceeded the term protected by law but still part of useful value is remained, or there is an obvious evidence shows that the intangible assets has been impaired, then provision for impairment of the intangible assets shall be withdrawn based on the balance between the recoverable amount of single intangible assets and carrying value. Once any loss of impairment of the intangible assets is recognized, it shall not be switched back in the future accounting periods.

**(5) Criteria of dividing the research phase and development phase of internal R&D project**

The expenditures for its internal research phase and development phase of the Company discriminate into research expenditures and development expenditures. The term "research" refers to the creative and planned investigation to acquire and understand new scientific or technological knowledge; the term "development" refers to the application of research achievements and other knowledge to a certain plan or design, prior to the commercial production or use, so as to produce any new material, device or product, or substantially improved material, device and product.

**(6) Calculation of the expenditures of internal R&D project**

The expenditures for its internal research phase and development phase of the Company discriminate into research expenditures and development expenditures:

- 1) The research expenditures for its internal research and development phases of the Company shall be recorded into the profit or loss for the current period.
- 2) The research expenditures for its internal research and development phases of the Company may be confirmed as intangible assets when they satisfy the following conditions simultaneously:
  - ① It is feasible technically to finish intangible assets for use or sale;
  - ② It is intended to finish and use or sell the intangible assets;
  - ③ The usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally;
  - ④ It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and
  - ⑤ The expenditures on development phase of the intangible assets can be reliably measured.

**20. Amortization method of long-term deferred expenses**

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

shall be transferred into the profits and losses of the current period.

## **21. Assets transfer with repurchasing conditions**

Naught

## **22. Estimated liabilities**

### **(1) Criteria of estimated liabilities**

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

### **(2) Measurement of estimated liabilities**

Measurement of estimated debts: The estimated debts shall be initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. To determine the best estimate, the Company shall take into full consideration of the risks, uncertainty, time value of money, and other factors pertinent to the Contingencies. If the time value of money is of great significance, the best estimate shall be determined after discounting the relevant future outflow of cash. If there is a sequent range for the necessary expenses and if all the outcomes within this range are equally likely to occur, the best estimate shall be determined in accordance with the middle estimate within the range. In other cases, the best estimate shall be conducted in accordance with the following situations, respectively: ① If the Contingencies concern a single item, it shall be determined in the light of the most likely outcome. ② If the Contingencies concern two or more items, the best estimate should be calculated and determined in accordance with all possible outcomes and the relevant probabilities. ③ When all or some of the expenses necessary for the liquidation of an estimated debts of an enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. The Company shall check the book value of the estimated debts on the balance sheet date. The Company shall, subject to change, make adjustment to carrying value to reflect the current best estimate.

## **23. Share-based payment and equity instruments**

### **(1) Categories of share-based payment**

The Company doesn't have share-base payment and equity instruments.

### **(2) Recognition method of fair value of equity instruments**

Naught

**(3) Recognition basis of the best estimate of the vested equity instruments**

Naught

**(4) Accounting treatment relevant to implement, revise and terminate share-based payment plan**

Naught

**24. Repurchase of shares of the Company**

Naught

**25. Revenue**

**(1) Criteria for recognition time of revenue from sale of goods**

No revenue shall be realized unless the following conditions are met simultaneously: a. The significant risks and rewards of ownership of the goods or products have been transferred to the buyer by the enterprise; b. The Company retains neither management right nor effective control over the sold goods or products; c. The relevant revenue has been received or valid evidence has been obtained, d. relevant cost related to sales of goods and products can be measured in a reliable way. The principle of affirmation of revenue from “domestic sales and export sales”: (a) Affirmation method of domestic sales: qualified products would be delivered to buyers in line with the requirements of the buyers; invoice for sales shall be opened when the receivable accounts are determined, receive payment or estimate payment receivable. (b) Affirmation method of export sales: products would be produced according to the requirements of the buyers stipulated in contracts. After examination, customers clearing procedure for export would be arranged. Transport companies would ship the products. Invoice for sales shall be opened when the receivable accounts are determined; receive payment or estimate payment receivable.

**(2) Recognition basis of revenue from transferring use rights of assets**

Revenues from providing others to use company assets shall be affirmed when meeting the following conditions: the relevant economic benefits are likely to flow into the Company; the amount of revenues can be measured in a reliable way. Royalty revenues from providing others to use company assets can be calculated and affirmed in line with chargeable time and methods stipulated in relevant contracts, treaties.

**(3) Recognition basis of revenue from providing services**

Revenue from providing services shall be recognized by adopting the percentage-of-completion method when following conditions shall be met simultaneously: The amount of revenue can be measured in a reliable way; The relevant economic benefits are likely to flow into the enterprise; The schedule of completion under the transaction can be confirmed in a reliable way; and the costs incurred or to be incurred in the transaction can be measured in a reliable way. If the Company can not measure the result of a transaction concerning the providing of labor services in a reliable way, and the cost of labor services incurred is expected to be compensated, the revenue from the providing of labor services shall be recognized in accordance with the amount of the cost of labor services



incurred. If the cost of labor services incurred is not expected to compensate in full, the revenue shall be recognized in accordance with the amount of the cost of labor service can be compensated; if all cost of labor services incurred is not expected to compensate and no revenue from the providing of labor services may be recognized.

**(4) Recognition basis and method for the schedule of contracted project when recognizing the revenue from providing labour services and construction contract by percentage-of-completion method**

The Company doesn't have revenue from providing labour services and contraction contracted by percentage-of-completion method.

**26. Government grants**

**(1) Types**

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

**(2) Accounting treatment method**

Government subsidy shall be confirmed when meeting the following standards: meeting the sub conditions of government subsidy; enabling to receive government subsidy.

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

The government subsidies pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses. But the government subsidies measured at their nominal amounts shall be directly included in the current profits and losses. The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows: (1) Those subsidies used for compensating the related future expenses or losses of the enterprise shall be recognized as deferred income and shall included in the current profits and losses during the period when the relevant expenses are recognized; or (2) Those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.

**27. Deferred income tax assets and liabilities**

**(1) Recognition basis of deferred income tax assets**

The Company shall record a temporary difference into deferred income tax to the extent of the amount of the taxable income which it is most likely to obtain in future period and which can be deducted from the deductible temporary difference.

## **(2) Recognition basis of deferred income tax liabilities**

As for taxable temporary differences, the Company shall record into deferred income liabilities except for special conditions.

## **28. Operating lease and finance lease**

### **(1) Accounting treatments of operating lease**

The rents from operating leases shall be recorded by the Company in the relevant asset costs or the profits and losses of the current period by using the straight-line method over each period of the lease term.

### **(2) Accounting treatments of finance lease (3) Accounting treatments of leaseback**

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

### **(3) Accounting treatments of leaseback**

Naught

## **29. Assets held for sale**

### **(1) Recognition criteria of available-for-sale assets**

The Company doesn't have any available-for-sale assets.

### **(2) Accounting treatments of the assets held for sale**

The Company doesn't have any available-for-sale assets.

## **30. Capitalization of assets business**

The Company doesn't have any capitalization of assets business.

## **31. Hedging accounting**

The Company doesn't have any hedging business.

**32. Changes in main accounting policies and estimates**

Were the main accounting policies or estimates changed during the reporting period?

☐ Yes ☒ No

**(1) Change of accounting policies**

Were the main accounting policies changed during the reporting period?

☐ Yes ☒ No

**(2) Change of accounting estimates**

Were the main accounting estimates changed during the reporting period?

☐ Yes ☒ No

**33. Correction of previous accounting errors**

Was any accounting error made in previous periods discovered in the reporting period?

☐ Yes ☒ No

**(1) Retrospective restatement method**

Was any previous accounting errors adopting retrospective restatement method discovered in the reporting period?

☐ Yes ☒ No

**(2) Prospective application method**

Was any previous accounting errors adopting prospective application method discovered in the reporting period?

☐ Yes ☒ No

**34. Other main accounting policies, accounting estimates as well as compilation method of financial statements**

Naught

**(V) Taxation****1. Main taxes and tax rate**

Category of taxes	Tax basis	Tax rate
VAT	VAT on sales is calculated based on 17% of sales revenue. VAT is calculated and paid based on the difference of VAT on sales deducting deductible input VAT.	17%

	Tax on exports managed by the Company, as approved by the taxation departments, is paid by adopting the policy of “tax exemption, tax deduction and tax rebate” since 1 Jan. 2002	
Consumption tax		5%
Business tax	Taxable service income	5%、7%
Urban maintenance and construction tax	Taxable VAT and business tax	15%
Enterprise income tax	The Company was identified as a high-tech enterprise in Dec. 2008, and passed the re-examination for the First Batch High-tech Enterprise in 2011 on 23 Aug. 2011, as well as won the “Certificate of High-tech Enterprise” with serial number GR201144000059 after approval by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Bureau of State Taxation and Guangdong Provincial Bureau of Local Taxation. In accordance with relevant provisions in Corporate Income Tax Law of the People's Republic of China and the Administration Measures for Identification of High-tech Enterprises promulgated in 2007, the Company paid the corporate income tax based on a tax rate of 15% within three years since 1 Jan. 2011.	3%
Education expenses surcharge	Current turnover tax in current	2%

The income tax rates adopted by each subsidiary and branch factory

The subsidiaries of the Company, including Foshan Taimei Times Lamps and Lanterns Co., Ltd., and Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd., Foshan Chansheng Electronic Ballast Co., Ltd., Nanjing Fozhao Lighting Components Manufacturing Co., Ltd., Foshan Electrical & Lighting (Xinxiang) Co., Ltd., Foshan Lighting Lamps and Lanterns Co., Ltd., Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd., Guangdong Fozhao Leasing Co., Ltd. and Guangdong Fozhao New Light Sources Technology Co., Ltd., whose enterprise income tax rate is 25%.

## 2. Tax preference and official documents

The Company has been certified as a high-tech enterprise in December 2008, and passed the re-examination for

the First Batch High-tech Enterprise in 2011 on 16 January 2011, as well as won the “Certificate of High-tech Enterprise” with serial number GR201144000059 after approval by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Bureau of State Taxation and Guangdong Provincial Bureau of Local Taxation. In accordance with relevant provisions in Corporate Income Tax Law of the People's Republic of China and the Administration Measures for Identification of High-tech Enterprises promulgated in 2007, the Company paid the corporate income tax based on a tax rate of 15% within three years since 1 Jan. 2011.

### 3. Other explanation

Naught

## (VI) Business combination and consolidated financial statements

### 1. Subsidiaries

#### (1) Subsidiaries obtained by establishment and investment

Unit: RMB Yuan

Subsidiaries	Type	Registered place	Business nature	Registered capital	Business scope	Actual amount of investments at the period-end	Other essential investment	The proportion of holding shares (%)	The proportion of voting rights (%)	Included in consolidated statement	Minority interest	Deductible minority interests	Balance of parent company's equity after deducting the difference that loss of minority interests exceed equity obtained by minority shareholders
Foshan Chansheng Electron	Limited company	Foshan	Manufacture	1,000,000	Production of ballast, electron	750,000.00		75%	75%	Yes	1,832,541.86		

ic Ballast Co., Ltd.					ic transfor mers and electron ic igniters								
Foshan Chanch ang Electric Applian ce (Gaomi ng) Co., Ltd.	Limited compan y	Foshan	Manufa cture	72,780, 000.00	Producti on and operatio n of lamps, electric light source products and accessor ies, installati on of related engineer ing and consulti ng business	50,940, 000.00		70%	70%	Yes	28,646, 318.27		
Foshan Taimei Times Lamps and Lantern s Co., Ltd.	Limited liability compan y	Foshan	Manufa cture	500,000 .00	Researc h, develop ment, producti on and sales of lighting, househo ld applianc es and accessor ies and other lighting	350,000 .00		70%	70%	Yes	9,972,9 06.90		

					products								
Foshan Lighting Lamps and Lanterns Co., Ltd.	Limited liability company	Foshan	Manufacture	5,000,000.00	R&D and production of electric light source lamp products and relevant electric engineering materials, metal material and non-metal material	5,070,000.00		100%	100%	Yes			
Foshan Electrical & Lighting (Xinxian) Co., Ltd.	Limited liability company	Xinxian	Manufacture	10,000,000.00	Production and sales of electric light source equipment and electric light source products, sales of accessories of electric light source, electric light source	10,000,000.00		100%	100%	Yes			

					material s, electric engineer ing material s, accessor ies for motor vehicles , lamps and compon ents								
Qinghai Fozhao Lithium Ion Battery Cathode Material s Co., Ltd.	Limited liability compan y	Qinghai	Manufa cture	50,000, 000.00	Manufa cturing and selling lithium ion battery cathode material s	25,500, 000.00		51%	51%	Yes	6,581,6 61.92		
Guangd ong Fozhao Financia l Leasing Co., Ltd.	Limited liability compan y	Foshan	Lease	200,000 ,000	Financi ng lease of new-ene rgy mobile and main compon ents, lighting and energy-s aving products	200,000 ,000.00		100%	100%	Yes			
Foshan lighting applianc	Limited liability compan	Foshan	Manufa cture	15,000, 000.00	Researc h, develop	15,000, 000.00		100%	100%	Yes			



e Co., Ltd.	y				ment, manufac turing lighting products , devices, applianc es, electric material s, vehicle accessor ies, househo ld applianc es, socket outlets, fire-figh ting products , ventilati on facilities , LED products , etc. domesti c trade, export and import of goods and technolo gy.							
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Particulars about subsidiaries obtained by establishment and investment

Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd., who is the Sino-foreign joint venture invested and established by the Company and Prosperity Lamps and Components Ltd, had obtained license for business

corporation on 23 Aug. 2005 through approval by Foreign Trade and Economic Cooperation Bureau of Gaoming District, Foshan with document “MWJMY Zi [2005] No. 79”. The Company holds 70% equities of the said company, therefore the said subsidiary was included into the scope of the consolidated financial statements since date of the foundation.

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

Foshan Lighting Lamps and Lanterns Co., Ltd. is limited liability company, which is invested and established by the Company together with Foshan Haozhiyuan Trading Co., Ltd., Shanghai Liangqi Electric Co., Ltd., Changzhou Sanfeng Electrical & Lighting Co., Ltd., Henan Xingchen Electrical & Lighting Co., Ltd., Foshan Hongbao Electrical & Lighting Co., Ltd., Hebei Jinfen Trading Co., Ltd., obtaining its license for Business Corporation on 27 Mar. 2009. The Company holds 60% equities of this company. Therefore the said subsidiary was included into the scope of the consolidated financial statements since date of the foundation. The said company had put into production in May 2009.

On 25 Sep. 2009, the equity transfer agreement was signed between the Company and Foshan Haozhiyuan Trading Co., Ltd., in which Foshan Haozhiyuan Trading Co., Ltd. transferred 10% equities of Foshan Lighting Lamps and Lanterns Co., Ltd. to the Company. After transfer, the Company holds 70% equities of Foshan Lighting Lamps and Lanterns Co., Ltd.. On 19 Dec. 2010, the Company signed Equity Transfer Contract with Shanghai Liangqi Electric Co., Ltd., Changzhou Sanfeng Electrical & Lighting Co., Ltd., Henan Xingchen Electrical & Lighting Co., Ltd., Foshan Hongbao Electrical & Lighting Co., Ltd., and Taizhou Luqiao Hengyu Lighting Equipment Trading Company. Since then, the above said minority shareholder respectively transferred 6% of their holding equities of Foshan Lighting Lamps and Lanterns Co., Ltd. to the Company, the Company held 100% equities of Foshan Lighting Lamps and Lanterns Co., Ltd. after the transfer.

Foshan Electrical & Lighting (Xinxiang) Co., Ltd. is a limited liability company with the registered capital of RMB 10 million, which is invested and established by the Company, obtaining its license for Business Corporation on 17 Apr. 2009. The holds 100% equities of the said company, therefore the said subsidiary was included into the scope of the consolidated financial statements since date of foundation.

Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd. is limited liability company, which is invested and established by the Company together with Hefei Lixin Energy Material Co., Ltd., Qinghai Power New Energy Material Co., Ltd., Lithium Energy Holdings, Ltd. and Jianagsu Guogang Communication Engineering Co., Ltd. On 25 Oct. 2010, Qinghai Fozhao Lithium Energy Exploitation Co., Ltd. received Business License for Enterprise as a Legal Person, of which the Company holds 51% equities of the Company, and it was included into the scope of the consolidated financial statements since date of foundation.

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

Foshan Lighting Appliance Co., Ltd. is the limited liability company invested by the Company, getting its business licenses on 8 May 2013 with 100% of stock rights and being included into the scope of consolidated statements from the day it setting up.

## (2) Subsidiaries obtained by business combination under same control

Inapplicable

## (3) Subsidiaries obtained by business combination not under same control

Unit: RMB Yuan

Subsidiaries	Type	Registered place	Business nature	Registered capital	Business scope	Actual amount of investments at the period-end	Other essential investment	The proportion of holding shares ( % )	The proportion of voting rights ( % )	Included in consolidated statement	Minority interest	Deductible minority interests	Balance of parent company's equity after deducting the difference that loss of minority interests exceed equity obtained by minority shareholders
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	Limited Company	Nanjing	Manufacture	41,683,200.00	Production of energy-saving photoelectric source products, lamps and	72,000,000.00		100%	100%	Yes			

					lanterns, light source equipme nts, illumina tion engineer ing; technolo gical develop ment of energy-s aving and producti on of relevant compon ents; sales of self-pro duction products								
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Other notes to subsidiaries obtained by business combination not under same control:

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

## 2. Special purpose entities or operating entities with control right formed by entrusted operation or lease

Inapplicable

## 3. Explanation on changes in consolidated scope

Explanation on changes in consolidated scope:

☒ Applicable ☐ Inapplicable

Comparing to last year, this year increased one consolidation unit, because

Foshan Lighting Appliance Co., Ltd. is the limited liability company invested by the Company, getting its business licenses on 8 May 2013 with 100% of stock rights and being included into the scope of consolidated statements from the day it setting up.

Comparing to last year, this year decreased one consolidation unit, because

On June 2012, the Company reached an agreement on dismissing Guangding Fozhao New Light Source Technology Co., Ltd. by the contract “Termination of Cooperation Agreement” with Hong Kong Lijiakechuang Co., Ltd. The cancellation procedure was completed on March 2013. So this company was excluded the scope of consolidated statement.

#### 4. Subsidiaries that newly combined into consolidation scope in the reporting period

The subsidiaries, special purpose entities and operating entities with control right formed by entrusted operation or lease that newly included in the consolidated scope

Unit: RMB Yuan

Name	Closing net assets	Net profit in current period
Foshan Lighting Appliance Co., Ltd.	15,001,257.66	1,257.66

The subsidiaries, special purpose entities and operating entities with control right formed by entrusted operation or lease that not longer included in the consolidated scope

Unit: RMB Yuan

Name	Net asset at the disposal date	Net profit from year-begin to disposal date
Guangding Fozhao New Light Source Technology Co., Ltd.	8,605,375.65	5,617.32

#### 5. Business combination under same control during the reporting period

Inapplicable

#### 6. Business combination not under same control during the reporting period

Inapplicable

#### 7. Subsidiaries reduced by selling equities without control right during the reporting period

Inapplicable

#### 8. The counter purchases in the reporting period

Inapplicable

**9. Mergers in the reporting period**

Inapplicable

**10. Exchange rates of major items in financial statements for foreign entities**

Inapplicable

**(VII) Notes on major items in consolidated financial statements of the Company****1. Monetary funds**

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Amount in foreign currency	Exchange rate	Amount in RMB	Amount in foreign currency	Exchange rate	Amount in RMB
Cash:	--	--	11,528.77	--	--	4,646.82
RMB	--	--	11,528.77	--	--	4,646.82
Bank deposit:	--	--	720,577,207.59	--	--	980,371,648.14
RMB	--	--	699,285,964.35	--	--	972,782,849.67
HKD	0.00	0.7966	0.00	93.15	0.8109	75.53
USD	3,409,454.71	6.1787	21,065,997.82	1,152,484.15	6.2855	7,243,939.12
EUR	27,968.29	8.0536	225,245.42	41,452.32	8.3176	344,783.82
Other monetary funds:	--	--	15,815,330.30	--	--	5,074,595.78
RMB	--	--	15,815,330.30	--	--	5,074,595.78
Total	--	--	736,404,066.66	--	--	985,450,890.74

Special explanation shall be made for the accounts limited by being mortgaged, pledged or frozen, deposited overseas or with potential collecting risks:

Monetary capitals decreased RMB 249,046,824.08 in the period-end compared to year-begin, accounting to a decrease of 25.27%. it is mainly because the Company distributed cash bonus of the year 2012 in this period.

Bank deposits in the name of the Company and subsidiaries in the consolidated statement are kept in bank or other relevant financial organizations.

Other monetary funds in the name of the Company are deposited in refundable deposit and long-term cash deposit with settlement of exchange cash deposit of the security company.

**2. Trading financial assets****(1) Trading financial assets**

Unit: RMB Yuan

Item	Closing fair value	Opening fair value
The financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period	3,943,027.30	4,012,728.75
Total	3,943,027.30	4,012,728.75

**((2) Trading financial assets with realizable limit**

Inapplicable

**(3) Hedging instruments and notes to relevant hedging transaction**

Inapplicable

**3. Notes receivable****(1) Category of notes receivable**

Unit: RMB Yuan

Category	Closing balance	Opening balance
Bank acceptance bill	150,179,224.30	175,907,019.08
Total	150,179,224.30	175,907,019.08

**(2) Notes receivable pledged at period-end**

Inapplicable

**(3) Notes transferred to accounts receivable because drawer of the notes fails to execute the contract or agreement, and undue notes endorsed to other parties at the end of the period**

Inapplicable

**4. Dividends receivable**

Inapplicable

## 5. Interest receivable

### (1) Interest receivable

Unit: RMB Yuan

Item	Opening balance	Increase in current period	Decrease in current period	Closing balance
Interests of fixed time deposit	530,542.81	1,530,877.28	1,280,498.36	780,921.73
Total	530,542.81	1,530,877.28	1,280,498.36	780,921.73

### (2) Overdue interest

Inapplicable

## 6. Accounts receivable

### (1) Accounts receivable listed by categories

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Accounts receivable with significant single amount and individually withdrawn bad debt provision	0.00	0%	0.00	0%	0.00	0%	0.00	0%
Accounts receivable for which bad debt provisions are made on the group basis								
Common business group	585,770,704.48	100%	35,146,242.27	6%	355,326,481.06	100%	21,319,588.87	6%
Subtotal of the groups	585,770,704.48	100%	35,146,242.27	6%	355,326,481.06	100%	21,319,588.87	6%
Accounts receivable with insignificant single amount and individually withdrawn bad debt provision	0.00	0%	0.00	0%	0.00	0%	0.00	0%
Total	585,770,704.48	--	35,146,242.27	--	355,326,481.06	--	21,319,588.87	--



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

√ Applicable □ Inapplicable

Unit: RMB Yuan

Aging	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion (%)		Amount	Proportion (%)	
Including:	--	--	--	--	--	--
Subtotal of within 1 year	507,029,056.45	86.55%	30,421,743.39	347,188,347.90	97.71%	20,831,300.88
1-2 years	75,089,755.39	12.82%	4,505,385.32	6,915,023.55	1.95%	414,901.41
2-3 years	3,428,388.03	0.59%	205,703.28	1,150,735.43	0.32%	69,044.13
Over 3 years	223,504.61	0.04%	13,410.28	72,374.18	0.02%	4,342.45
Total	585,770,704.48	--	35,146,242.27	355,326,481.06	--	21,319,588.87

## (2) Accounts receivable reversed or collected in the reporting period

Inapplicable

## (3) The write-off accounts receivable

Unit: RMB Yuan

Name of entity	Nature of accounts receivable	Write-off time	Write-off amount	Write-off reason	Whether arising from related party transaction or not?
Write-off of small amount	Payment for goods	10 June 2013	39.82	Expected non-receivable	No
Total	--	--	39.82	--	--

Notes to write off of accounts receivable:

Write-off of small amount expected non-receivable.

## 4) Particulars about accounts receivable due to shareholders holding 5% (including 5%) voting rights of the Company

Unit: RMB Yuan

Name of entity	Closing balance		Opening balance	
	Book balance	Withdrawal amount	Book balance	Withdrawal amount
Prosperity Lamps & Components Limited	7,885,885.66	473,153.14	9,094,765.88	545,685.95

Total	7,885,885.66	473,153.14	9,094,765.88	545,685.95
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**(5) Information of top 5 accounts receivable:**

Unit: RMB Yuan

Name of entity	The relationship with the Company	Amount	Aging	Proportion
Unit 1	Non-related relationship	73,556,455.20	Within 1 year	12.56%
Unit 2	Non-related relationship	26,354,116.07	1-2 years	4.5%
Unit 3	Non-related relationship	16,120,137.94	1-2 years	2.75%
Unit 4	Non-related relationship	15,521,693.50	1-2 years	2.65%
Unit 5	Non-related relationship	11,573,235.00	Within 1 year	1.98%
Total	--	143,125,637.71	--	24.44%

**(6) The amounts due from related parties**

Unit: RMB Yuan

Name of entity	The relationship with the Company	Amount	Proportion
Hangzhou Youchang Lighting Appliance Co., Ltd.	Corporate acting in concert and holding 5 % of shares	2,478,190.94	0.42%
China Youchang Lighting Appliance Co., Ltd.	Corporate acting in concert and holding 5 % of shares	501,380.72	0.09%
China OSRAM Lighting Appliance Co., Ltd.	Corporate acting in concert and holding 5 % of shares	4,313,398.37	0.74%
Prosperity Lamps & Components Limited	Corporate holding 5 % of shares	7,885,885.66	1.35%
OSRAM Lighting Appliance Co., Ltd.	Corporate acting in concert and holding 5 % of shares	6,613.24	0.00%
Total	--	15,185,468.93	2.6%

**(7) Information of accounts receivable that terminated recognition**

Inapplicable

**(8) If securitization is carried out on accounts receivable as the underlying assets, please list amount of assets and liabilities arising from further involvement**

Inapplicable

## 7. Other accounts receivable

### (1) Other accounts receivable disclosed by type:

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Balance		Provision for doubtful debts		Balance		Provision for doubtful debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other accounts receivable that is individually significant and provisions for bad debts individually	17,190,000.00	23.31%			41,710,000.00	72.88%		
Other accounts receivable that provisions for bad debts by group								
Common business group	56,439,598.32	76.54%	3,386,375.90	6%	15,411,053.78	26.93%	924,663.24	6%
Subtotal of group	56,439,598.32	76.54%	3,386,375.90	6%	15,411,053.78	26.93%	924,663.24	6%
Other accounts receivable that is individually insignificant but provisions for bad debts individually	106,552.50	0.15%	106,552.50	100%	106,552.50	0.19%	106,552.50	100%
Total	73,736,150.82	--	3,492,928.40	--	57,227,606.28	--	1,031,215.74	--

Other closing accounts receivable that is individually significant and provisions for bad debts individually.

√Applicable □Inapplicable

Unit: RMB Yuan

Other accounts receivable	Book balance	Bad-debt amount	Withdrawing proportion (%)	Reason
Foshang Gaoming District Tendering and Bidding Trading Center	17,190,000.00	0.00	0%	Cash deposit of bidding for land
Total	17,190,000.00	0.00	--	--

In the group, other account receivable adopting balance percentage to withdraw bad-debt provision

√Applicable □Inapplicable

Unit: RMB Yuan

Aging	Period-end			Period-begin		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion		Amount	Proportion	
Including:						
Subtotal of within 1 year	51,275,676.67	90.85%	3,076,540.60	9,546,737.79	61.95%	572,804.27
1-2 years	4,697,868.16	8.32%	281,872.09	5,133,212.60	33.31%	307,992.76
2-3 years	29,660.02	0.05%	1,779.60	373,909.63	2.43%	22,434.58
Over 3 years	436,393.47	0.78%	26,183.61	357,193.76	2.32%	21,431.63
Total	56,439,598.32	--	3,386,375.90	15,411,053.78	--	924,663.24

Other closing individually insignificant but provisions for bad debts individually accounts receivable:

√ Applicable □ Inapplicable

Unit: RMB Yuan

Content	Book balance	Provision for bad debts	Withdrawal proportion	Reason
Fangcheng County Yuli Glass Tube Co., Ltd.	106,552.50	106,552.50	100%	Estimated to be unrecoverable
Total	106,552.50	106,552.50	--	--

**(2) Information of other accounts receivable reversed or recovered in the reporting period**

Inapplicable

**(3) Information of other accounts receivable written off in the reporting period**

Inapplicable

**(4) Other accounts receivable is due from shareholders with more than 5% (including 5%) of the voting shares of the Company**

Inapplicable

**(5) Nature or details of other significant accounts receivable**

Inapplicable

**(6) Information of top five other accounts receivable**

Unit: RMB Yuan

Name of entity	Relationship with the	Amount	Aging	Proportion of the total
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	Company			(%)
Unit 1	Related relationship	43,320,000.00	Within one year	58.75%
Unit 2	Non-related	17,190,000.00	Within one year	23.31%
Unit 3	Non-related	5,301,751.19	Within one year	7.19%
Unit 4	Non-related	1,810,595.17	1-2 years	2.46%
Unit 5	Non-related	1,568,550.00	1-2 years	2.13%
Total	--	69,190,896.36	--	93.84%

**(7) Information of the amounts due from related parties**

Unit: RMB Yuan

Name of entity	Relationship with the Company	Amount	Proportion of the total (%)
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	Associated enterprises	614,853.41	0.83%
Qinhai Fozhao Li Energy Exploration Co., Ltd.	Associated enterprises	43,320,000.00	58.75%
Total	--	43,934,853.41	59.58%

**(8) Information of other accounts receivable that terminated recognition**

Inapplicable

**(9) If securitization is carried out on other accounts receivable as the underlying assets, please list amount of assets and liabilities arising from further involvement**

Inapplicable

**8. Prepayment****(1) List by aging analysis:**

Unit: RMB Yuan

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	66,230,033.62	79.30%	10,364,024.71	83.69%
1 year to 2 years	11,277,125.67	13.50%	1,140,000.00	9.21%
2 years to 3 years	5,792,353.30	6.94%	831,986.27	6.72%

Over 3 years	222,796.27	0.26%	47,416.00	0.38%
Total	83,522,308.86	--	12,383,426.98	--

**(2) Information of the top 5 prepayment**

Unit: RMB Yuan

Name of entity	Relationship with the Company	Amount	Aging	Reason for unsettled
Unit 1	Related-party supplier	13,464,000.00	Within one year	Advance material payment
Unit 2	Non-related-party supplier	9,332,881.99	Within two years	Advance material payment
Unit 3	Non-related-party supplier	6,836,736.00	Within two years	Advance material payment
Unit 4	Non-related-party supplier	6,018,649.20	Within one year	Advance material payment
Unit 5	Non-related-party supplier	5,003,950.00	Within one year	Advance material payment
Total	--	40,656,217.19	--	--

**(3) Information about amount due from shareholders with more than 5% (including 5%) of the voting shares of the Company in prepayment**

Inapplicable

**(4) Notes of prepayment**

Balance of prepayment in the period-end increased RMB 71,138,881.88 compared with the year-begin, accounting to a increase of 574.47%, because of the increase of advanced material payment.

**9. Inventory****(1) Category**

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment of inventories	Book value	Book balance	Impairment of inventories	Book value
Raw materials	108,658,417.43	178,720.29	108,479,697.14	83,862,206.49	178,720.29	83,683,486.20
Construction contract assets	5,561,158.27	1,956,888.21	3,604,270.06	1,956,894.15	391,372.89	1,565,521.26

Inventory goods	275,625,127.32		275,625,127.32	248,832,503.39		248,832,503.39
Self-made semi-finished products	110,236,672.45		110,236,672.45	98,555,279.40		98,555,279.40
Low-value consumption goods	2,010,697.84	130,691.98	1,880,005.86	2,035,287.92	130,691.98	1,904,595.94
Total	502,092,073.31	2,266,300.48	499,825,772.83	435,242,171.35	700,785.16	434,541,386.19

**(2) Impairment of inventories**

Unit: RMB Yuan

Category	Opening balance	Provision for this period	Decrease		Closing balance
			Switch back	Written off	
Raw materials	178,720.29				178,720.29
Construction contract assets	391,372.89	1,565,515.32			1,956,888.21
Low-value consumption goods	130,691.98				130,691.98
Total	700,785.16	1,565,515.32			2,266,300.48

**(3) Details of provision for falling price of inventories**

Item	Basis for the inventory falling price provision	Reason for reversal of the inventory falling price provision	Proportion of the reversed amount in the closing balance of the inventory (%)
Products in process	The lower between the cost and the net realizable value		

According to the Ferrous Phosphate Lithium Test Report No. KL-E13085 issued by the No. 18 Research Institute of China Electronics Technology Group Corporation, the Company made a falling price provision for the stock of ferrous phosphate lithium of Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd.

**10. Other current assets**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Pending deduct VAT on purchase	16,477,687.08	2,935,179.47
Total	16,477,687.08	2,935,179.47

Notes of other current assets:

Other current assets apply pending deduct VAT on purchase.

**11. Available-for-sale financial assets****(1) Information of available-for-sale financial assets**

Unit: RMB Yuan

Item	Closing fair value	Opening fair value
Others	67,343,756.48	71,817,642.40
Total	67,343,756.48	71,817,642.40

In the reporting period, the Company reclassified the held-to-maturity investment into available-for-sale financial assets, a total of RMB0.00 was reclassified, which takes 0% of total matured investment before reclassification.

**Notes of available-for-sale financial assets**

On 18 August 2013, China Everbright Bank Co., Ltd. issued its stocks at Shanghai Security Trading Center. The Company obtained 23,546,768.00 shares of China Everbright Bank with fair value in period-end of RMB 67,343,756.48, a decrease of RMB 4,473,885.92 comparing to the year-begin. The Company decreased deferred income tax liability of RMB 671,082.88 and cut RMB 3,802,803.04 of capital reserve.

**(2) Long-term liability investment of available-for-sale financial assets**

Inapplicable

**12. Held-to-maturity investment**

Inapplicable

**13. Long-term accounts receivable**

Inapplicable

**14. Investment to joint ventures and associated enterprises**

Unit: RMB Yuan

Name of investee	Nature of enterprises	Registration place	Legal representative	Nature of business	Registered capital	Percentage of holding shares of the Company	Voting percentage of the Company in investee
I. Joint ventures							
II. Associated enterprises							
Qinghai FSL Lithium Energy Exploitation	38%	38%	124,640,260.34	43,720,000.00	80,920,260.34	0.00	-5,152,157.72



Co., Ltd.							
Guangdong Fozhao Guoxuan Power Energy Co., Ltd	50%	50%	2,743,727.58	-7,894,516.14	10,638,243.72	0.00	-705,907.74

Notes if significant differences exist between the important accounting policies and accounting estimations of joint ventures, associated enterprises and the Company:

Inapplicable

## 15. Long-term equity investment

### (1) List of long-term equity investment

Unit: RMB Yuan

Investee	Accounting method	Initial investment cost	Opening balance	Increase/decrease	Closing balance	Share holding percentage in investee	Voting percentage in investee	Explanation for differences between the share holding percentage and voting percentage in investee	Impairment provision	Withdrawn impairment provision in the reporting period	Cash bonus in the reporting period
Qinghai FSL Lithium Energy Exploitation Co., Ltd.	Equity method	38,000,000.00	25,351,617.99	-1,957,819.93	23,393,798.06	38%	38%	In accord			
Guangdong Fozhao Guoxuan Power Energy Co., Ltd	Equity method	12,600,000.00	5,672,075.73	-352,953.87	5,319,121.86	50%	50%	In accord			

Shenzhen Liangke Venture Capital Company Limited	Cost method	13,718,88 2.66	13,718,88 2.66		13,718,88 2.66	18.5%	18.5%	In accord			
Guangzh ou Zhujiang Asset Managem ent Company Limited	Cost method	10,000,00 0.00	10,000,00 0.00		10,000,00 0.00	15.38%	15.38%	In accord	3,298,904 .81		
Shenzhen Zhonghao (Group) Co., Ltd.	Cost method	5,850,000 .00	5,850,000 .00		5,850,000 .00	Less than 5%	Less than 5%	In accord	5,850,000 .00		
Chengdu Hongbo Industrial Co., Ltd.	Cost method	6,000,000 .00	6,000,000 .00		6,000,000 .00	6.94%	6.94%	In accord			
Ximen Bank Co., Ltd.	Cost method	208,574,2 17.00	292,574,1 33.00		292,574,1 33.00	7.99%	7.99%	In accord			
China Guangfa Bank Co., Ltd	Cost method	500,000.0 0	500,000.0 0		500,000.0 0	Less than 5%	Less than 5%	In accord			
Foshan Fochen Road Develop ment Company Limited	Cost method	20,757,60 0.00	9,175,627 .38		9,175,627 .38	7.66%	7.66%	In accord			
Hefei Guoxuan High-tech Power Energy Co., Ltd.	Cost method	160,000,0 00.00	160,000,0 00.00		160,000,0 00.00	14.9%	14.9%	In accord			
Total	--	476,000,6 99.66	528,842,3 36.76	-2,310,77 3.80	526,531,5 62.96	--	--	--	9,148,904 .81		

**(2) Information of the limitation on the capability to transfer capital to investee**

Inapplicable

**16. Investment property**

Inapplicable

**17. Fixed assets****(1) Fixed assets details**

Unit: RMB Yuan

Item	Opening book balance	Increase in the reporting period		Decrease in the reporting period	Closing book balance
I. Total original book value	1,697,741,571.70	38,470,301.42		63,942,023.01	1,672,269,850.11
Including: Property and building	549,704,909.97	13,253,806.91		10,776,182.28	552,182,534.60
Machineries	1,109,628,117.57	23,888,071.34		52,807,611.57	1,080,708,577.34
Vehicles	19,830,236.32	269,179.86		252,000.00	19,847,416.18
Other equipment	18,578,307.84	1,059,243.31		106,229.16	19,531,321.99
--	Opening book balance	Increase in the reporting period	Withdrawal in the reporting period	Decrease in the reporting period	Closing book balance in currency period
II. Accumulated depreciation	1,157,308,382.29		43,344,540.90	41,438,296.61	1,159,214,626.58
Including: Property and building	305,093,103.58		12,593,303.67	6,417,094.42	311,269,312.83
Machineries	827,678,477.59		29,160,995.01	34,682,386.49	822,157,086.11
Vehicles	14,086,027.51		624,843.85	239,400.00	14,471,471.36
Other equipment	10,450,773.61		965,398.37	99,415.70	11,316,756.28
--	Opening book balance	--			Closing balance in current period
III. The net book value of fixed assets	540,433,189.41	--			513,055,223.53
Including: Property and building	244,611,806.39	--			240,913,221.77
Machineries	281,949,639.98	--			258,551,491.23
Vehicles	5,744,208.81	--			5,375,944.82

Other equipment	8,127,534.23	--	8,214,565.71
IV. Total impairment provision	1,288,167.03	--	1,288,167.03
Including: Property and building	0.00	--	0.00
Machineries	1,288,167.03	--	1,288,167.03
Vehicles	0.00	--	0.00
Other equipment	0.00	--	0.00
V. Total book value of fixed assets	539,145,022.38	--	511,767,056.50
Including: Property and building	244,611,806.39	--	240,913,221.77
Machineries	280,661,472.95	--	257,263,324.20
Vehicles	5,744,208.81	--	5,375,944.82
Other equipment	8,127,534.23	--	8,214,565.71

Depreciation amount of this reporting period was RMB43,344,540.90. RMB 34,422,105.09 was transferred into fixed assets from construction project.

## (2) Fixed assets leased out from operation lease

Inapplicable

## (3) Information of fixed assets failed to accomplish certification of property

Inapplicable

## (4) Notes of fixed assets

By 30 June 2013, the Company obtained not financial leasing and possessed fixed assets for sales.

## 18. Construction in progress

### (1) Situation of construction in progress

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Fuwan Lighting Industrial Park	20,019,575.22		20,019,575.22	29,903,597.80		29,903,597.80

Furnace	10,941,970.41		10,941,970.41	12,042,118.83		12,042,118.83
Standard C Workshop	0.00		0.00	10,764,104.61		10,764,104.61
Fuwan Industrial Park Lithium Battery Manufacturing Workshop	8,431,663.63		8,431,663.63	7,931,663.63		7,931,663.63
Production lines of T8 and metal-halide lamps	8,601,701.21		8,601,701.21	7,033,225.95		7,033,225.95
The second Workshop of LED	3,325,155.84		3,325,155.84	1,625,986.42		1,625,986.42
LED devices	1,184,908.18		1,184,908.18	880,532.13		880,532.13
Rebuilding of liya line	263,330.13		263,330.13	263,330.13		263,330.13
Production line of lithium iron phosphate	16,765,264.44	2,103,083.08	14,662,181.36	16,765,264.44	2,103,083.08	14,662,181.36
Other	16,415,893.27		16,415,893.27	10,577,829.00		10,577,829.00
Total	85,949,462.33	2,103,083.08	83,846,379.25	97,787,652.94	2,103,083.08	95,684,569.86

**(2) Significant changes in construction in progress**

Unit: RMB Yuan

Name of project	Budget	Opening balance	Increase	Transferred to fixed assets	Other decrease	Project input percentage of budget	Project process	Capitalization of interest	Including: capitalization of interest this period	Capitalization of interest rate (%)	Source of funding	Closing balance
Fuwan Lighting Industrial Park	30,152,000.00	29,903,597.80	6,777,894.32		16,661,916.90	66.4%	Later period of the project				Self-owned capital	20,019,575.22
Furnace	11,500,000.00	12,042,118.83	14,183,357.92	15,283,506.34		95.15%	Later period of the project				Self-owned capital	10,941,970.41
Standard C Workshop	11,301,604.61	10,764,104.61	537,500.00	11,301,604.61		100.00%	Project completion				Self-owned capital	0.00
Fuwan Industrial Park	9,966,000.00	7,931,663.63	500,000.00			84.6%	Later period of the				Self-owned capital	8,431,663.63

Lithium Battery Manufacturing Workshop							project					
Production lines of T8 and metal-halide lamps	9,746,565.12	7,033,225.95	2,166,591.46	598,116.20		88.25%	Later period of the project				Self-owned capital	8,601,701.21
The second Workshop of LED	4,139,298.95	1,625,986.42	1,699,169.42			80.33%	Later period of the project				Self-owned capital	3,325,155.84
LED devices	1,385,000.00	880,532.13	1,171,897.39	867,521.34		85.55%	Later period of the project				Self-owned capital	1,184,908.18
Rebuilding of liya line	5,000,000.00	263,330.13				5.27%	Early period of the project				Self-owned capital	263,330.13
Production line of lithium iron phosphate	20,000,000.00	16,765,264.44	0.00			83.83%	Later period of the project				Self-owned capital	16,765,264.44
Other	37,612,950.45	10,577,829.00	13,520,566.12	6,371,356.60	1,311,145.25	43.64%	Middle period of the project				Self-owned capital	16,415,893.27
Total	140,803,419.13	97,787,652.94	40,556,976.63	34,422,105.09	17,973,062.15	--	--			--	--	85,949,462.33

**(3) Impairment provision of construction in progress**

Unit: RMB Yuan

Item	Opening amount	Increase in the reporting period	Decrease in the reporting period	Closing balance	Reason for withdrawal
lithium iron phosphate production line	2,103,083.08	0.00	0.00	2,103,083.08	
Total	2,103,083.08	0.00	0.00	2,103,083.08	--

**(4) Information of procedures of significant construction in progress**

Item	Project process	Note
Fuwan Lighting Industrial Park	Later period of the item	
Furnace	Later period of the item	
Standard C Workshop	Item complete	
Fuwan Industrial Park Lithium Battery Manufacturing Plants	Later period of the item	
Production lines of T8 and metal-halide lamps	Later period of the item	
LED No. 2 workshop	Later period of the item	
LED instruments	Later period of the item	
Rebuilding of liya line	Early period of the item	
Production line of lithium iron phosphate	Later period of the item	

**(5) Notes of construction in progress**

— None of each item of the construction in progress has to grant the capitalization of interest and exchange gains and losses.

—Mainly of other decreased items in this period are due to the land costs which had carried forward.

**19. Engineering materials**

Inapplicable

**20. Clearance of fixed assets**

Inapplicable

**21. Productive biological assets**

Inapplicable

**22. Oil and gas assets**

Inapplicable

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

Unit: RMB yuan

Item	Opening balance	Increase in this period	Decrease in this period	Closing balance
I. Total original book value	187,934,496.31	16,661,916.90	4,209,700.00	200,386,713.21
Land use right	187,734,496.31	16,661,916.90	4,209,700.00	200,186,713.21
Patent	200,000.00			200,000.00
II. Total accrued amortization	37,510,104.55	1,796,063.59	1,365,912.00	37,940,256.14
Land use right	37,333,437.53	1,786,063.57	1,365,912.00	37,753,589.10
Patent	176,667.02	10,000.02		186,667.04
III. Total net book value of intangible assets	150,424,391.76	14,865,853.31	2,843,788.00	162,446,457.07
Land use right	150,401,058.78	14,875,853.33	2,843,788.00	162,433,124.11
Patent	23,332.98	-10,000.02	0.00	13,332.96
IV. Total impairment provision	0.00	0.00	0.00	0.00
Land use right				
Patent				
V. Total book value of intangible assets	150,424,391.76	14,865,853.31	2,843,788.00	162,446,457.07
Land use right	150,401,058.78	14,875,853.33	2,843,788.00	162,433,124.11



Patent	23,332.98	-10,000.02	0.00	13,332.96
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Amortization is of RMB 1,796,063.59 in the reporting period.

## 24. Goodwill

Inapplicable

## 25. Long-term amortization expense

Inapplicable

## 26. Deferred tax assets and liabilities

(1) Deferred tax assets and liabilities are not listed as the net value after offset

### Deferred tax assets and liabilities that already recognized

Unit: RMB yuan

Item	Closing balance	Opening balance
Deferred income tax assets:		
Provision for assets impairment	7,168,211.32	4,819,079.54
Deductible losses	2,032,351.34	2,032,351.34
Depreciation of fixed assets	5,840,153.26	9,501,888.63
Payroll payable	3,669,592.37	6,501,646.52
Changes in fair value of trading financial assets	158,545.91	148,090.69
Subtotal	18,868,854.20	23,003,056.72
Deferred income tax liabilities:		
Fair value changes on available-for-sale financial assets that recognized into capital reserves	5,597,742.01	6,268,824.89
Subtotal	5,597,742.01	6,268,824.89

### List of taxable differences and deductible differences

Unit: RMB yuan

Item	Amount of temporary differences	
	Closing balance	Opening balance
Taxable difference items		
Property depreciation preparation	47,788,075.48	31,469,905.02
Depreciation of fixed assets	38,934,355.04	63,345,924.23
Payroll payable	24,463,949.15	43,344,310.15

Changes in fair value of trading financial assets	1,056,972.70	987,271.25
Undistributed deficit	8,129,405.37	8,129,405.37
Subtotal	120,372,757.74	147,276,816.02
Deductible temporary differences		
Fair value changes on available-for-sale financial assets	37,318,280.04	41,792,165.96
Subtotal	37,318,280.04	41,792,165.96

**(2) Deferred income tax assets and liabilities are listed as the net value after offset**

**Notes of deferred income tax assets and liabilities**

Unit: RMB yuan

Item	Deferred income tax assets and liabilities at the end of the period	Deferred deductible or taxable temporary differences at the end of the period	Deferred income tax assets and liabilities at the opening of the period	Deferred deductible or taxable temporary differences at the opening of the period
Deferred income tax assets	18,868,854.20		23,003,056.72	
Deferred income tax liabilities	5,597,742.01		6,268,824.89	

**27. List of provision for assets impairment**

Unit: RMB yuan

Item	Opening balance	Increase in this period	Decrease in this period		Closing balance
			Reversal	Written off	
I. Provision for bad debt	22,350,804.61	16,288,405.88		39.82	38,639,170.67
II. Provision for inventory falling price	700,785.16	1,565,515.32			2,266,300.48
III. Impairment provision of long-term equity investment	9,148,904.81				9,148,904.81
IV. Impairment provision of fixed assets	1,288,167.03				1,288,167.03
V. Impairment provision of construction in progress	2,103,083.08				2,103,083.08
Total	35,591,744.69	17,853,921.20		39.82	53,445,626.07

Notes:

Assets impairment increased is due to provision for accounts receivable and other bad debts preparation of accounts receivable.

## 28. Other non-current assets

Unit: RMB yuan

Item	Closing balance	Opening balance
Land purchase and the ownership implicit of relevant items	41,755,700.00	41,755,700.00
Prepayments for business facilities	1,543,500.54	786,030.00
Total	43,299,200.54	42,541,730.00

Notes of other non-current assets

Other non-current assets are mainly composed of land purchasing, the ownership implicit of relevant items and prepayments for business facilities.

## 29. Short-term loan

Inapplicable

## 30. Trading financial liabilities

Inapplicable

## 31. Notes payable

Inapplicable

## 32. Accounts payable

### (1) Information

Unit: RMB yuan

Item	Closing balance	Opening balance
Accounts payable	461,746,849.65	246,652,513.45
Total	458,090,616.25	246,652,513.45

(2) The accounts payable to shareholders with more than 5% (including 5%) of the voting shares of the Company

Unit: RMB yuan

Name of company	Closing balance	Opening balance
Prosperity Lamps & Components Limited	1,431,345.53	0.00
Total	1,431,345.53	0.00

**(3) Notes of the large amount of accounts payable aging over one year:**

The large amount of accounts payable aging over one year mainly is the materials unpaid accounts.

**33. Advance from customers****(1) Information**

Unit: RMB yuan

Item	Closing balance	Opening balance
Advance from customers	61,854,798.34	19,632,316.50
Total	61,854,798.34	19,632,316.50

**(2) Advanced from customers from shareholders with more than 5% (including 5%) of the voting shares of the Company**

Inapplicable

**(3) Notes of significant advance from customers aging over one year:**

Significant advance from customers aging over one year mainly is the advances on sales.

**34. Payroll payable**

Unit: RMB yuan

Item	Opening balance	Increase in this period	Decrease in this period	Closing balance
I. Salary, bonus, allowance, subsidy	1,870.00	156,863,629.78	156,845,133.78	20,366.00
II. Employee welfare	0.00	5,973,865.15	5,973,865.15	
III. Social insurance	0.00	23,707,422.07	23,707,422.07	
Including: Medical insurance premiums		8,590,381.97	8,590,381.97	
Basic endowment insurance		12,025,954.58	12,025,954.58	
Unemployment insurance		739,188.67	739,188.67	

Work-related injury insurance		1,249,816.78	1,249,816.78	
Maternity insurance		1,102,080.07	1,102,080.07	
IV. Housing fund	0.00	785,160.00	785,160.00	
V. Redemption for terminations of labor contract	0.00			
VI. Others	63,084,499.68	835,987.97	19,716,348.97	44,204,138.68
Including: Equity incentive fund	63,030,499.68	311,017.00	19,191,378.00	44,150,138.68
Labour union expenditure		524,970.97	524,970.97	
Risk authoritarian expenditure	54,000.00			54,000.00
Total	63,086,369.68	188,166,064.97	207,027,929.97	44,224,504.68

The amounts in arrears of payroll payable are RMB 0.

The labor union budget and employee education budget is RMB 524,970.97, and the non-monetary benefits are RMB 0, as well as the compensation for terminating the labor contract is RMB 0.

### 35. Taxes payable

Unit: RMB yuan

Item	Closing balance	Opening balance
Value-added tax	7,024,983.95	11,124,036.95
Business tax	83,272.61	494,827.27
Corporate income tax	31,782,290.15	37,238,233.41
Personal income tax	10,240,110.43	102,401.34
Urban maintenance and construction tax	1,277,334.86	1,724,940.48
Other taxes and fares	2,063,749.72	8,307,608.17
Total	52,471,741.72	58,992,047.62

### 36. Interest payable

Inapplicable

### 37. Dividends payable

Inapplicable

**38. Other accounts payable****(1) Information**

Unit: RMB yuan

Item	Closing balance	Opening balance
Other accounts payable	28,837,844.99	37,085,568.58
Total	28,837,844.99	37,085,568.58

**(2) Other accounts payable from shareholders with more than 5% (including 5%) of the voting shares of the Company**

Inapplicable

**(3) Notes of the other large amount accounts payable aging over one year.**

The other large amount accounts payable aging over one year mainly is the material margin paid by the suppliers.

**39. Estimated liabilities**

Inapplicable

**40. Non-current liabilities due within 1 year**

Inapplicable

**41. Other current liabilities**

Inapplicable

**42. Long-term loan**

Inapplicable

**43. Bonds payable**

Inapplicable

**44. Long-term payable**

Inapplicable

**45. Specific payable**

Inapplicable

**46. Other non-current liabilities**

Unit: RMB yuan

Item	Closing balance	Opening balance
Governmental subsidy		
Including: Governmental subsidy related to profits	0.00	0.00
Governmental subsidy related to assets.	19,191,441.69	19,353,441.69
Total	19,191,441.69	19,353,441.69

Notes of other non-current liabilities, including each government grants relevant to assets and income received in the reporting period and their closing amounts:

Notes of government subsidy listed as follows:

Unit: RMB yuan

Item	Closing balance	Opening balance	Note
Government subsidy			
Including:	9,852,274.95	9,852,274.95	No 3174 document of Fa-Gai-Tou-Zi (2008) "National Development and Reform Commission on 2009 Ten Major Energy Conservation Projects, Circular Economy and Industrial Pollution Treatment Projects in Key Watersheds and Investment Plan of New Add Central Budget 2008"
Incandescent lamps convert electronic energy saving lamps items			
Lithium iron phosphate items	4,400,000.00	4,400,000.00	No.62 document of Ning Kainan Administration and Finance [2011] "Notice on the loan with discount interest and investment subsidies of the second batch of the 'double hundred' project and industrial restructuring projects in 2011 issued in Qinghai Province"
Lithium battery cathode material of 2,750 tons annual output	2,000,000.00	2,000,000.00	No.534 document of Qingdao Economic Investment [2011]
Energy-saving fluorescent lamps of 50 million annual output	1,007,499.94	1,084,999.96	Government grant for pointed industry investment besides "4 plus 8" industries in 2010 issued by Nanjing Financial Bureau
Lithium iron phosphate industry of 2,000 tons annual output	1,000,000.00	1,000,000.00	No.136 document of Qingdao Planning and Development [2011]
Furnace desulphurization and dust removal system items	281,666.80	366,166.78	No. 689 document of NanFuFu [2009] of government of Nanhai District "specific subsidy for the desulfurization project"

555a/t Lithium ferrous sulfate production items	500,000.00	500,000.00	No.12 document of Ning Kainan Administration and Finance [2011] “Notice on the development funds issued in Qinghai province for the medium-sized and small enterprises with local characteristics in 2011”
Lithium ferrous sulfate production technology research	150,000.00	150,000.00	No.56 document of Ning Kainan Administration and Finance [2011] “Notice on the capital budget for the first patch of research and development of the applications and industrial technology”
Total:	19,191,441.69	19,353,441.69	

**47. Share capital**

Unit: RMB yuan

	Opening balance	Increase/Decrease (+/-)					Closing balance
		Issuing new shares	Bonus shares	Capitalization of public reserves	Other	Subtotal	
Total shares	978,563,745.00						978,563,745.00

**48. Treasury stock**

Inapplicable

**49. Special reserves**

Inapplicable

**50. Capital reserves**

Unit: RMB yuan

Item	Opening balance	Increase in this period	Decrease in this period	Closing balance
Capital premium (share capital premium)	582,653,147.29			582,653,147.29
Other capital reserves	42,938,095.35		3,802,803.04	39,135,292.31
Provision for equity investment	4,514.43			4,514.43
Total	625,595,757.07	0.00	3,802,803.04	621,792,954.03

Notes:

—On 18 Aug. 2010, the shares of China Everbright Bank co., LTD listed in Shanghai Securities Trading Center. The Company held 23,546,768.00 shares of Everbright Bank and its closing fair value is RMB 67,343,756.48, decreased in an amount of RMB 4,473,885.92 when compared to the opening fair value. According to the relevant rules, The Company decreased deferred income tax liability of RMB 671,082.88 and cut RMB 3,802,803.04 of capital reserve.



**51. Surplus reserves**

Unit: RMB yuan

Item	Opening balance	Increase in this period	Decrease in this period	Closing balance
Legal surplus reserves	485,607,963.60			485,607,963.60
Discretionary surplus reserves	136,886,568.36			136,886,568.36
Total	622,494,531.96			622,494,531.96

**52. Provision for general risk**

Inapplicable

**53. Retained profits**

Unit: RMB yuan

Item	Amount	Withdrawal or distributed proportion
Opening balance of retained profits before adjustments	723,452,942.14	--
Opening balance of retained profits after adjustments	723,452,942.14	--
Add: Net profit attributable to owners of the Company	153,047,291.37	--
Dividend of common stock payable	303,354,760.95	
Closing retained profits	573,145,472.56	--

List of adjustment of opening retained profits:

- 1) RMB000 opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- 2) RMB000 opening retained profits was affected by changes on accounting policies.
- 3) RMB000 opening retained profits was affected by correction of significant accounting errors.
- 4) RMB000 opening retained profits was affected by changes in combination scope arising from same control.
- 5) RMB000 opening retained profits was affected totally by other adjustments.

**54. Revenue and Cost of Sales****(1) Revenue and Cost of Sales**

Unit: RMB yuan

Item	Reporting period	Same period of last year
Sales of main business	1,182,317,613.69	1,053,241,246.58
Other operating income	25,942,832.37	11,095,877.67

Cost of sales	925,675,209.12	792,978,460.81
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**(2) Main business (Classified by industry)**

Unit: RMB yuan

Industry	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Lighting components and lamps	1,182,317,613.69	909,136,643.67	1,043,293,038.07	781,366,213.55
Revenue of hotels			9,948,208.51	7,316,095.61
Total	1,182,317,613.69	909,136,643.67	1,053,241,246.58	788,682,309.16

**(3) Main business (Classified by product)**

Unit: RMB yuan

Product	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Lighting components and lamps	1,182,317,613.69	909,136,643.67	1,043,293,038.07	781,366,213.55
Revenue of hotels			9,948,208.51	7,316,095.61
Total	1,182,317,613.69	909,136,643.67	1,053,241,246.58	788,682,309.16

**(4) Main business (Classified by area)**

Unit: RMB yuan

Area	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Lighting components and lamps:				
Domestic sales	854,494,345.56	669,777,009.95	727,821,911.07	552,853,906.65
Export sales	327,823,268.13	239,359,633.72	315,471,127.00	228,512,306.90
Revenue of hotels				
Domestic			9,948,208.51	7,316,095.61
Total	1,182,317,613.69	909,136,643.67	1,053,241,246.58	788,682,309.16

**(5) The revenue of sales from the top five customers**

Unit: RMB yuan

Customer	Main business revenue	Proportion of total business revenue (%)
Customer 1	36,306,125.75	3.00%
Customer 2	28,636,251.38	2.37%

Customer 3	23,298,724.88	1.93%
Customer 4	19,978,405.61	1.65%
Customer 5	17,452,839.47	1.44%
Total	125,672,347.09	10.39%

**55. Contract project incomes**

Inapplicable

**56. Business tax and surcharges**

Unit: RMB yuan

Item	Reporting period	Same period of last year	Calculation and payment standard
Business tax	409,637.15	531,867.02	5% of taxable income
Urban maintenance and construction tax	7,714,158.28	5,748,365.40	7% of turnover tax
Education surtax	5,573,835.89	4,111,763.41	3-5% of turnover tax
Others		34,961.20	
Total	13,697,631.32	10,426,957.03	--

**57. Selling expenses**

Unit: RMB yuan

Item	Reporting period	Same period of last year
Traffic expenses	21,153,629.91	17,878,656.24
Energy saving product promotion services expenses	832,380.00	3,824,428.36
Wages	12,193,767.40	9,037,350.15
Advertising, business costs	4,688,044.76	7,668,942.23
Commission	1,127,337.29	1,356,104.15
Travel expenses	1,423,080.88	1,585,873.35
Others	3,012,999.84	5,602,526.71
Total	44,431,240.08	46,953,881.19

**58. Administration expenses**

Unit: RMB yuan

Item	Reporting period	Same period of last year
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The worker wages and salaries	13,261,609.74	14,423,324.60
Depreciation expenses	7,942,950.50	7,060,459.58
Tax fees	5,905,536.61	12,988,961.62
Administrative expenses	2,924,002.32	2,844,735.16
Depreciation on intangible assets	1,796,063.59	2,263,962.06
R&D expenses	1,944,808.32	500,000.00
Testing expense	849,289.88	1,322,108.76
Others	43,308,140.57	34,160,813.69
Total	77,932,401.53	75,564,365.47

## 59. Financial expenses

Unit: RMB yuan

Item	Reporting period	Same period of last year
Interest expenses	-8,345,219.86	-6,953,693.08
Exchange losses	3,317,882.75	-540,017.49
Others	1,063,519.22	334,116.39
Total	-3,963,817.89	-7,159,594.18

## 60. Gains and losses from changes in fair value

Unit: RMB yuan

Source	Reporting period	Same period of last year
Trading financial assets	-69,701.45	64,722.78
Total	-69,701.45	64,722.78

## 61. Investment income

### (1) List of investment income

Unit: RMB yuan

Item	Reporting period	Same period of last year
Long-term equity investment income accounted by cost method		14,571,414.00
Long-term equity investment income accounted by equity method	-2,310,773.80	-1,218,791.19
Investment income received from holding of available-for-sale financial assets	1,365,712.54	3,131,720.14

Total	-945,061.26	16,484,342.95
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**(2) Long-term equity investment income accounted by cost method**

Unit: RMB yuan

Name of investee	Reporting period	Same period of last year	Reason for increase/decrease
Xiamen Bank Inc.		14,571,414.00	Haven't receive the dividend payment of the Bank in this period
Total	0.00	14,571,414.00	--

**(3) Long-term equity investment income accounted by equity method**

Unit: RMB yuan

Name of investee	Reporting period	Same period of last year	Reason for increase/decrease
Qinghai Fozhao Lithium Energy Development Co., Ltd.	-1,957,819.93	124,436.84	Loss in this period
Guangdong Fozhao Guoxuan Power Battery Co., Ltd.	-352,953.87	-1,343,228.03	Loss decreased in this period
Total	-2,310,773.80	-1,218,791.19	--

**62. Impairment losses**

Unit: RMB yuan

Item	Reporting period	Same period of last year
I. Loss on bad debts	16,288,405.88	1,158,138.87
Asset impairment loss on inventories	1,565,515.32	0
Total	17,853,921.20	1,158,138.87

**63. Non-operating gains****(1) List of non-operating gains**

Unit: RMB yuan

Item	Reporting period	Same period of last year	Included in the amount of the non-recurring gains and losses of the current period
Total gains from disposal of non-current assets	16,786,499.21		16,786,499.21
Including: Gains from disposal of fixed	10,337,873.72		10,337,873.72

assets			
Gains from disposal of intangible assets	6,448,625.49		6,448,625.49
Government grants	54,481,517.78	382,000.00	302,499.98
Others	412,143.18	501,683.34	412,143.18
Total	71,680,160.17	883,683.34	17,501,142.37

**(2) List of government grants**

Unit: RMB yuan

Item	Reporting period	Same period of last year	Notes
Province energy-saving special funds in 2011		90,000.00	
Guangdong Province special funds for exploiting international market in 2010		71,000.00	
Special funds for transformation and upgrading of processing trade		1,000.00	
Foshan special funds for promoting the development of processing trade in 2011		30,000.00	
Special funds for transformation and upgrading of processing trade (Project on increasing domestic demands)		60,000.00	
Foshan special funds for exploiting international market in 2011		30,000.00	
Award for major taxpayer		100,000.00	
Financial subsidies of efficient lighting products promoting project	54,179,017.80		
Foshan project funding of supporting relevant economic development items	200,000.00		
Incentive subsidy funds of No.36 groups of early retirement incentive of yellow label car	18,000.00		
Furnace desulphurization system items	84,499.98		
Total	54,481,517.78	382,000.00	--

Notes of non-operating gains: “Financial subsidies of efficient lighting products promoting project” in this period increased in great amount was mainly due to the reference of the affirm income of government energy subsidies of the No.3 Document of State Administration of Taxation (2013).

#### 64. Non-operating expenses

Unit: RMB yuan

Item	Reporting period	Same period of last year	Included in the amount of the non-recurring gains and losses of the current period
Loss on disposal of non-current assets	908,276.06	119,256.76	908,276.06
Including: Loss on disposal of fixed assets	908,276.06	119,256.76	908,276.06
External donation	5,600,000.00		5,600,000.00
Others	4,192,162.77	2,361,959.53	2,881,017.52
Total	10,700,438.83	2,481,216.29	9,389,293.58

#### 65. Income tax expense

Unit: RMB yuan

Item	Reporting period	Same period of last year
Current income tax expense accounted by tax and relevant regulations	37,895,236.07	25,994,129.93
Adjustment of income tax	1,719,106.18	-377,470.32
Total	39,614,342.25	25,616,659.61

#### 66. Calculation procedure of basic earnings per share and diluted earnings per share

(1) Basic EPS =  $P_0 \div S$

$S = S_0 + S_1 + S_i \times M_i \div M_0 - S_j \times M_j \div M_0 - S_k$  (= total number of shares at the period-begin + the number of shares increased due to transferring capital reserve into share capital + number of shares increased due to issuance of new shares \* the next month for increase of shares/the number of months during the reporting period)

Of which:  $P_0$  refers to net profit attributable to shareholders holding ordinary shares or net profit attributable to shareholders holding ordinary shares after deducting non-recurring gains and losses;  $S$  weighted average number of ordinary shares issued out;  $S_0$  refers to total number of shares at the period-begin;  $S_1$  refers to the number of shares increased due to transferring capital reserve into share capital or dividend distribution of shares during the reporting period;  $S_i$  refers to the number of shares increased due to issuance of new shares or debt for equity swap during the reporting period;  $S_j$  refers to the number of shares decreased due to stock repurchase during the reporting period;  $S_k$  refers to the number of split-share during the reporting period;  $M_0$  refers to the number of months during the reporting period;  $M_i$  refers to the number of months from the next month to the end of the reporting period for increase of shares;  $M_j$  refers to the number of months from the next month to the end of the reporting period for decrease of shares

Denominator of EPS for 2012 and 2011 being: S= 978,563,745 shares

(2) Diluted EPS =  $P1 / (S0 + S1 + Si \times Mi \div M0 - Sj \times Mj \div M0 - Sk + \text{weighted average amount of ordinary shares increased due to subscription warrant, stock options, convertible bonds, etc.})$

Of which, P1 refers to net profit attributable to shareholders holding ordinary shares or net profit attributable to shareholders holding ordinary shares after deducting non-recurring gains and losses. The Company considered all influence of dilutive potential ordinary share against net profit and made adjustment according to the provisions of Accounting Standard for Business Enterprise. When the Company calculated diluted EPS, it shall consider all influence of dilutive potential ordinary share against net profit attributable to shareholders holding ordinary shares or net profit attributable to shareholders holding ordinary shares after deducting non-recurring gains and losses, till to minimum diluted EPS.

## 67. Other comprehensive income

Unit: RMB yuan

Item	Reporting period	Same period of last year
1. Profits/(losses) from available-for-sale financial assets	-4,473,885.92	-235,467.68
Less: Effects on income tax generating from available-for-sale financial assets	-671,082.88	-35,320.15
Subtotal	-3,802,803.04	-200,147.53
Total	-3,802,803.04	-200,147.53

## 68. Notes of Cash Flow Statement

### (1) Other cash received relevant to operating activities

Unit: RMB yuan

Item	Amount
Equity transfer in advance	17,200,000.00
Interests on deposit	8,337,902.92
Scrap revenues	2,552,937.61
Property and rental income	812,350.42
Interest on deposits	930,000.00
Others	1,319,817.69
Total	31,153,008.64



**(2) Other cash paid relevant to operating activities**

Unit: RMB yuan

Item	Amount
Offering the grants in aid to the joint ventures	43,320,000.00
Transportation fees	27,848,017.59
Advertising fees	4,688,044.76
Energy-saving promotion fees	832,380.00
Office expenses	3,387,890.98
Travel expenses	1,423,080.88
Commissions	1,127,337.29
Donations, punishment and compensations	8,501,933.32
Margins	1,860,660.00
Spare parts, maintenances, and service charges	2,956,475.14
Audit fees, legal fees, appraisal fees, inspection fees	4,017,433.22
Others	6,628,881.21
<b>Total</b>	<b>106,592,134.39</b>

**(3) Other cash received relevant to investment activities**

Inapplicable

**(4) Other cash paid relevant to investment activities**

Inapplicable

**(5) Other cash received relevant to financing activities**

Inapplicable

**(6) Other cash paid relevant to financing activities**

Inapplicable

**69. Supplemental information for Cash Flow Statement****(1) Supplemental information for Cash Flow Statement**

Unit: RMB yuan

Supplemental information	Reporting period	Same period of last year
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1. Reconciliation of net profit to net cash flows generated from operations:	--	--
Net profit	152,984,477.08	133,749,788.23
Add: Provision for assets impairments	17,853,921.20	1,158,138.87
Depreciation of fixed assets, oil-gas assets and productive biological assets	43,344,540.90	47,683,848.31
Amortization of intangible assets	1,796,063.59	2,163,962.06
Losses/gains on disposal of property, intangible asset and other long-term assets (gains: negative)	-15,475,353.96	119,256.76
Losses/gains on scrapped of fixed assets (gains: negative)	908,276.06	
Losses/gains from variation of fair value (gains: negative)	69,701.45	-64,722.78
Financial cost (income: negative)	2,050,576.88	237,375.56
Investment loss (gains: negative)	945,061.26	-16,484,342.95
Decrease in deferred tax assets (increase: negative)	4,134,202.52	594,502.96
Increase in deferred tax liabilities (decrease: negative)	-65,284,386.64	4,800,612.27
Decrease in inventory (increase: negative)	-243,976,257.07	-13,839,413.51
Decrease in accounts receivable from operating activities (increase: negative)	112,361,429.34	74,366,509.05
Net cash flows generated from operating activities	11,712,252.61	234,485,514.83
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Change of cash and cash equivalent:	--	--
Closing balance of Cash	736,404,066.66	926,267,115.32
Less: opening balance of cash	985,450,890.74	690,691,751.15
The net increase in cash and cash equivalents	-249,046,824.08	235,575,364.17

## (2) Relevant information of acquisition or disposal of subsidiaries and other operation entities in the reporting period

Unit: RMB yuan

Supplemental information	Reporting period	Same period of last year
I. Relevant information on acquisition of subsidiaries and other operation entities:	--	--
Cash and cash equivalents paid for acquisition of subsidiaries and other operation entities		
II. Relevant information on disposal of subsidiaries and other operation entities	--	--

Cash and cash equivalents received for disposal of subsidiaries and other operation entities 物	8,620,727.49	
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**(3) Composition of cash and cash equivalents**

Unit: RMB yuan

Item	Closing balance	Opening balance
I. Cash	736,404,066.66	985,450,890.74
Including: Cash on hand	11,528.77	4,646.82
Bank deposit on demand	720,577,207.59	980,371,648.14
Other monetary funds on demand	15,815,330.30	5,074,595.78
II. Closing balance of cash and cash equivalents	736,404,066.66	985,450,890.74

**70. Notes to statement of changes in owners' equity**

Inapplicable

**VIII. Accounting treatment of assets securitization business**

Inapplicable

**IX. Related Parties and Related-party Transactions****1. Information of the parent company of the Company**

Inapplicable

**2. Information of subsidiaries of the Company**

Unit: RMB yuan

Full name	Type	Business type	Registered place	Legal representative	Business nature	Registered capital	Percentage of Shareholding (%)	Percentage of voting right (%)	Organization code
Foshan Chansheng Electronic Ballast Co., Ltd.	Controlled subsidiary	Limited company	64 Fenjiang North Road, Foshan	Pan Jie	Manufacturing electronic ballasts, electronic transformers and	1,000,000.00	75%	75%	75207544-3

					electronic triggers.				
Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	Controlled subsidiary	Limited company	Cangjiang Industrial Park, Gaoming District, Foshan	Zhong Xincui	Production and operation of lamps, electric light source products and accessories, installation and related engineering and consulting business.	72,782,944.00	70%	70%	77920377-5
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	Controlled subsidiary	Limited company	Cangjiang Industrial Park, Gaoming District, Foshan	Zhong Xincui	Research, development, production and sales of lighting, household appliances and accessories and other lighting products.	500,000.00	70%	70%	78203558-1
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	Controlled subsidiary	Limited company	Honglan Town, Lishui County, Nanjing	Zhong Xincui	Production of energy-saving photoelectric source products, lamps and lanterns, light source equipments, illumination engineering;	41,683,200.00	100%	100%	74539880-X

					technologic al developmen t of energy-savi ng and production of relevant components ; sales of self-product ion products				
Foshan Lighting Lamps and Lanterns Co., Ltd.	Controlled subsidiary	Limited company	Hefu Road E., Cangjiang Industrial Park, Gaoming District, Foshan	Zhong Xincai	R&D and production of electric light source lamp products and relevant electric engineering materials, metal material and non-metal material	5,000,000.0 0	100%	100%	68638090-8
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	Controlled subsidiary	Limited company	428, Office Building, Managemen t Board, Xinxiang Industrial Park, Henan	Zhong Xincai	Production and sales of electric light source equipment and electric light source products, sales of accessories of electric light source, electric light source materials, electric engineering materials,	10,000,000. 00	100%	100%	68818685-0

					accessories for motor vehicles, lamps and components				
Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd	Controlled subsidiary	Limited company	4/F, 26 Chuangye Road, Nanchuan Industrial Park District, Xining	Zhong Xincai	Production and sales of lithium ion battery cathode materials	42,000,000.00	51%	51%	69854199-1
Guangdong Fozhao Financial Leasing Co., Ltd.	Controlled subsidiary	Limited company	64 Fenjiang North Road, Foshan	Liu Xingming	Financing lease, lease, consultancy and guarantee of lease; financing lease of new-energy mobile and main components, lighting and energy-saving products, as well as some project	200,000,000.00	100%	100%	57641298-0
Foshan Lighting Equipment Co., Ltd.	Controlled subsidiary	Limited company	Foshan Nanhai District Luocun Town Business Industrial Zone	Liu Xingming	R&D and production of electric light source lamp products and electric light source products, sales of accessories	15,000,000.00	100%	100%	06851850-0

					ries of electric light source, electric light source materials, electric engineering materials, sales of lighting and accessories, electric engineering materials, accessories for motor vehicles, household appliances, electrical socket and switch, fire fighting products, ventilation equipment, LED products...				
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### 3. Information of joint ventures and associated enterprises

Name of investee	Business type	Registered address	Legal representative	Business nature	Registered capital	Currency	Percentage of shareholding (%)	Relationship	Organization code
I. Joint ventures									
II. Associated enterprises									
Qinghai FSL Lithium Energy Exploitation Co., Ltd.	Limited company	Qinghai	Zhong Xincai	Comprehensive development and utilization of salt lake resources	100,000,000	38%	38%	Share company	69918800-2

Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	Limited company	Foshan	Li Zhen	R&D, production and sales of lithium-ion battery and its control system	50,000,000	50%	50%	Share company	57787827-2
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#### 4. Information of other related parties of the Company

Name of other related party	Relationship	Organization code
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	74203276-5
Hangzhou Times Lighting and Electrical Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	67918465-0
Prosperity Electrical (China) Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	60136020-4
Prosperity Lamps & Components Limited	Shareholder holding more than 5% equity of the Company	250727
Zhejiang Youchang Lighting Appliance Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	Canceled
Prosperity (Xinxiang) Electro-Optical Machinery Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	76946523-7
Prosperity (Xinxiang) Lighting Machinery Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	68568572-6
Prosperity Lewanli (Hangzhou) Metal Products Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	79969289-5
Jinzhou Youxin Electronic Materials Co., Ltd.	Related natural person as a director of the Company	76540062-0
Fuyu Industrial Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	220562
Gengduoliang Lighting Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	293573
Jinzhou Changhua Carbon Products Co., Ltd.	Related natural person as a director of the Company	78878801-5
Prosperity Nanlong Co., Ltd.	Related natural person as a director of the Company	561342
Nanlong Investment Co., Ltd.	Related natural person as a director of the Company	147431



Xiangguang Appliance Co., Ltd.	Related natural person as a director of the Company	06585123
OSRAM Holdings Limited	Holding 5% or more shares of a legal person	909380
OSRAM (China) Lighting Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	61763873-3
OSRAM (Hong Kong) Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	1098945
OSRAM (Asia-Pacific) Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	1022109
OSRAM (Youchang) Co., Ltd.	Related natural person as a director of the Company	530385
Guangzhou Zhongde Electronic Co., Ltd.	Related natural person as a director of the Company	61878662-3
OSRAM Electronic Co., Ltd.	Related natural person as a director of the Company	408480
OSRAM (Taiwan) Inc.	Related natural person as a director of the Company	23060514
Prosperity Xiteke Lighting (Langfang) Co., Ltd.	Related natural person as a director of the Company	75752065-7
OSRAM Opto Semiconductor (China) Co., Ltd.	Related natural person as a director of the Company	05524191-X
OSRAM Opto Semiconductors Asia Ltd.	Related natural person as a director of the Company	1161648
OSRAM Australia Pty., Ltd.	Holding 5% or more shares of a legal person acting in concert	ACN 050 103 181
OSRAM India Pvt. Ltd.	Related natural person as a director of the Company	U31501HR1993PTC034712
OSRAM Korea Co Ltd.	Related natural person as a director of the Company	110111-0546072
OSRAM Malaysia Sdn. Bhd.	Related natural person as a director of the Company	491867-X
OSRAM Thailand Co Ltd.	Related natural person as a director of the Company	0105537083620
OSRAM Opto Semiconductors(Malaysia) Sdn Bhd.	Related natural person as a director of the Company	11935-P
Siteco Lighting(Malaysia) Sdn Bhd	Related natural person as a director of the Company	315345-A

OSRAM Pte Ltd.	Related natural person as a director of the Company	198900394M
Prosperity Electric Corporation	Holding 5% or more shares of a legal person acting in concert	49296
Leigh Co., Ltd	Holding 5% or more shares of a legal person acting in concert	58986
Shanghai Beiyi Lighting Equipment Co., Ltd.	Company affected by related natural person	74959758-2
Shanghai Haiyue Screen Co., Ltd.	Associated natural control of the Company	75318366-5
Shanghai Zhuowang International Trade Co., Ltd.	Associated natural control of the Company	69878181-3
Qinghai Salt Lake Fozhao Lanke Lithium Industry Co., Ltd.	Subsidiary of associated enterprises	78143985-9
Swanki (Foshan) Electric Corporation	Associated natural control of the Company	66984855-6
Zlamp (Foshan) Enterprise Co., Ltd.	Associated natural control of the Company	71470205-5
Qinghai Power New Energy Material Co., Ltd.	Company affected by related natural person	67918465-0
(HK) Qinghai Tianji Rare Elements Technology Development Co., Ltd.,	Company affected by related natural person	
Shanghai Liangqi Electrical Appliance Co., Ltd.	Associated natural control of the Company	Canceled
Foshan Nanhai Guangming Electric Appliance Co., Ltd.	Associated natural control of the Company	X1765759-4
Foshan Gaoming District Ruibeike Electric Lighting Source Materials Co., Ltd.	Company affected by related natural person	78203960-0
Foshan Feidelun Electric Co., Ltd.	Company affected by related natural person	56082515-8
Xiamen Jiandawei Optoelectronics Technology Co., Ltd	Associated natural control of the Company	57502784-5
Nanjing Kaixiang Electric Lighting Source Co., Ltd.	Company affected by related natural person	79710047-0
Haolin Lighting & Electrical Department of Foshan Chancheng District	Company affected by related natural person	
Foshan Hongbang Electrical & Lighting Co., Ltd.	Company affected by related natural person	72649983-2
Foshan Gaoming Shijia Lighting Co., Ltd.	Associated natural control of the Company	66496642-2
Foshan Nanhai District Luocun TuoxiangPlastic Hardware Lighting	Associated natural control of the Company	74997476-3

Factory		
Foshan Gaoming District Liangqi Appliance Co., Ltd.	Associated natural control of the Company	66496641-4
Ruibeike North American Investment Co., Ltd. (Canada)	Associated natural control of the Company	
Shenyang Zhongzhou Shenghua Financial Management Ltd.	Associated natural control of the Company	78874823-2
Liaoning Huize CPA Limited	Associated natural person as executives of the Company	24333962-3

## 5. Related-party transactions

### (1) Purchase of goods and acceptance of service

Unit: RMB yuan

Related party	Content of the transaction	Pricing method and decision-making procedures for the transaction	Reporting period		Same period of last year	
			Amount	Proportion (%)	Amount	Proportion (%)
Hangzhou Times Lighting and Electrical Co., Ltd.	Purchase of materials	Market price	6,495.72	0%		
Prosperity Electrical (China) Co., Ltd.	Purchase of materials	Market price	14,826,972.16	1.43%	1,325,908.88	0.2%
OSRAM (China) Lighting Co., Ltd.	Purchase of materials	Market price	62,400.00	0.01%		
Prosperity Lamps & Components Limited	Purchase of materials	Market price	2,124,394.74	0.2%	3,538,731.82	0.54%
Prosperity (Xinxiang) Electro-Optical Machinery Co., Ltd.	Purchase of materials	Market price	29,709.50	0%		
Prosperity Xiteke Lighting (Langfang) Co., Ltd.	Purchase of materials	Market price	1,352,030.73	0.13%		
Prosperity (Xinxiang) Lighting Machinery Co., Ltd.	Purchase of materials	Market price			73,525.00	0.01%
Zlamp (Foshan) Enterprise Co., Ltd.	Purchase of materials	Market price			42,706.50	0.01%

Nanjing Kaixiang Electric Lighting Source Co., Ltd.	Purchase of materials	Market price			3,042,565.63	0.46%
Foshan Feidelun Electric Co., Ltd.	Purchase of materials	Market price			11,485,828.88	1.75%
Xiamen Jiandawei Optoelectronics Technology Co., Ltd	Purchase of materials	Market price			2,667,038.80	0.41%
Foshan Nanhai Guangming Electric Appliance Co., Ltd.	Purchase of materials	Market price			1,604,717.74	0.24%
Prosperity Lamps & Components Limited	Purchase of equipments	Market price	1,340,388.53	3.44%		
Prosperity(Xinxiang) Electro-Optical Machinery Co., Ltd.	Purchase of equipments	Market price			122,913.12	0.02%
Prosperity (Xinxiang) Lighting Machinery Co., Ltd	Purchase of equipments	Market price	720,598.29	1.85%		

**Sales of goods and rendering of service**

Unit: RMB yuan

Related party	Content of the transaction	Pricing method and decision-making procedures for the transaction	Reporting period		Same period of last year	
			Amount	Proportion (%)	Amount	Proportion (%)
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Sales of products	Market price	2,511,662.66	0.15%	200,536.41	0.02%
Prosperity Electrical (China) Co., Ltd.	Sales of products	Market price	507,807.33	0.03%	915,636.05	0.09%
OSRAM (China) Lighting Co., Ltd.	Sales of products	Market price	5,577,548.29	0.34%	8,061,088.70	0.76%
Prosperity Lighting Equipment Co., Ltd.	Sales of products	Market price	23,298,724.88	1.44%	31,828,850.58	2.98%
OSRAM (Asia-Pacific) Co., Ltd.	Sales of products	Market price	13,026.17	0.00%		
Swanki (Foshan)	Sales of products	Market price			1,330,543.30	0.12%

Electric Corporation						
Zlamp (Foshan) Enterprise Co., Ltd.	Sales of products	Market price			1,512,785.15	0.14%
Foshan Hongbang Electrical & Lighting Co., Ltd.	Sales of products	Market price			5,326,231.90	0.5%
Foshan Feidelun Electric Co., Ltd.	Sales of products	Market price			6,123,165.25	0.57%
Nanjing Kaixiang Electric Lighting Source Co., Ltd.	Sales of products	Market price			2,155,057.53	0.2%
Haolin Lighting & Electrical Department of Foshan Chancheng District	Sales of products	Market price			200,564.03	0.02%

**(2) Information of related party trust/contract**

Inapplicable

**(3) Information of related-party lease**

Rental situation of the Company

Unit: RMB yuan

Name of lessor	Name of lessee	Category of the leased assets	Initial date	Ending date	Pricing basis for the rental income	Rental income recognized in the reporting period
Foshan Electrical and Lighting Co., Ltd.	Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	Plants	1, Apr, 2012	31, Mar, 2013	Negotiated price	122,005.78

Lease situation of the Company

Inapplicable

**(4) Information of related-party guarantee**

Inapplicable

**(5) Related-party call loan**

Inapplicable

**(6) Information about assets transfer, debt reorganization of related parties**

Inapplicable

**(7) Other related-party transaction****Sales commission paid**

The Company signed a Product Sales Commission Agreement with Prosperity Lamps & Components Limited, paying the relevant commissions with a certain ratio (3%~5%) of the actual amount of goods purchased by Prosperity Lamps & Components Limited from it, and the total commission paid by the Company in the first half year of 2013 stood at RMB 952,980.69.

**Power charge**

The Company collected a power charge of RMB 42,678.62 from Guangdong Fozhao Guoxuan Power Energy Co., Ltd. in the first half year of 2012.

**6. Amounts due from/to related parties****Amount due from related parties**

Unit: RMB yuan

Name	Related party	Closing balance		Opening balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	2,478,190.94	148,691.46	806,749.31	48,404.96
Accounts receivable	Prosperity Electrical (China) Co., Ltd.	501,380.72	30,082.84	456,177.84	27,370.67
Accounts receivable	OSRAM (China) Lighting Co., Ltd.	4,313,398.37	258,803.90	3,488,281.07	209,296.86
Accounts receivable	Prosperity Lamps & Components Limited	7,885,885.66	473,153.14	9,094,765.88	545,685.95
Accounts receivable	OSRAM (Asia-Pacific) Co., Ltd.	6,613.24	396.79		
Other accounts receivable	Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	614,853.41	36,891.20	342,799.42	20,567.97
Other accounts receivable	Qinghai FSL Lithium Energy Exploitation Co., Ltd.	43,320,000.00	2,599,200.00		

## Amount due to related parties

Unit: RMB yuan

Name	Related party	Closing balance	Opening balance
Other amounts payable	Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	300.00	300.00
Other amounts payable	F1, No.13 Shop, No.18 of Fenjiang North Road (Zhong Yongliang)	2,100.00	
Accounts payable	Zlamp (Foshan) Enterprise Co., Ltd.	262.39	26,272.39
Accounts payable	Foshan Nanhai Guangming Electric Appliance Co., Ltd.		23,686.61
Accounts payable	Hangzhou Times Lighting and Electrical Co., Ltd.	6,495.72	
Accounts payable	Prosperity Electrical (China) Co., Ltd.	7,814,530.49	
Accounts payable	OSRAM (China) Lighting Co., Ltd.	62,400.00	
Accounts payable	Prosperity Lamps & Components Limited	1,431,345.53	
Accounts payable	Prosperity (Xinxiang) Lighting Machinery Co., Ltd.	11,179.50	
Advance from customer	Foshan Feidelun Electric Co., Ltd.	34,444.42	
Advance from customer	Nanjing Kaixiang Electric Lighting Source Co., Ltd.	1,307.74	
Advance from customer	Prosperity Electrical (China) Co., Ltd.	13,464,000.00	
Advance from customer	Prosperity (Xinxiang) Lighting Machinery Co., Ltd.	472,419.00	

**(X) Share-based Payment****1. Overview of share-based payment**

Inapplicable

**2. Information of equity-settled share-based payment**

Inapplicable

**3. Information of cash-settled share-based payment**

Inapplicable

**4. Information of share-based payment service**

Inapplicable

**5. Modification, termination of share-based payment**

Inapplicable

**(XI) Contingency**

Inapplicable

**(XII) Commitments**

Inapplicable

**(XIII) Events after the Balance Sheet Date**

According to the “Proposal on Transferring Equity-holdings in Shenzhen Liangke Venture Capital Company Limited” reviewed and approved at the 18<sup>th</sup> Session of the 6<sup>th</sup> Board of Directors on 28 Jun. 2012, up to 1 Jul. 2013, the Company had received all the transfer payment. On 22 Aug. 2013, the transfer of the 18.5% stake that the Company had held in Shenzhen Liangke Venture Capital Company Limited was completed, generating a gain about RMB 8.97 million.

**(XIV) Notes of other significant events**

**1. Exchange of non-monetary assets**

Naught

**2. Debt reorganization**

Naught

**3. Business combination**

Naught

**4. Lease**

Naught

**5. Closing financial instruments that externally issued and convertible into shares**

Naught



**6. Fair value of assets and liabilities**

Unit: RMB yuan

Item	Opening amount	Gains and losses of fair value in this period	Included in the rights and interests of the cumulative changes in the fair value	Provision for impairment in this period	Closing amount
<b>Financial assets</b>					
1. Financial assets recognized into current gains and losses by calculated in fair value (excluded derivative financial assets)	4,012,728.75	-69,701.45			3,943,027.30
2. Available-for-sale financial assets	71,817,642.40		-4,473,885.92		67,343,756.48
Subtotal of financial assets	75,830,371.15	-69,701.45	-4,473,885.92		71,286,783.78
Subtotal	75,830,371.15	-69,701.45	-4,473,885.92		71,286,783.78
Financial liabilities	0.00				0.00

**7. Foreign financial assets and liabilities**

Inapplicable

**8. Main content of pension plans and significant changes**

Inapplicable

**(XV) Notes of main items in the financial statements of the parent Company****1. Accounts receivable****(1) Accounts receivable**

Unit: RMB yuan

Category	Closing balance				Opening balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)

Accounts receivable with significant single amount and individually withdrawn bad debt provision	0.00	0%	0.00	0%	0.00	0%	0.00	0%
Accounts receivable for which bad debt provisions are made on the group basis								
Ordinary business group	570,079,691.16	89.17%	34,204,781.47	6%	342,362,672.46	89.27%	20,541,760.35	6%
Internal business group	69,203,850.22	10.83%			41,135,699.60	10.73%		
Subtotal of the groups	639,283,541.38	100%	34,204,781.47	5.35%	383,498,372.06	100%	20,541,760.35	5.36%
Accounts receivable with insignificant single amount but individually withdrawn bad debt provision	0.00	0%	0.00	0%	0.00	0%	0.00	0%
Total	639,283,541.38	--	34,204,781.47	--	383,498,372.06	--	20,541,760.35	--

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

√ Applicable □ Inapplicable

Unit: RMB yuan

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Including:	--	--	--	--	--	--
Within 1 year	492,667,223.74	86.42%	29,560,033.42	334,314,599.78	97.65%	20,058,875.99
1-2 years	73,911,455.26	12.97%	4,434,687.32	6,889,843.55	2.01%	413,390.61
2-3 years	3,501,012.16	0.61%	210,060.73	1,109,827.23	0.32%	66,589.63
Over 3 years	0.00	0.00%	0.00	48,401.90	0.01%	2,904.12
Total	570,079,691.16	--	34,204,781.47	342,362,672.46	--	20,541,760.35

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

√ Applicable □ Inapplicable

Unit: RMB yuan

Name of the groups	Book balance	Bad debt provision
Internal business group	69,203,850.22	0.00
Total	69,203,850.22	0.00

**(2) Information of accounts receivable reversed or recovered in the reporting period**

Inapplicable

**(3) Information of accounts receivable that written off in the reporting period**

Unit: RMB yuan

Name of company	Nature	Date	Amount	Reason	Whether arising from related-party transaction or not
Small verification	Payment for goods	10 June. 2013	39.82	Estimated to be irrecoverable	No
Total	--	--	39.82	--	--

Notes:

The small verification had been estimated to be irrecoverable.

**(4) Information of shareholders with more than 5% (including 5%) of the voting shares of the Company in accounts receivable in reporting period**

Unit: RMB yuan

Name of entity	Closing balance		Opening balance	
	Book balance	Withdrawal amount of bad debts	Book balance	Withdrawal amount of bad debts
Prosperity Lamps & Components Limited	7,885,885.66	473,153.14	9,094,765.88	545,685.95
Total	7,885,885.66	473,153.14	9,094,765.88	545,685.95

**(5) Nature or content of other accounts receivable with significant amount**

Inapplicable

**(6) Top five accounts receivable**

Unit: RMB yuan

Name of company	Relationship	Amount	Term	Proportion (%)
Company 1	Non-related party	73,556,455.20	Within one year	11.51%
Company 2	Non-related party	26,354,116.07	Within two years	4.12%
Company 3	Non-related party	15,521,693.50	Within two years	2.43%
Company 4	Non-related party	13,562,625.79	Within two years	2.12%
Company 5	Non-related party	11,573,235.00	Within one year	1.81%
Total	--	140,568,125.56	--	21.99%

**(7) Accounts receivable due from related parties**

Unit: RMB yuan

Name of company	Relationship	Amount	Proportion (%)
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	391,234.22	0.06%
Prosperity Electrical (China) Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	501,380.72	0.08%
OSRAM (China) Lighting Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	4,313,398.37	0.67%
Prosperity Lamps & Components Limited	Holding 5% or more shares of a legal person	7,885,885.66	1.23%
OSRAM (Asia-Pacific) Co., Ltd.	Holding 5% or more shares of a legal person acting in concert	6,613.24	0.00%
Total	--	13,098,512.21	2.04%

**(8)**

**RMB0.00 was transferred from the accounts receivable not meeting the conditions of termination recognition.**

**(9) If securitization is carried out on accounts receivable as the underlying asset, please brief on the arrangement of relevant transactions.**

Inapplicable

**2. Other accounts receivable****(1) Other accounts receivable**

Unit: RMB yuan

Category	Closing balance				Opening balance			
	Book balance		Provision for bad debts		Book balance		Provision for bad debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other accounts receivable with significant single amount and individually withdrawn bad debt provision	17,190,000.00	17%			41,710,000.00	50.35%		

Other accounts receivable for which bad debt provisions are made on the group basis								
Ordinary business group	53,148,772.55	52.57 %	3,188,926.35	6%	11,445,824.68	13.82 %	686,749.49	6%
Internal business group	30,657,697.53	30.32 %			29,574,234.18	35.7%		
Subtotal of the groups	83,806,470.08	82.89 %	3,188,926.35		41,020,058.86	49.52 %	686,749.49	1.67%
Other accounts receivable with insignificant single amount but individually withdrawn bad debt provision	106,552.50	0.11%	106,552.50	100%	106,552.50	0.13%	106,552.50	100%
Total	101,103,022.58	--	3,295,478.85	--	82,836,611.36	--	793,301.99	--

Other accounts receivable with significant single amount and individually withdrawn bad debt provision at period-end:

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

√ Applicable □ Inapplicable

Unit: RMB yuan

Content of other accounts receivable	Book balance	Bad debts provision	Withdrawal proportion	Withdrawal reason
Foshan Gaoming District Trading Center for Tendering and Bidding	17,190,000.00	0.00	0%	Land tender deposit
Total	17,190,000.00	0.00	--	--

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

√ Applicable □ Inapplicable

Unit: RMB yuan

Aging	Closing balance			Opening balance		
	Book balance		Bad debt provision	Book balance		Bad debt provision
	Amount	Proportion (%)		Amount	Proportion (%)	
Including:	--	--	--	--	--	--
Within 1 year	50,638,016.07	95.28%	3,038,280.96	8,445,314.98	73.79%	506,718.90
1-2 years	2,066,872.99	3.89%	124,012.38	2,496,171.43	21.81%	149,770.29
2-3 years	14,735.02	0.03%	884.10	170,809.63	1.49%	10,248.58
Over 3 years	429,148.47	0.80%	25,748.91	333,528.64	2.91%	20,011.72
Total	53,148,772.55	--	3,188,926.35	11,445,824.68	--	686,749.49

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

√ Applicable □ Inapplicable

Unit: RMB yuan

Name of the groups	Book balance	Bad debt provision
Internal business group	30,657,697.53	0.00
Total	30,657,697.53	0.00

Other accounts receivable with insignificant single amount but individually withdrawn bad debt provision at period-end:

√ Applicable □ Inapplicable

Unit: RMB yuan

Content of other accounts receivable	Book balance	Bad debts provision	Withdrawal proportion	Withdrawal reason
Fangcheng County Yuli Glass Tube Co., Ltd.	106,552.50	106,552.50	100%	Estimated to be irrecoverable
Total	106,552.50	106,552.50	--	--

**(2) Information of other accounts receivable reversed or recovered in the reporting period**

Inapplicable

**(3) Information of the write-off other accounts receivable**

Inapplicable

**(4) The other accounts receivable due from shareholders with more than 5% (including 5%) of the voting shares of the Company in the reporting period**

Inapplicable

**(5) Nature or content of other accounts receivable with significant amount**

Inapplicable

**(6) Top five other accounts receivable**

Unit: RMB yuan

Name of company	Relationship	Amount	Term	Proportion (%)
Company 1	Joint venture	43,320,000.00	Within 1 year	42.85%
Company 2	Non-related party	17,190,000.00	Within 1 year	17%
Company 3	Non-related party	5,301,751.19	Within 1 year	5.24%
Company 4	Non-related party	1,568,550.00	1 to 2 years	1.55%
Company 5	Joint venture	614,853.41	Within 1 year	0.61%
Total	--	67,995,154.60	--	67.25%

**(7) Other account receivable due from related parties**

Unit: RMB yuan

Name of company	Relationship	Amount	Proportion (%)
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	Joint venture	614,853.41	0.61%
Qinghai FSL Lithium Energy Exploitation Co., Ltd.	Joint venture	43,320,000.00	42.85%
Total	--	43,934,853.41	43.46%

(8)

**RMB 000 was transferred from the other accounts receivable not meeting the conditions of termination recognition.**

**(9) If securitization is carried out on accounts receivable as the underlying asset, please brief on the arrangement of relevant transactions.**

Inapplicable

### 3. Long-term equity investments

Unit: RMB yuan

The investee	Accounting method	Initial investment cost	Opening balance	Increase/decrease	Closing balance	Shareholding Proportion	Voting right Proportion	Explanations on differences between shareholding proportion and voting right proportion	Provision for impairment loss	Withdrawal amount of impairment provision in the reporting period	Cash bonus in the reporting period
Subsidiary											
Foshan Chansheng Electronic Ballast Co., Ltd.	Cost method	750,000.00	750,000.00		750,000.00	75%	75%	In accord			
Foshan Chanchang Electric Appliance	Cost method	42,000.00	42,000.00		42,000.00	70%	70%	In accord			

e (Gaoming) Co., Ltd.											
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	Cost method	350,000.0 0	350,000.0 0		350,000.0 0	70%	70%	In accord			
Nanjing Fozhao Lighting Equipm ent Manufac turing Co., Ltd.	Cost method	72,000,00 0.00	72,000,00 0.00		72,000,00 0.00	100%	100%	In accord			
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	Cost method	10,000,00 0.00	10,000,00 0.00		10,000,00 0.00	100%	100%	In accord			
Foshan Lighting Lamps and Lanterns Co., Ltd.	Cost method	5,077,000 .00	5,077,000 .00		5,077,000 .00	100%	100%	In accord			
Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd	Cost method	25,500,00 0.00	25,500,00 0.00		25,500,00 0.00	51%	51%	In accord	5,193,462 .77		
Guangdo ng	Cost method	200,000,0 00.00	200,000,0 00.00		200,000,0 00.00	100%	100%	In accord			



Fozhao Financial Leasing Co., Ltd.											
Guangdong Fozhao New Light Sources Technology Co., Ltd.	Cost method	10,000,000.00	10,000,000.00	-10,000,000.00		54.95%	54.95%	In accord			
Foshan Zhaoming Lighting Equipment Co., Ltd.	Cost method	15,000,000.00		15,000,000.00	15,000,000.00	100%	100%	In accord			
Joint venture											
Qinghai FSL Lithium Energy Exploitation Co., Ltd.	Equity method	38,000,000.00	25,351,617.99	-1,957,819.93	23,393,798.06	38%	38%	In accord			
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	Equity method	12,600,000.00	5,672,075.73	-352,953.87	5,319,121.86	50%	50%	In accord			
Other investments											
Shenzhen Liangke Venture	Cost method	13,718,882.66	13,718,882.66		13,718,882.66	18.5%	18.5%	In accord			

Capital Company Limited											
Guangzhou Zhujiang Asset Management Company Limited	Cost method	10,000,000.00	10,000,000.00		10,000,000.00	15.38%	15.38%	In accord	3,298,904.81		
Shenzhen Zhonghao (Group) Ltd.	Cost method	5,850,000.00	5,850,000.00		5,850,000.00	Less than 5%	Less than 5%	In accord	5,850,000.00		
Chengdu Hongbo Industrial Co., Ltd.	Cost method	6,000,000.00	6,000,000.00		6,000,000.00	6.94%	6.94%	In accord			
Xiamen Bank Co., Ltd.	Cost method	208,574,217.00	292,574,133.00		292,574,133.00	7.99%	7.99%	In accord			
China Guangfa Bank Co., Ltd.	Cost method	500,000.00	500,000.00		500,000.00	Less than 5%	Less than 5%	In accord			
Foshan Fochan Highway Development Co., Ltd.	Cost method	20,757,600.00	9,175,627.38		9,175,627.38	7.66%	7.66%	In accord			
Hefei Guoxuan Hi-Tech Power Energy AG	Cost method	160,000,000.00	160,000,000.00		160,000,000.00	14.9%	14.9%	In accord			
Total	--	856,677,699.66	894,519,336.76	2,689,226.20	897,208,562.96	--	--	--	14,342,367.58		

#### 4. Revenue and Cost of Sales

##### (1) Revenue, Cost of Sales

Unit: RMB yuan

Item	Reporting period	Same period of last year
Main business revenue	1,174,388,755.76	1,045,092,362.29
Other business revenue	49,004,949.56	6,923,399.43
Total	1,223,393,705.32	1,052,015,761.72
Cost of sales	960,725,666.05	795,594,113.34

##### (2) Main business (Classified by industry)

Unit: RMB yuan

Industry	Reporting period		Same period of last year	
	Revenue of sales	Cots of sales	Revenue of sales	Cots of sales
Lighting components and lamps	1,174,388,755.76	929,420,937.18	1,045,092,362.29	791,274,939.98
Total	1,174,388,755.76	929,420,937.18	1,045,092,362.29	791,274,939.98

##### (3) Main business (Classified by product)

Unit: RMB yuan

Product	Reporting period		Same period of last year	
	Revenue of sales	Cots of sales	Revenue of sales	Cots of sales
Lighting components and lamps	1,174,388,755.76	929,420,937.18	1,045,092,362.29	791,274,939.98
Total	1,174,388,755.76	929,420,937.18	1,045,092,362.29	791,274,939.98

##### (4) Main business (Classified by area)

Unit: RMB yuan

Area	Reporting period		Same period of last year	
	Revenue of sales	Cots of sales	Revenue of sales	Cots of sales
Domestic	846,565,487.63	690,061,303.46	729,621,235.29	562,762,633.08
Overseas	327,823,268.13	239,359,633.72	315,471,127.00	228,512,306.90
Total	1,174,388,755.76	929,420,937.18	1,045,092,362.29	791,274,939.98

##### (5) Revenue of sales from the top five customers

Unit: RMB yuan

Customers	Total revenue of sales	Proportion of total
-----------	------------------------	---------------------

		revenue of sales (%)
Customer 1	36,306,125.75	2.97%
Customer 2	28,636,251.38	2.34%
Customer 3	23,644,387.62	1.93%
Customer 4	23,298,724.88	1.9%
Customer 5	19,978,405.61	1.63%
Total	131,863,895.24	10.77%

## 5. Investment income

### (1) List of investment income

Unit: RMB yuan

Item	Reporting period	Same period of last year
Long-term equity investment income accounted by cost method		14,973,126.22
Long-term equity investment income accounted by equity method	-2,310,773.80	-1,218,791.19
Investment income arising from disposal of long-term equity investments	-1,379,272.51	
Investment income received from holding of available-for-sale financial assets	1,365,712.54	3,131,720.14
Total	-2,324,333.77	16,886,055.17

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

Unit: RMB yuan

Name of investee	Reporting period	Same period of last year	Reason for increase/decrease YoY
Xiamen Bank Co., Ltd.	0.00	14,571,414.00	No dividends distributed in the reporting period
Foshan Chansheng Electronic Ballast Co., Ltd.	0.00	401,712.22	No dividends distributed in the reporting period
Total	0.00	14,973,126.22	--

### (3) Long-term equity investment income accounted by equity method

Unit: RMB yuan

Name of investee	Reporting period	Same period of last year	Reason for increase/decrease YoY
Qinghai FSL Lithium Energy Exploitation Co., Ltd.	-1,957,819.93	124,436.84	Losses in this period

Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	-352,953.87	-1,343,228.03	Losses decreased in this period
Total	-2,310,773.80	-1,218,791.19	--

## 6. Supplemental information of Cash Flow Statement

Unit: RMB yuan

Supplemental information	Reporting period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operations:	--	--
Net profit	144,315,684.79	133,110,485.63
Add: Provision for assets impairments	16,165,237.79	902,614.65
Depreciation of fixed assets, oil and gas assets and productive biological assets	37,192,578.90	41,059,107.81
Amortization of intangible assets	1,690,549.45	2,058,447.92
Losses/gains on disposal of property, intangible asset and other long-term assets (gains: negative)	-16,786,499.21	119,256.76
Losses/gains on scrapped of fixed assets (gains: negative)	908,276.06	
Losses/gains from variation of fair value (gains: negative)	69,701.45	-64,722.78
Financial cost (income: negative)	2,050,576.88	237,353.63
Investment loss (gains: negative)	2,324,333.77	-16,886,055.17
Decrease in deferred tax assets (increase: negative)	4,041,585.41	556,174.33
Decrease in inventory (increase: negative)	-65,715,124.75	12,014,019.79
Decrease in accounts receivable from operating activities (increase: negative)	-260,165,830.11	-20,997,983.18
Increase in accounts payable from operating activities (decrease: negative)	129,586,264.73	51,497,089.36
Net cash flows generated from operating activities	-4,322,664.84	203,605,788.75
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Change of cash and cash equivalent:	--	--
Closing balance of cash	429,905,060.78	621,184,567.42
Less: opening balance of cash	699,511,754.78	412,626,723.50
Plus: closing balance of cash equivalent	0.00	
The net increase in cash and cash equivalents	-269,606,694.00	208,557,843.92

## 7. Information of assets and liabilities recognized by evaluation value from the counter purchase

Inapplicable

**(XVI) Supplemental information****1. List of non-recurring gains and losses in the period**

Unit: RMB yuan

Item	Amount	Total
Loss and gains on disposal of non-current assets (Including write-off part of the provision for asset impairment)	13,187,805.39	
Tax rebates and cuts of ultra vires approval or without formal approval	0.00	
Governmental subsidy included in the current profits and losses(is closely related with the business event, except for the governmental subsidy that according to the national unity standard quota or the quantitative regal assets)	302,499.98	
Tax for the possession of funds from the non-financial business Included in the current losses and gains	654,987.04	
The quota of the Company receives from the subsidiaries, joint ventures and cooperative enterprises of the costs of investment is less than that of the gains produced from the investment which enjoys net assets of fair value that recognized by the investee.	0.00	
Exchange gains and losses of non-monetary assets	0.00	
Gains and losses of committing others of investment or managing assets	0.00	
Withdrawing impairment of assets owing of force majeure factors, including suffer from natural disasters	0.00	
Gains and losses of debt restructuring	0.00	
Enterprise restructuring charges, for example, staffing costs of integration	0.00	
Gains and losses produced when exchanging prices unconscionable at the fair that exceed the fair value	0.00	
The current net profits and losses produced when the subsidiaries combine under the same control from the beginning to the combining date	0.00	
Gains and losses produced from the contingency which have nothing to do with the Company's normal business operations	0.00	
In addition to the valid hedging activity associated with the normal operation of the Company, the changes in fair value through gains or losses which arising from the holding trading financial assets and the trading financial liabilities as well as the investment income that earning from the disposal of trading	1,296,011.09	

financial assets, trading financial liabilities and available-for-sale financial assets		
The reversal of impairment of receivables of the individual impairment test	0.00	
Gains and losses from the external entrusted loans	0.00	
Gains and losses for changes in fair value of investment property resulting from the subsequent measure through the fair value model	0.00	
The impact of a one-time adjustment of current gains and losses according to the laws and regulations of tax, accounting and others on current gains and losses	0.00	
Trustee fee income earning from the entrusted management	0.00	
Income and expenses of the other operation except for the mentioned above	-8,068,874.34	
The other items of gains and losses conforming the definition of non-recurring gains and losses	2.84	
Less: the effect of income tax	988,964.58	
the effect of minority interest (after tax)	0.00	
Total	6,383,467.42	--

The Company, who defines the gains and losses as the non-recurring items according to the definition outlined in the "Public Company's Information Disclosure Explanatory Notice No. 1 – Extraordinary Items Gains and Losses" and as the recurrent gains and losses which are listed in the "Public Company's Information Disclosure Explanatory Notice No. 1 – Extraordinary Items Gains and Losses" as non-recurring gains and losses, should explain the reason.

☐ Applicable ☒ Inapplicable

## 2. Accounting data differences according to the domestic and foreign accounting standards

### (1) Different situations of the net profits and net assets in the financial disclosure reports in accordance with the international accounting standards and Chinese accounting standards at the same time

Unit: RMB yuan

	Net profits belongs to the shareholders of the listed companies		Net assets belongs to the shareholders of the listed companies	
	Current period amount	Last period amount	Closing balance	Opening balance
According to Chinese accounting standards	153,047,291.37	134,522,943.15	2,795,996,703.55	2,950,106,976.17

Items and amounts adjusted in accordance with international accounting standards				
According to the international accounting standards	153,047,291.37	134,522,943.15	2,795,996,703.55	2,950,106,976.17

**(2) Different situations of the net profits and net assets in the financial disclosure reports in accordance with the international accounting standards and Chinese accounting standards at the same time**

Unit: RMB yuan

	Net profits belongs to the shareholders of the listed companies		Net assets belongs to the shareholders of the listed companies	
	Current period amount	Last period amount	Closing balance	Opening balance
According to Chinese accounting standards	153,047,291.37	134,522,943.15	2,795,996,703.55	2,950,106,976.17
Items and amounts adjusted in accordance with foreign accounting standards				
According to the foreign accounting standards	153,047,291.37	134,522,943.15	2,795,996,703.55	2,950,106,976.17

**(3) Notes of the reasons of the differences between the accounting data according to the domestic and foreign accounting standards**

Naught

**3. Return on equity and earnings per share**

Unit: RMB yuan

Profit in the reporting period	The weighted average ROE (%)	EPS	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's common stock shareholders	5.63%	0.16	0.16
Net profit attributable to shareholders of the Company's common stock after deducting non-recurring gains and losses	5.40%	0.15	0.15

**4. Particulars on the abnormal conditions of main items in the financial statements of the Company and relevant reasons**

Item	Closing balance	Opening balance	Change rate	Reason
Accounts receivable	550,624,462.21	334,006,892.19	64.85%	Mainly due to the loans receivables increased.
Prepayments	83,522,308.86	12,383,426.98	574.47%	Mainly due to the advance payment



				for materials increased.
Other current assets	16,477,687.08	2,935,179.47	461.39%	Mainly due to the deductible input tax increased.
Accounts payable	461,746,849.65	246,652,513.45	87.21%	Mainly due to the advance payment for materials increased.
Advance Receipts	61,854,798.34	19,632,316.50	215.07%	Mainly due to the loans receivables increased.
Business tax and surcharges	13,697,631.32	10,426,957.03	31.37%	Mainly due to the amount of Sales increased and the accordingly increase of the provision of taxes and fees.
Financial expenses	-3,963,817.89	-7,159,594.18	44.64%	Mainly due to the exchange losses increased.
Assets Impairment losses	17,853,921.20	1,158,138.87	1441.60%	Mainly due to the amount of provision for bad debts increased in this period.
Investment income	-945,061.26	16,484,342.95	-105.73%	Mainly due to the dividends received decreased when compared to the previous period.
Non-operating income	71,680,160.17	883,683.34	8011.52%	Mainly due to the confirmed government energy subsidies increased in this period.
Non-business expenditure	10,700,438.83	2,481,216.29	331.26%	Mainly due to the foreign donations increased.
Income tax expenses	39,614,342.25	25,616,659.61	54.64%	Mainly due to the profits increased in this period, and the accordingly increased of the meter tax.
Net cash flow generated from operating activities	11,712,252.61	234,485,514.83	-95.01%	Cash paid for purchase of goods and acceptance of labor service increased in the reporting period.
Net cash flow generated from investment activities	25,328,242.59	879,254.59	2780.65%	Mainly due to the cash received from the return on investment increased.
Net cash flow generated from financing activities	-284,036,742.40	-26,780.81	-1060498.03%	Mainly due to the dividend cash bonus in this period and the ones that haven't divided in the last period.

## **IX. Documents for Reference**

Investors and the relevant departments could refer to the following information in secretary office in the board office building:

1. Financial statements signed and sealed by legal representative, principal of accounting work, and manager of finance department;
2. Originals of all documents and announcements of the Company ever disclosed on CSRC designated disclosure media in the reporting period.
3. Text of the 2013 Semi-annual Report with the signature of the Chairman of the Board of Directors.

**FOSHAN ELECTRICAL AND LIGHTING CO., LTD.**

**The Board of Directors**

**27 Aug. 2013**

