

FOSHAN ELECTRICAL AND LIGHTING CO., LTD.

2013 Annual Report

April 2014

Section I. Important Reminders, Catalogue & Explanation

The Board of Directors, the Supervisory Committee, 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 have attended in person the board session for reviewing this report except the following:

Name	Position	Reason for not attending the session in person	Name of the proxy
Xue yizhong	Independent director	ON business	Liu zhenping
Ye zaiyou	Director	ON business	Liu xingming

The Company’s profit distribution preplan upon review and approval of this board session: Based on the total shares of the Company as at 31 Dec. 2013, a cash dividend of RMB 1.6 (tax included) and 0 bonus shares will be distributed for every 10 shares held by shareholders. No capital reserve will be turned into share capital.

Pan Jie, company principal and 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.

GP Certified Public Accountants LLP has issued a standard unqualified audit report for the Company.

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

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

Catalogue

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Explanation

Term	Refers to	Contents
The Company, Company, FSL	Refers to	Foshan Electrical and Lighting Co., Ltd.
CSRC	Refers to	China Securities Regulation Commission
SZSE	Refers to	Shenzhen Stock Exchange
Shareholders' General Meeting	Refers to	Shareholders' General Meeting of Foshan Electrical and Lighting Co., Ltd.
Board of Directors	Refers to	Board of Directors of Foshan Electrical and Lighting Co., Ltd.
Supervisory Committee	Refers to	Supervisory Committee of Foshan Electrical and Lighting Co., Ltd.
Yuan, Ten thousand Yuan, One Hundred Million Yuan	Refers to	RMB Yuan, RMB Ten thousand Yuan, RMB One Hundred Million Yuan
Annual report auditor, GP	Refers to	GP Certified Public Accountants LLP

Reminder of Major Risks

The Company is in face of risks concerning fiercer market competition, rising operating costs and management. Investors are kindly reminded to pay attention to possible investment risks. For details, see “IX. Risks and countermeasures” in Section IV in this report.

Section II. Company Profile

I. Company information

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	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		
Registered address	No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province, P.R.China		
Postal code for the registered address	528000		
Office address	No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province, P.R.China		
Postal code for the office address	528000		
Internet website of the Company	www.chinafsl.com		
Email address	gzfslgh@pub.foshan.gd.cn		

II. Contact us

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

III. About information disclosure and where this report is placed

Newspapers designated by the Company for information disclosure	China Securities Journal, Securities Times, Shanghai Securities News, Securities Daily, Ta Kung Pao (HK)
Internet website designated by CSRC for disclosing this report	http://www.cninfo.com.cn
Where this report is placed	Company Secretary Office, FSL Office Building, No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province, P.R.China

IV. Change of the registered information

	Registration date	Registration place	Business license No.	Registration code of taxation	Organizational code
Initial registration	20 Oct. 1992	Guangdong Province Administration for Industry & Commerce	440000400010049	440601190352575	19035257-5
At the end of the reporting period	13 Jun. 2013	Guangdong Province Administration for Industry & Commerce	440000400010049	440601190352575	19035257-5
Changes of the main business since listing (if any)	Unchanged				
Changes of the controlling shareholder (if any)	Unchanged				

V. Other information

The CPAs firm hired by the Company:

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

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

Applicable Inapplicable

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

Applicable Inapplicable

Section III. Accounting & Financial Indicator 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

	2013	2012	Increase or decrease of this year over last year (%)	2011
Operating revenue (RMB Yuan)	2,526,679,810.53	2,201,910,731.89	14.75%	2,260,929,873.55
Net profit attributable to shareholders of the Company (RMB Yuan)	251,831,356.38	400,466,745.11	-37.12%	291,660,093.73
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	247,092,182.53	240,056,445.28	2.93%	297,942,436.25
Net cash flows from operating activities (RMB Yuan)	204,756,881.88	437,396,852.06	-53.19%	269,878,443.21
Basic EPS (RMB Yuan/share)	0.26	0.41	-36.59%	0.3
Diluted EPS (RMB Yuan/share)	0.26	0.41	-36.59%	0.3
Weighted average ROE (%)	8.69%	14.06%	-5.37%	10.53%
	As at 31 Dec. 2013	As at 31 Dec. 2012	Increase or decrease of this year-end than last year-end (%)	As at 31 Dec. 2011
Total assets (RMB Yuan)	3,373,781,552.85	3,448,274,301.82	-2.16%	3,155,554,351.27
Net assets attributable to shareholders of the Company (RMB Yuan)	2,890,581,921.74	2,950,106,976.17	-2.02%	2,790,878,659.33

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

	2013	2012	Closing amount	Opening amount
According to Chinese accounting standards	251,831,356.38	400,466,745.11	2,890,581,921.74	2,950,106,976.17
Items and amounts adjusted according to international accounting standards				
According to international accounting standards	251,831,356.38	400,466,745.11	2,890,581,921.74	2,950,106,976.17

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	
	2013	2012	Closing amount	Opening amount
According to Chinese accounting standards	251,831,356.38	400,466,745.11	2,890,581,921.74	2,950,106,976.17
Items and amounts adjusted according to overseas accounting standards				
According to overseas accounting standards	251,831,356.38	400,466,745.11	2,890,581,921.74	2,950,106,976.17

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

No difference

III. Items and amounts of extraordinary gains and losses

Unit: RMB Yuan

Item	2013	2012	2011	Note
Gains/losses on the disposal of non-current assets (including the offset part of the asset impairment provisions)	9,418,476.76	182,392,244.82	-7,121,088.70	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of official approval documents		0.00	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 government's unified standards	1,031,790.96	1,633,073.56	1,406,571.96	

Capital occupation charges on non-financial enterprises that are recorded into current gains and losses	1,981,349.56	553,325.09	418,615.75	
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	0.00	
Gain/loss on non-monetary asset swap		0.00	0.00	
Gain/loss on entrusting others with investments or asset management		0.00	0.00	
Asset impairment provisions due to acts of God such as natural disasters		0.00	0.00	
Gain/loss on debt restructuring		0.00	0.00	
Expenses on business reorganization, such as expenses on staff arrangements, integration, etc.		0.00	0.00	
Gain/loss on the part over the fair value due to transactions with distinctly unfair prices		0.00	0.00	
Current net gains and losses of subsidiaries acquired in business combination under the same control from period-begin to combination date		0.00	0.00	
Gain/loss on contingent events irrelevant to the Company's normal business		0.00	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	-109,530.85	-84,637.47	281,899.42	
Impairment provision reversal of accounts receivable on which the impairment test is carried out separately		0.00	7,944.50	
Gain/loss on entrustment loans		0.00	0.00	
Gain/loss on change of the fair value of investing real estate of which the subsequent		0.00	0.00	

measurement is carried out adopting the fair value method				
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	0.00	
Custody fee income when entrusted with operation		0.00	0.00	
Non-operating income and expense other than the above	-7,368,961.02	-3,022,341.29	-754,082.64	
Other gain and loss items that meet the definition of an extraordinary gain/loss	687,120.14	111,586.72	-269,418.95	
Less: Income tax effects	901,071.70	21,172,951.60	252,783.86	
Minority interests effects (after tax)		0.00	0.00	
Total	4,739,173.85	160,410,299.83	-6,282,342.52	--

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

Section IV. Report of the Board of Directors

I. Overview

2013 marked a year of steady development, expansion and innovation for the Company. In face of a severe and complex economic situation and increasingly fierce competition in the industry, we closely followed the annual operating principle of “stabilizing growth, adjusting the structure and enhancing management”, worked as one man and upheld the pragmatic and hard-working spirit. We also input more effort to market expansion, kept developing new products and continued to enhance internal management. As a result, the operating results recorded a steady growth. For the reporting year, the Company achieved operating revenues of RMB 2.527 billion, up 14.75% from last year; total profit of RMB 0.299 billion, down 36.65% from last year; and net profit attributable to the Company without subsidiaries of RMB 0.252 billion, down 36.96% from last year. The total profit and net profit for 2013 decreased mainly because 2012 saw an increase in non-recurring gain due to the sale of Fuwan Lake Hotel while 2013 saw little non-recurring gain. However, the revenues and after extraordinary gains and losses net profit in the main business both increased from last year. The after-tax EPS recorded RMB 0.26/share for 2013. And in the reporting period, we focused on the following:

1. We continued to adjust the product structure, focusing on the development of LED products.

2013 marked a year of rapid development for LED products. LED application swiftly expanded from governments’ public lighting projects such as street LEDs and tunnel LEDs to commercial space, office and household LEDs. We grabbed the opportunities arising from the LED terminal application filed in rapid development; increased input to LED products in R&D, production, sale and other links; and launched a series of LED products in due course, especially knock-out products such as T8LED tubes, LED bulbs and ceiling LEDs. Our highly cost-effective LED products became fairly influential in the market, which laid a solid foundation for the future development of our LED products.

2. We improved the marketing team and channels.

According to the idea of “improving management and marketing at the same time”, we increased

the professionalism of our marketing team and enhanced the team spirit and strength through various trainings; on the basis of solidifying the existing wholesale channels and customer resources, we also input more effort to marketing and brand promotion, creating new marketing modes, focusing on setting up exclusive shops with funds, building an engineering marketing team, proactively launching engineering projects, vigorously developing online and retail channels, and developing new customers. Currently, a four-wheel-drive development mode of wholesale, exclusive shop, engineering direct distribution and e-commerce & retail has taken shape.

3. We input more effort to new product development and increased the technological contents in our products.

On the basis of solidifying the technological advantage of our traditional lighting products and in view of the fast renewal of LED products, we kept bringing in LED high-end professionals; developing new products and broadening the product range according to market changes and needs; and fully tapping the synergy between R&D personnel and marketing personnel. Meanwhile, taking into account the actual situation of the Company and according to the technological development strategy, we kept increasing the technological contents and improving the performance of the products, as well as enhancing their market competitiveness, so as to provide technical support for the sustained development of the Company.

4. We improved internal management and set up a scientific management mechanism.

Firstly, we improved the management capability and enhanced cost control. Using the SAP system, we enhanced energy management, modified the equipment with high energy consumption and reduced the energy cost. We also looked for new techniques and materials to integrate the procurement resources and reduce the raw material cost. Meanwhile, we continued to better the material quota mechanism to keep workshop production under control.

Secondly, we carried out performance management to motivate and encourage employees. Through following up the accomplishment of all objectives and holding a performance review meeting on a quarterly basis, we tried to beef up the accomplishment of objectives by all departments. Meanwhile, we enhanced the role of performance appraisal and connected employees' remunerations with their performance indicator appraisal results to fully show the work and achievements of all departments, create a lively atmosphere of "better performance, more income" and boost development of the

Company.

5. We thoroughly carried out internal control management and improved the corporate governance capability.

In the reporting period, taking into account our actual situation and regulators' requirements, we reviewed all work flows and remedied internal control defects while carrying on with the good internal control management methods. Through optimizing all rules, training, appraisal, examination and supervision, we enhanced the execution of rules to ensure normative operation and management, further improve the governance capability, increase the abilities of scientific decision-making and risk control & prevention, and ensure steady and healthy development of the Company.

II. Main business analysis

1. Overview

In face of a severe and complex economic situation and increasingly fierce competition in the industry in 2013, we, under the leadership of the Board of Directors and the management, followed the annual operating goals, and grabbed in time the opportunities arising from the LED terminal application field in crazily rapid development. We kept updating our products and technologies through adjusting the product structure, continuously enhanced internal management, strictly controlled costs, proactively explored the market and adopted some other beneficial measures. As a result, the main business of the Company recorded stable growth. For the main business in the reporting period, sales income recorded RMB 2.501 billion, up 14.91% from last year, of which the domestic sales income recorded RMB 1.68 billion, up 8.7% from last year, and the overseas sales income recorded RMB 0.821 billion, up 34.35% from last year.

State the reasons why the Company's actual business performance is 20% lower or higher than the earning forecast for the reporting period which has been publicly disclosed earlier:

Applicable Inapplicable

2. Revenues

Is the Company's product sales revenue more than its service revenue?

Yes No

Industry	Item	2013	2012	YoY +/-%
Lighting fixtures and lamps	Sales volume (piece)	1,215,921,627	1,185,758,696	2.54%
	Output (piece)	1,061,333,192	1,012,225,826	4.85%
	Stock (piece)	145,193,725	112,938,492	28.56%

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

Applicable Inapplicable

Major orders on hand:

Applicable Inapplicable

Significant change or adjustment of the Company's products or services during the reporting period:

Applicable Inapplicable

Major customers:

Total sales to the top 5 customers (RMB Yuan)	384,428,958.03
Ratio of the total sales to the top 5 customers to the annual total sales (%)	15.21%

Information about the top 5 customers:

Applicable Inapplicable

Serial No.	Name of customer	Sales (RMB Yuan)	Proportion in annual total sales (%)
1	Customer A	164,909,812.52	6.52%
2	Customer B	70,491,399.83	2.79%
3	Customer C	53,945,797.44	2.14%
4	Customer D	50,855,558.20	2.01%
5	Customer E	44,226,390.04	1.75%
Total	--	384,428,958.03	15.21%

3. Costs

Classified by industry:

Unit: RMB Yuan

Industry	Item	2013		2012		YoY +/- (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	

Lighting fixtures and lamps		1,874,719,042.97	99%	1,598,108,805.64	98.02%	17.31%
Lighting fixtures and lamps	Raw materials	1,142,625,698.51	60.45%	1,082,931,259.25	66.42%	5.51%
Lighting fixtures and lamps	Labor	368,240,867.93	19.48%	235,434,016.61	14.44%	56.41%
Lighting fixtures and lamps	Depreciation	71,406,530.23	3.78%	76,761,202.51	4.71%	-6.98%
Hotel service				12,297,471.44	0.75%	-100%
Hotel service	Labor			6,417,566.12	0.39%	-100%
Hotel service	Depreciation			5,879,905.32	0.36%	-100%

Classified by product:

Unit: RMB Yuan

Product	Item	2013		2012		YoY +/- (%)
		Amount	Proportion in operating costs (%)	Amount	Proportion in operating costs (%)	
Lighting fixtures and lamps		1,874,719,042.97	99%	1,598,108,805.64	98.02%	17.31%
Lighting fixtures and lamps	Raw materials	1,142,625,698.51	60.45%	1,082,931,259.25	66.42%	5.51%
Lighting fixtures and lamps	Labor	368,240,867.93	19.48%	235,434,016.61	14.44%	56.41%
Lighting fixtures and lamps	Depreciation	71,406,530.23	3.78%	76,761,202.51	4.71%	-6.98%
Hotel service				12,297,471.44	0.75%	-100%
Hotel service	Labor			6,417,566.12	0.39%	-100%
Hotel service	Depreciation			5,879,905.32	0.36%	-100%

Explanation:

Naught

Major suppliers:

Total purchases from the top 5 suppliers (RMB Yuan)	186,368,381.74
Ratio of the total purchases from the top 5 suppliers to the annual total purchases (%)	11.58%

Information about the top 5 suppliers:

√ Applicable □ Inapplicable

Serial No.	Name of supplier	Procurement amount (RMB Yuan)	Proportion in annual total procurement amount (%)
1	Supplier A	44,985,147.80	2.80%
2	Supplier B	38,381,258.99	2.38%
3	Supplier C	36,014,505.89	2.24%
4	Supplier D	35,927,994.58	2.23%
5	Supplier E	31,059,474.48	1.93%
Total	--	186,368,381.74	11.58%

4. Expense

Unit: RMB Yuan

Item	2013	2012	YoY +/- %
Selling expenses	133,779,078.70	109,867,531.15	21.76%
Administrative expenses	199,917,005.49	167,102,936.83	19.64%
Financial expenses	-4,230,937.19	-10,988,942.10	61.5%
Income tax	46,864,161.54	71,833,165.24	-34.76%

(1) Financial expenses increased 61.5% from last year mainly because of the exchange loss.

(2) Income tax decreased 34.76% from last year mainly because last year, the investment gain on sale of Fuwan Hotel incurred a high income tax.

5. R&D expenses

Considering the government's industrial policies and measures to encourage and support environment protection, new light sources and new energy, the Company proactively developed high-efficient lighting products featuring energy saving and environmental protection, increased the input for R&D and the new light source of LED, beefed up product upgrading and increased the technological contents of products through continuously improving technologies and production processes. In 2013, the Company spent RMB 80.4071 million in R&D, accounting for 3.18% of the operating revenues.

6. Cash flows

Unit: RMB Yuan

Item	2013	2012	YoY +/- (%)
Subtotal of cash inflows from operating activities	2,929,883,002.37	2,455,183,322.27	19.33%
Subtotal of cash outflows from operating	2,725,126,120.49	2,017,786,470.21	35.06%

activities			
Net cash flows from operating activities	204,756,881.88	437,396,852.06	-53.19%
Subtotal of cash inflows from investing activities	130,801,370.00	321,909,282.02	-59.37%
Subtotal of cash outflows from investing activities	111,512,170.50	219,385,814.54	-49.17%
Net cash flows from investing activities	19,289,199.50	102,523,467.48	-81.19%
Subtotal of cash outflows from financing activities	307,968,509.92	244,774,840.33	25.82%
Net cash flows from financing activities	-307,968,509.92	-244,774,840.33	25.82%
Net increase in cash and cash equivalents	-87,775,066.52	294,759,139.59	-129.78%

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

Applicable Inapplicable

1. Net cash flows from operating activities decreased 53.19% from last year mainly because the cash paid for goods and services increased.
2. Net cash flows from investing activities decreased 81.19% from last year mainly because last year, the cash from disposal of subsidiaries increased.
3. Net increase in cash and cash equivalents decreased 129.78% from last year mainly because net cash flows from investing activities decreased.

Reasons for a big difference between the operating cash flows and the net profit:

Applicable Inapplicable

III. Breakdown of main business

Unit: RMB Yuan

	Operating revenue	Operating cost	Gross profit rate (%)	Increase/decrease of operating revenue over last year (%)	Increase/decrease of operating cost over last year (%)	Increase/decrease of gross profit rate over last year (%)
Classified by industry:						
Lighting fixtures and lamps	2,500,948,588.28	1,874,719,042.97	25.04%	14.91%	17.14%	-0.86%
Classified by product:						
Lighting fixtures and lamps	2,500,948,588.28	1,874,719,042.97	25.04%	14.91%	17.14%	-0.86%
Classified by region:						

China	1,680,415,391.83	1,292,521,996.08	23.08%	8.7%	13.37%	-2.5%
Overseas	820,533,196.45	582,197,046.89	29.05%	34.35%	30.04%	2.36%

Where the Company's accounting standard of the main business data above changed during the reporting period, give the main business data of the latest year adjusted according to the accounting standard at the end of the reporting period:

Applicable Inapplicable

IV. Asset and liability analysis

1. Major changes of asset items

Unit: RMB Yuan

	As at 31 Dec. 2013		As at 31 Dec. 2012		Proportion change (%)	Explain any major change
	Amount	Proportion in total assets (%)	Amount	Proportion in total assets (%)		
Monetary funds	897,675,824.22	26.61%	985,450,890.74	28.58%	-1.97%	Mainly because bank savings decreased.
Accounts receivable	390,216,735.62	11.57%	334,006,892.19	9.69%	1.88%	Mainly because accounts receivable for sale of products increased.
Inventories	516,804,156.44	15.32%	434,541,386.19	12.6%	2.72%	Mainly because the stock of finished products increased.
Investing real estate			0.00	0%		
Long-term equity investment	492,153,947.39	14.59%	519,693,431.95	15.07%	-0.48%	Mainly because companies which the Company had a stake in decreased.
Fixed assets	472,740,489.84	14.01%	539,145,022.38	15.64%	-1.63%	Mainly because some assets were disposed and impairment provisions were made.
Construction in progress	75,044,472.56	2.22%	95,684,569.86	2.77%	-0.55%	Mainly because the land advances paid in previous periods were carried forward into intangible assets in the reporting period.

2. Major changes of liability items

Unit: RMB Yuan

	2013		2012		Proportion change (%)	Explain any major change
	Amount	Proportion in total assets	Amount	Proportion in total assets		

		(%)		(%)		
Short-term borrowings	0.00	0%	0.00	0%	0%	
Long-term borrowings	0.00	0%	0.00	0%	0%	

3. Assets and liabilities measured at fair value

Unit: RMB Yuan

Item	Opening amount	Gain/loss on fair value change in the reporting period	Cumulative fair value change recorded into equity	Impairment provisions in the reporting period	Amount purchased in the reporting period	Amount sold in the reporting period	Closing amount
Financial assets							
1. Financial assets measured at fair value and of which changes are recorded into current gains/losses (excluding derivative financial assets)	4,012,728.75	-109,530.85					3,903,197.90
2. Derivative financial assets	0.00						
3. Available-for-sale financial assets	71,817,642.40		-9,183,239.52				62,634,402.88
Subtotal of financial assets	75,830,371.15	-109,530.85	-9,183,239.52				66,537,600.78
Investing real estate	0.00						
Productive biological assets	0.00						

Other	75,830,371.15	-109,530.85	-9,183,239.52				66,537,600.78
Total of the above	0.00						0.00
Financial liabilities							

Did any significant change occur to the attribute of the Company's main asset measurement during the reporting period?

Yes No

V. Core competitiveness analysis

As a leading enterprise of traditional electric light sources, we have always adhered to the operation and management philosophy of “provide customers with quality products and services through scientific management and advanced technologies”. And our core competitiveness lies in the following respects:

1. Channel development

We stick to the market strategy of specifying channels. While maintaining and enhancing our wholesale channel advantage, we input more effort to improvement of the engineering direct distribution, exclusive shop, e-commerce and retail channels to form a four-wheel-drive marketing mode for rapid development and increase the market exploration capability and competitiveness.

2. Brand strategy

We continue to implement the brand strategy, making good use of TV commercials, house ads, high-speed railway station ads, highway ads, trade fairs at home and abroad, etc. to increase the reputation of the “FSL” brand. Currently, two among our three brands (“FSL” and “Fenjiang”) are titled “Chinese Well-known Trademark”, both of which enjoy a high reputation at home and abroad.

3. Technical innovation

We have always attached great importance to R&D of new products and technologies, inputting a great amount every year to development of new products and techniques with independent intellectual property rights and improvement of products and techniques so as to upgrade our products to a new level. In Jan. 2012, we passed the relevant re-examination and became one of the first “hi-tech enterprises” for 2011.

4. We have a diversified product range, with influential key products.

Our products cover LED, lamps, compact energy-saving lamps, halogen lamps, vehicle lamps,

ordinary light bulbs, etc. Such a diversified product range can help avoid risks arising from a limited product range. In addition, our T8 strip lamps, T8 LED tubes, LED bulbs, T8 and T5 integrated brackets and some other knock-out products are fairly influential in the market. We will continue to develop new products, increase the cost-effectiveness and competitiveness of our products, and launch more knock-out products.

VI. Investment analysis

1. Investments in equities of external parties

(1) Investments in external parties

Investments in external parties		
Investment amount in 2013 (RMB Yuan)	Investment amount in 2012 (RMB Yuan)	+/-%
0	83,999,916.00	-100%
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	14.84%
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,	Less than 5%

	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	
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 materials; processing and compensation trade	6.94%
Xiamen Bank	Banking services	7.99%
China Guangfa Bank Co., Ltd.	Banking services	Less than 5%
Foshan Focheng Road Development Company Limited	Building and operation of the Focheng (Foshan Chencun) Road	7.66%

(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%	62,634,402.88	0.00	Available-for-sale financial assets	Additional issue
Xiamen Bank	Commercial bank	292,574,133.00	109,714,176	7.99%	109,714,176	7.99%	292,574,133.00	0.00	Long-term equity investment	Additional issue

Foshan branch of Guangdong Development Bank	Commercial bank	500,000.00	229,792	Less than 5%	229,792	Less than 5%	500,000.00	0.00	Long-term equity investment	Additional issue
Total		323,902,949.00	133,490,736	--	133,490,736	--	355,708,535.88	0.00	--	--

(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 Yuan)	Accounting title	Source of stock
Fund	BC0002	Founder Jinquanyo No. 2	5,000,000.00	5,000,000		5,000,000		3,903,197.90	0.00	Transactional financial assets	
Total			5,000,000.00	5,000,000	--	5,000,000	--	3,903,197.90	0.00	--	--
Disclosure date of the board announcement on approval of the securities investment			25 Nov. 2010								
Disclosure date of the general meeting announcement on approval of the securities investment (if any)											

Shareholdings in other listed companies:

Applicable Inapplicable

2. Wealth management entrustment, derivative investments and entrustment loans

(1) Wealth management entrustment

Naught

(2) Investment in derivatives

Naught

(3) Entrustment loans

Unit: RMB Ten thousand

Borrower	Related party or not	Amount of loan	Interest rate	Guarantor or pawn	Use of loan by 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 st Special Shareholders' General Meeting on 8 Jan. 2013, the Company provided a financial support of RMB 43.32 million to Qinghai Fozhao Lithium Energy Exploitation Co., Ltd. ("Qinghai Lithium Energy"). And the entrustment loan would become due after 4 months since the date when the Company, the relevant commercial bank and Qinghai Lithium Energy signed the entrustment loan contract, i.e. on 20 May 2013. Due to various reasons, Qinghai Lithium Energy failed to repay the loan to the Company in time, but it repaid the full amount with interest to the Company by 11 Oct. 2013 (for details, see the Announcement No. 2013-040 disclosed on www.cninfo.com.cn on 11 Oct. 2013).				
Countermeasures for extension, overdue loans or lawsuits (if any)	Naught				
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	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Foshan Chansheng	Subsidiary	Manufacture	Production and	1,000,000.0	22,272,841.98	7,237,285.98	78,754,120.09	1,270,948.09	991,828.28

Electronic Ballast Co., Ltd.			operation of electronic ballasts, electronic transformers and electronic igniters	0					
Foshan Chanchang Electric Appliances (Gaoming) Co., Ltd.	Subsidiary	Manufacture	Producer of lamps, electric lighting products and related fittings, providing relevant installation and consulting services	72,782,944.00	106,800,597.58	93,453,122.66	147,411,873.93	6,712,852.29	5,016,215.49
Foshan Taimei Times Lamps Co., Ltd.	Subsidiary	Manufacture	R&D, production and sales of lamps, household appliances and fittings, and other electric lighting products	500,000.00	91,647,181.33	22,563,973.56	227,267,740.56	14,768,001.49	10,473,295.85
Foshan Electrical and Lighting Engineering Co., Ltd.	Subsidiary	Manufacture	R&D and sale of electric appliance, lighting and electromechanical products; design, construction and	50,000,000.00	53,132,733.08	53,122,624.64	0.00	59,181.95	48,004.68

			maintenanc e of lighting and electromech anical projects; design, construction and technical service of intelligent construction projects; investment, design, consulting service, construction , service, contractual energy managemen t, technical service and assessment of energy saving projects; and internationa l trade						
Nanjing Fozhao Lighting Component s Manufacturi ng Co., Ltd.	Subsidiary	Manufactur e	Production of energy-savi ng lighting products, lamps and lighting equipments; lighting projects; energy-savi ng	41,683,200. 00	87,680,175. 23	69,331,717. 05	40,600,825. 00	-3,435,308. 62	-2,649,887. 29

			technology development and production of relevant fittings; sale of self-produced products						
FSL (Xinxiang) Lighting Co., Ltd.	Subsidiary	Manufacture	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	35,418,439.76	47,548,996.68	33,126,312.82	10,311,248.32	-721,905.27	-721,905.27
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	200,000,000.00	210,874,787.00	210,546,996.42	0.00	5,598,851.56	4,199,138.67

			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	15,000,000.00	38,786,884.69	17,426,534.61	62,623,565.04	3,273,479.30	2,426,534.61

Explain particulars about main subsidiaries and stock-participating companies:

Naught

Subsidiaries acquired or disposed during the reporting period:

Applicable Inapplicable

Name of subsidiary	Purpose of acquisition/disposal	Way of acquisition/disposal	Effect on the whole production and business performance
Qinghai Fozhao Lithium Ion	To generate funds inflows and	Equity transfer	The equity transfer would not

Battery Cathode Materials Co., Ltd.	focus on the main business		affect the business continuity and management stability of the Company.
FSL Lighting Equipment Co., Ltd.	To integrate the Company's internal resources and straighten up the management relations	Investment and incorporation	The investment and incorporation would not affect the business continuity and management stability of the Company.
Guangdong Fozhao New Light Sources Technology Co., Ltd.	To generate funds inflows and avoid more loss	Liquidation and cancellation of registration	The liquidation and cancellation of registration would not affect the business continuity and management stability of the Company.

5. Significant projects invested with non-raised funds

Naught

VII. Predict the operating results of Jan.-Mar. 2014

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

VIII. Entities controlled by the Company for special purposes

Naught

IX. Outlook of the Company's future development

(I) Trends in the industry

In a background of low-carbon economy and energy saving & environmental protection, it has become a consensus for more and more countries to gradually eliminate incandescent lamps and accelerate development of high-efficient lighting products featuring energy saving, environmental protection and low costs. As the most notable new light source in the world, LED is included in China's strategic emerging industries for high brightness, low heat, great durability, no poison, wide application, etc. The LED industry has entered a key period of fast development. As the technology keeps advancing, the energy saving effect is increasingly obvious and product prices drop quickly, LED demand swiftly expands from public lighting projects to commercial space, industrial space and households. In the future, the market capacity of LED will further expand and the lighting industry will have a promising future.

(II) Opportunities and challenges for the Company

1. Opportunities

Starting from 2013, the clearer government policy for the LED application industry and the increasing acceptance of LED by customers will boost faster development in the LED terminal application field.

We have grabbed the opportunities in time. Through close coordination among R&D, production, sale and other links, recent years have seen fast development of our LED business, which is of quite a scale now. A wide range of LED products has taken shape. Our LED bulbs, LED tubes, ceiling LEDs and some other products, in particular, have become fairly influential in the market, building up the reputation of the Company.

As a leading enterprise in the lighting industry, we are competitive in brand, technology, market and scale. Besides, we possess great financial strength. We will stay competitive in the traditional light source and lamp industry and at the same time continue to focus our best resources on LED development to enable the Company to benefit more from the continuous growth of the LED terminal application field in the future.

2. Challenges

We will face some difficulties in the production and operation in 2014. The domestic economy is going through a transformation, economic growth is expected to slow down and the influential real estate macro-control policy will continue. Meanwhile, considering the great number of lighting enterprises, the increasing competition, homogenization of products and a fiercer price battle, the gross profit rate will decrease gradually. As such, how to stand out in technology, product and service in the industry and maintain our core competitiveness in the fierce competition poses a challenge to our future development.

(III) Risks and countermeasures

1. Risk regarding fiercer market competition

High-efficient lighting products, especially LED, receive great support from governmental policies, and the LED application industry has a promising future. However, the industry is currently quite decentralized, with dispersed market shares. Lighting enterprises, especially LED ones, are innumerable, causing cut-throat competition. Consequently, LED prices are likely to drop and it will be harder to increase our market share. In view of that, we will continue to develop new products and at the same time continuously improve the existing products; enhance brand

promotion to raise our name recognition; and enhance management of customer relation and improve the abilities to explore markets and resist market risks.

2. Risk regarding rising operating costs

As we keep growing, the selling and R&D expenses will increase. Meanwhile, rapidly rising labor cost, transportation expenses and the like further bring up our operating costs. The fiercer market competition brings down our product prices. All these will greatly affect the profitability. In view of that, we will try to increase the mechanical automation degree and improve the production efficiency; further tap supplier resources and reduce procurement costs; increase the management capability, enhance budget control and the supervision & appraisal mechanism and reduce costs to minimize the risk of rising operating costs.

3. Management risk

As the operating scale keeps expanding, we need to bring in more management personnel in production, sale, R&D and other links, which imposes more requirements for our organizational structure, marketing, human resource, management mode, internal control, etc. If we cannot increase our management capability in time and bring in high-quality talent as required by our business development, our market competitiveness will be weakened, incurring relevant management risks. In view of that, we will further improve the organizational structure and build up a good reserve of operation and management talent; and enhance control over the internal work flows and systems and make management more systematic, standardized and scientific.

(IV) Work plan for 2014

1. To proactively adopt effective measures to ensure a fast growth in production

In the background of energy saving, emission reduction and environmental protection, we will proactively expand the production capacity based on market needs. We will insist on the strategy of developing traditional and emerging business lines at the same time. To be specific, we will tightly seize opportunities arising from the rapid development of LED, increase the input to LED in every links, produce more products with lower costs and better quality, and increase the market share. At the same time, we will not give up traditional lighting products. With the accumulative competitiveness in technology, scale and cost, we will continue to produce traditional lighting products to achieve a steady growth of our operating results.

2. To improve channels and further explore markets

We will stick to the market strategy of working harder on the four major marketing channels, i.e.

wholesale, exclusive shop, engineering and e-commerce & retail. We will continue to solidify and enhance the wholesale channel and expand the channel to the rural markets as a response to the urbanization direction of China; beef up building of exclusive shops; build a professional engineering team to explore the engineering distribution channel; and set up our own online marketing team to expand the online channel. With channel improvement as the center, we will carry out lean management and in-depth marketing on markets; increase market coverage and penetration; and formulate a highly organized and well-deployed marketing network characteristic of orderly division of work and first-class service. On the basis of solidifying and deepening the cooperation relation with the current major customers, we will further enhance marketing and brand promotion at home and abroad to proactively explore new markets and customers.

3. To control costs, increase the management efficiency and promote a healthy growth in the operating results

Raw materials take up a large proportion in the total product costs. Therefore, we will continue to work closely with our main suppliers. Meanwhile, on the basis of ensuring the supply and quality, we will enhance large-scale procurement, input more effort in exploration of strategic suppliers and increase the ability to bargain with raw material suppliers. Meanwhile, through technical innovation, optimization of the product structure and the like, we will keep reducing costs, increasing the efficiency and improving the quality. We strictly control all budgets and expense, simplify work flows, reduce expenses that are over the planned amounts or not planned, keep reducing operating & management costs, and try to increase the profitability.

4. To enhance the talent team and increase the comprehensive quality of the team

Talent is the key to maintain the innovation capability and competitiveness. We will continue to bring in professionals to our important departments concerning R&D, marketing, management, etc. to satisfy talent needs in the continuous growth of the Company. We will also input more effort to the training of the existing employees, set up FSL College to provide a base for our employees to learn, adjust the talent structure, develop specific talents for specific positions through various forms, and keep increasing employees' comprehensive quality and professional skills. Meanwhile, we will revise the remuneration mechanism, enhance performance appraisal and HR management, and set up a high-quality talent team so as to guarantee the sustained, steady and healthy development of the Company in the respect of talent.

X. Explanation by the Board of Directors and the Supervisory Committee about the “non-standard audit report” issued by the CPAs firm for the reporting period

Inapplicable

XI. Explain any change of the accounting policies, the accounting estimates and the accounting methods when compared to the financial report for last year

Inapplicable

XII. Explain if any major correction of accounting errors occurred in the reporting period and for that retroactive restatement was needed

Inapplicable

XIII. Explanation of the changes of the consolidation scope compared to the last financial report

1. On 28 Jun. 2012, the 18th Session of the 6th Board of Directors was convened, where the proposal on liquidation and cancellation of registration of controlled subsidiary Guangdong Fozhao New Light Sources Technology Co., Ltd. was reviewed and approved. On 15 Mar. 2013, the registration cancellation formalities were completed and the said subsidiary was deconsolidated.

2. On 24 Apr. 2013, the 29th Session of the 6th Board of Directors was convened, where the proposal on incorporation of FSL Lighting Equipment Co., Ltd. was reviewed and approved. On 8 May 2013, the subsidiary secured the business license, with the Company holding 100% of its equity interests. It was consolidated since the date of incorporation.

3. On 27 Aug. 2013, the 3rd Session of the 7th Board of Directors was convened, where the proposal on transferring equities of Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd. was reviewed and approved. The Board of Directors agreed to transfer its 51% stake in Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd. to Wuxi Tuohai Investment Co., Ltd. On 4 Dec, 2013, the transfer formalities were completed with the commerce and industry bureau. After the transfer, we no longer held any stake in Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd., which was thus deconsolidated.

XIV. Profit allocation and dividend payout

Formulation, execution or adjustment of the Company’s profit allocation policy, especially the cash dividend policy, during the reporting period:

Applicable Inapplicable

According to the CSRC Notice on Further Implementing Matters Related to Cash Dividend Distribution of Listed Companies (Zheng-Jian-Fa [2012] No. 37) and the Guangdong CSRC Notice on Further Implementing Regulations Related to Dividend Distribution of Listed Companies (Guang-Dong-Zheng-Jian [2012] No. 91), in order to further standardize the dividend mechanism, promote a scientific, sustained and stable dividend mechanism and protect legal rights and interests of investors, in the reporting period, the Company convened a general meeting to revise the dividend-related contents in its Articles of Association and specify the dividend conditions, the lowest dividend ratio, the decision-making procedure, etc.. Meanwhile, it formulated the Management Rules for Profit Distribution and the Return for Shareholder Plan for the Coming Three Years (2012-2014), specifying the arrangements and forms of dividends, the cash dividend planning and the distribution intervals, which further improved the decision-making and supervision procedures for dividend distribution. According to the Company's Articles of Association, the profit distributed in cash shall not be less than 30% of the distributable profit achieved in the year. The Company's preplans for profit distribution and turning capital reserve into share capital for the reporting period were in compliance with relevant rules such as the Company's Articles of Association.

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

The Company's preplans or plans for profit allocation and turning capital reserve into share capital for the recent three years (including the reporting year):

For 2011, based on the total 978,563,745 shares of the Company as at 31 Dec. 2011, a cash dividend of RMB 2.5 (tax included and dividends for B-share holders paid in Hong Kong dollars)

was distributed for every 10 shares held by A-share and B-share holders, with the total distributed cash dividends reaching RMB 244,640,936.25.

For 2012, based on the total 978,563,745 shares of the Company as at 31 Dec. 2012, a cash dividend of RMB 3.1 (tax included and dividends for B-share holders paid in Hong Kong dollars) was distributed for every 10 shares held by A-share and B-share holders, with the total distributed cash dividends reaching RMB 303,354,760.95.

For 2013, based on the total 978,563,745 shares of the Company as at 31 Dec. 2013, a cash dividend of RMB 1.6 (tax included and dividends for B-share holders paid in Hong Kong dollars) will be distributed for every 10 shares held by A-share and B-share holders, with the total distributed cash dividends reaching RMB 156,570,199.20. The profit allocation preplan shall be carried out upon review and approval of the Shareholders' General Meeting of the Company.

Cash dividend distribution of the Company over the recent three years:

Unit: RMB Yuan

Year	Amount of cash dividend (tax included)	Net profit attributable to shareholders of listed companies under the consolidated statement in the year	Ratio in net profit attributable to shareholders of listed companies under the consolidated statement (%)
2013	156,570,199.20	251,831,356.38	62.17%
2012	303,354,760.95	400,466,745.11	75.75%
2011	244,640,936.25	291,660,093.73	83.88%

The Company (including its subsidiaries) made profit in the reporting period and the retained profit of the Company (without subsidiaries) was positive, but it did not put forward a preplan for cash dividend distribution:

Applicable Inapplicable

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

Bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (RMB Yuan) (tax included)	1.60
Total shares as the basis for the allocation preplan (share)	978,563,745
Total cash dividends (RMB Yuan) (tax included)	156,570,199.20

Distributable profit (RMB Yuan)	632,837,008.55
Percentage of the cash dividends in the total distributed profit (%)	100%
Cash dividend policy:	
Where the Company is in the mature development stage and has any major spending plan, cash dividends distributed shall account for at least 40% in the profit allocation.	
Details about the pre-plan for profit allocation and turning capital reserve into share capital	
As audited by GP Certified Public Accountants LLP, the after-tax net profit of RMB 246,212,672.38 of the Company without subsidiaries for 2013, plus the opening retained profit of RMB 689,979,097.12, minus the distributed profit of RMB 303,354,760.95 for 2012 (a cash dividend of RMB 3.1 for every 10 shares), equals the closing profit distributable to shareholders of RMB 632,837,008.55. Considering the consistence of the profit allocation principle, the Board of Directors proposed to allocate profit for 2013 as follows: Based on the total 978,563,745 shares of the Company as at 31 Dec. 2013, a cash dividend of RMB 1.6 (tax included and dividends for B-share holders paid in Hong Kong dollars) will be distributed for every 10 shares held by A-share and B-share holders, with the total distributed cash dividends reaching RMB 156,570,199.20. No bonus shares will be granted and no capital reserve will be turned into share capital. The retained profit of RMB 476,266,809.35 will be carried forward into the next year. The profit allocation preplan shall be carried out upon review and approval of the Shareholders' General Meeting of the Company.	

XVI. Social responsibilities

The Company has always attached importance to the accomplishment of its social value. With “provide returns for shareholders, provide a platform for employees, create value for customers and create prosperity for the society” as its task, the Company proactively protects legal rights and interests of its employees and creditors; treats suppliers, customers and consumers in an honest way; and proactively promotes environmental protection, resource conservation & recycling, etc.. Meanwhile, it takes part in charity and public service activities, boosts the local economy with its own development and promotes coordinative and harmonious development between the Company and the society, the community and the nature.

During the reporting period, the Company enhanced R&D, promotion and sale of environment-friendly and energy-saving products. It passed the ISO14001 environmental management system certification. Meanwhile, the headquarters of the Company and the other two production bases of Wuzhuang and Gaoming also smoothly passed the voluntary examination for a clean production site, making its own contribution to energy saving and emission reduction. It

planned to distribute cash dividends of RMB 156,570,199.20 (tax included) to its shareholders, accounting for 62.17% of the net profit attributable to shareholders of the Company in the consolidated statements for the reporting period, which effectively safeguarded the interests of its shareholders. It also fulfilled the safe production objectives for the year, making its own contribution to social safety.

Does the listed company or any of its subsidiaries belong to the heavily polluting industries stipulated by the environmental protection authorities of the country?

Yes No Inapplicable

Does the listed company or any of its subsidiaries have any other significant social security problems?

Yes No Inapplicable

Any administrative punishment during the reporting period?

Yes No Inapplicable

XVII. 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
10 Oct. 2013	The Company	Field research	Institution	Shanghai Office of Britain-based Schroders Group, Macquarie Bank	The operation and production of the Company

Section V. Significant Events

I. Significant lawsuits or arbitrations

√ Applicable □ Inapplicable

Basic information of the lawsuit (arbitration)	Amount involved in the lawsuit (arbitration) (RMB Ten thousand)	Forming the estimated liabilities or not?	Progress of the lawsuit (arbitration)	Trial result and influence of the lawsuit (arbitration)	Enforcement on the judgment of the lawsuit (arbitration)	Disclosure date	Disclosure index
In Mar. 2013, CSRC Guangdong administered an administrative punishment on the illegal information disclosure of the Company. 515 plaintiffs separately sued the Company to Guangzhou Intermediate People's Court for false securities statement, demanding civil compensations from the Company for its illegal information disclosure.	RMB 73.4283 million and HKD 82,000	No	Pending	The lawsuits are still in trial with no judgment. Therefore, the influence of these lawsuits on the Company is unable to be known for now.	Inapplicable	18 Sept. 2013	Announcement title: Announcement on Lawsuit Matters; Announcement No.: 2013-039; Website of disclosure: http://www.cninfo.com.cn
In Mar. 2013, CSRC Guangdong administered an administrative punishment on the illegal information disclosure of the Company. 672 plaintiffs	RMB 87.0947 million	No	Pending	The lawsuits are still in trial with no judgment. Therefore, the influence of these lawsuits on the Company is unable to be known for now.	Inapplicable	8 Jan. 2014	Announcement title: Announcement on Lawsuit Matters; Announcement No.: 2014-003; Website of

separately sued the Company to Guangzhou Intermediate People's Court for false securities statement, demanding civil compensations from the Company for its illegal information disclosure.							disclosure: http://www.cninfo.com.cn
In Mar. 2013, CSRC Guangdong administered an administrative punishment on the illegal information disclosure of the Company. 116 plaintiffs separately sued the Company to Guangzhou Intermediate People's Court for false securities statement, demanding civil compensations from the Company for its illegal information disclosure.	RMB 22.5254 million and HKD 546,600	No	Pending	The lawsuits are still in trial with no judgment. Therefore, the influence of these lawsuits on the Company is unable to be known for now.	Inapplicable	15 Mar. 2014	Announcement title: Announcement on Lawsuit Matters; Announcement No.: 2014-011; Website of disclosure: http://www.cninfo.com.cn

II. Media's queries

Applicable Inapplicable

There was no media's query during in the reporting period.

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

Inapplicable

IV. Bankruptcy and reorganization

Inapplicable

V. Asset transactions

1. Acquisition of assets

Transaction party or ultimate controller	Asset acquired or bought in	Transaction price (RMB Ten thousand)	Progress (note 2)	Influence on the Company's operation (note 3)	Influence on the Company's gain/loss (note 4)	Ratio of the net profit contributed by the Company to the total profit (%)	Related-party transaction or not	Relationship between the transaction party and the Company (applicable for related-party transactions)	Disclosure date (note 5)	Disclosure index
Ma Henglai	25% equity interests of Foshan Chansheng Electronic Ballast Co., Ltd.	199.45	The relevant assets were all transferred in.	The equity acquisition would not affect the business continuity and management stability of the Company.	Naught	0%	No	Inapplicable	25 Dec. 2013	Announcement title: Announcement on Acquisition of Some Equity Interests of a Controlled Subsidiary ; Announcement No.: 2013-047; Website of disclosure: http://www

												.cninfo.com.cn
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2. Sale of assets

Transaction party	Asset sold	Disposal date	Transaction price (RMB 0'000)	Net profit contributed to the Company from the period-begin to the disposal date (RMB 0'000)	Gains and losses arising from the sales of assets (RMB 0'000)	Ratio of the net profit contributed by the asset to the Company to the total profit (%)	Pricing principle	Related-party transaction or not	Relationship between the transaction party and the Company (applicable for related-party transactions)	Whether or not the ownership of the asset involved has been fully transferred	Whether or not the creditor's right and liabilities involved have been fully transferred	Disclosure date	Disclosure index
Shenzhen Meilun Trade Development Co., Ltd.	18.5% equity of Shenzhen Liangke Venture Capital Co., Ltd.	28 Jun. 2012	2,220	721	The sold 18.5% equity of Shenzhen Liangke Venture Capital Co., Ltd. held by the Company will not have negative influences on the continuity of the business	2.86%	With the assessment result as the pricing base	No	Inapplicable	Yes	Yes	23 Aug. 2013	Name of announcement: Announcement on the Completion of the Equity Transfer of the Original Joint Stock Company; Announcement No.: 2013-025;

					and the stability of the management level. The profits gained from the equity transfer was of RMB 8,970,000								Disclosure website: www.cninfo.com.cn
Wuxi TuoHai Investment Co., Ltd.	51% equity of Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd.	27 Aug. 2013	1,001.78	-462	The sold 51% equity of Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd. held by the Company will not have negative influences on the continuity of the business and the stability of the	-1.93%	With the assessment result as the pricing base	No	Inapplicable	Yes	Yes	27 Aug. 2013	Name of announcement: Announcement on Transfer the Equity of Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd. Announcement No.: 2013-0305; Disclosure website:

					manage ment level. The profits gained form the equity transfer was of RMB 8,970,0 00								www.cn info.co m.cn
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3. Business combination

Inapplicable

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

There was no any implementation of equity incentive of the Company during the reporting period.

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
Prosperity Lamps & Components Limited	Legal person that held over 5% shares of the Company	Purchasing products and receiving labor service from the	Purchase of material	Market price	700.15	700.15	0.43%	Remittance	700.15	26 Apr. 2013	www.cninfo.com.cn

		related party									
Prosperity Electrical (China) Co., Ltd.	A company controlled by the related natural person	Purchasing products and receiving labor service from the related parties	Purchase of material	Market price	3,105.95	3,105.95	1.93%	Remittance	3,105.95	26 Apr. 2013	www.cninfo.com.cn
Siteco Prosperity Lighting (Langfang) Co., Ltd.	A company controlled by the related natural person	Purchasing products and receiving labor service from the related parties	Purchase of material	Market price	135.20	135.2	0.08%	Remittance	135.20	29 Aug. 2013	www.cninfo.com.cn
OSRAM (China) Lighting Co., Ltd.	Acting-in-concert party of a corporation with a stake over 5% in the Company	Purchasing products and receiving labor service from the related parties	Purchase of material	Market price	6.24	6.24	0%	Remittance	6.24	26 Apr. 2013	www.cninfo.com.cn
Prosperity (Xinxiang) Electro-Optical Machinery Co., Ltd	A company controlled by the related natural person	Purchasing products and receiving labor service from the related parties	Purchase of material	Market price	2.97	2.97	0%	Remittance	2.97	26 Apr. 2013	www.cninfo.com.cn

Prosperity (Xinxiang) Lighting Machinery Co., Ltd.	A company controlled by the related natural person	Purchasing products and receiving labor service from the related parties	Purchase of material	Market price	0.34	0.34	0%	Remittance	0.34	26 Apr. 2013	www.cninfo.com.cn
Hangzhou Times Lighting and Electrical Co., Ltd.	A company controlled by the related natural person	Purchasing products and receiving labor service from the related parties	Purchase of material	Market price	2.28	2.28	0%	Remittance	2.28	26 Apr. 2013	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 parties	Sales of products	Market price	5,394.58	5,394.58	2.16%	Remittance	5,394.58	26 Apr. 2013	www.cninfo.com.cn
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	A company controlled by the related natural person	Selling products and providing labor service to the related parties	Sales of products	Market price	440.12	440.12	0.18%	Remittance	440.12	26 Apr. 2013	www.cninfo.com.cn
Prosperity Electrical (China) Co., Ltd.	A company controlled by the related	Selling products and providing labor	Sales of products	Market price	111.46	111.46	0.04%	Remittance	111.46	26 Apr. 2013	www.cninfo.com.cn

	natural person	service to the related parties									
OSRAM (China) Lighting Co., Ltd.	Acting-in-concert party of a corporation with a stake over 5% in the Company	Selling products and providing labor service to the related parties	Sales of products	Market price	1,044.16	1,044.16	0.42%	Remittance	1,044.16	26 Apr. 2013	www.cninfo.com.cn
Osram Asia Pacific Ltd.	Acting-in-concert party of a corporation with a stake over 5% in the Company	Selling products and providing labor service to the related parties	Sales of products	Market price	1,166.68	1,166.68	0.47%	Remittance	1,166.68	Inapplicable	Inapplicable
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 equipments	Market price	772.96	772.96	23.18%	Remittance	772.96	26 Apr. 2013	www.cninfo.com.cn
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	Associated enterprise	Purchasing products and receiving labor service from the related parties	Purchase of equipments	Market price	252.14	252.14	7.56%	Remittance	252.14	Inapplicable	Inapplicable

Prosperity (Xinxiang) Lighting Machinery Co., Ltd.	A company controlled by the related natural person	Purchasing products and receiving labor service from the related parties	Purchase of equipments	Market price	87.62	87.62	2.63%	Remittance	87.62	26 Apr. 2013	www.cninfo.com.cn
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	Associate enterprise	Selling products and providing labor service to the related parties	Collection of rental	Market price	22.21	22.21		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 utilities	Market price	5.80	5.8		Remittance	5.80	Inapplicable	Inapplicable
Total				--	--	13,250.86	--	--	--	--	--
Details of large amount of sales returns				Naught							
Necessity and continuity of related-party transaction as well as reason of choosing the related party (but not other transaction parties) to conduct the said transaction				Due to the Company needed stable supply of good raw materials for its production, such related-party transaction was necessary and will exist within a long-term period. The Company's partial products were sold through the related parties, which would drive the expansion of the production scale of the Company to a certain extent, so it belonged to the continuous related-party transactions and would exist within a long-term period.							
Impacts of related-party transaction on independency of the Company				The Company's routine related-party transactions with the related parties had no influence on the independency of the Company, so the Company's main business wouldn't form the reliance on or be controlled by the related parties.							
Dependant degree of the Company on related party and relevant solutions for the dependence (if any)				The Company's related-party business with the related parties occupied a small proportion in the amount of the same kind of business, so its main business wouldn't form the reliance on or be controlled by the related parties.							
As for the prediction on the total amount of				In Apr. and Aug. 2013, the Company predicted the total amount of routine related-party							

routine related-party transactions to be occurred in the reporting period by relevant types, the actual performance in the reporting period (if any)	transactions with the related parties of OSRAM (China) Lighting Co., Ltd., Prosperity Lamps & Components Limited, Prosperity Electrical (China) Co., Ltd., Prosperity (Hangzhou) Lighting and Electrical Co., Ltd., Hangzhou Times Lighting and Electrical Co., Ltd., Prosperity (Xinxiang) Lighting Machinery Co., Ltd. and Prosperity (Xinxiang) Electro-Optical Machinery Co., Ltd. and in the purchase from related parties, the actual amount occurred in 2013 was of RMB 50.6585 million, of 63.64 % of the 2013 estimated amount; in the sales to the related parties, the actual amount occurred in 2013 was of RMB 81.57 million, of 92.69 % of the 2013 estimated amount.
Reason for significant difference between the transaction price and the market price	Naught

2. Related-party transactions regarding purchase and sales of assets

Inapplicable

3. Significant related-party transitions with joint investments

Inapplicable

4. Credits and liabilities with related parties

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

Yes No

5. Other significant related-party transactions

On 8 Jan. 2013, the “Proposal on Providing Financial Support for a Stock-participating Company” was reviewed and approved by the General Meeting of Shareholders and the Company provided the related legal person Qinghai Fozhao Lithium Energy Exploitation Co., Ltd. (hereinafter referred as “Qinghai Lithium Energy”) with a financial support of RMB 43.32 million. The deadline of the entrusted loans was four months since the date of signing the entrusted loans agreement with the commercial bank and Qinghai Lithium Energy that would be expired on 20 May 2013. Owing to various reasons, Qinghai Lithium Energy failed to pay back the loans to the Company on time. But up to 11 Oct, Qinghai Lithium Energy had paid all the arrears and interests.

The website to disclose the interim announcements on significant related-party transactions

Name of the interim announcement	Disclosure date of the interim announcement	Website to disclose the interim announcement
Announcement on Resolutions Made at the First Special Shareholders’ General Meeting for 2013	9 Jan. 2013	www.cninfo.com.cn
Announcement on the Wholly Receiving of the Overdue Arrears and Interests From Qinghai Fozhao Lithium Energy Exploitation Co., Ltd.	11 Oct. 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

Naught

4. Other significant transactions

Naught

IX. Fulfillment of commitments

1. 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.

2. The Company's assets or projects exist profitable prediction and the reporting period is in such prediction period, it states the profits from the assets or projects reaching original prediction and relevant reasons

During the reporting period, the Company didn't make any profitable prediction of the assets or projects and the reporting period wasn't in such prediction period

X. Engagement and disengagement of the CPAs firm

CPAs firm engaged at present

Name of domestic CPAs firm	GP Certified Public Accountants (LLP)
Remuneration of domestic CPAs firm (RMB 0'000)	118.72
Consecutive years of the audit services provided by domestic CPAs firm	21
Name of the certified public accountants from the domestic CPAs firm	Hong Wenwei, Chen Danyan

Reengage the CPAs firm at current period or not?

Yes No

Particulars on engaging the audit firm for the internal control, financial adviser or sponsor

Applicable Inapplicable

During the reporting period, the Company engaged GP Certified Public Accountants (LLP) as the internal control audit constitution

owning to the needs of internal control audit, with the total paid audit expenses of RMB 508.80 thousand.

XI. Explanation of the “non-standard audit report” of the CPAs of the Board of Supervisors, Independent Directors during the reporting period (if applicable)

Inapplicable

XII. Punishment and rectification

Name	Type	Reason	Punishment type for the investigation	Conclusion (if any)	Disclosure date	Disclosure index
Foshan Electrical and Lighting Co., Ltd.	Other	Illegal information disclosure	Registered and investigated or administrative punished by CSRC	Ordering the Company to make rectification, giving a warning and imposing a fine of RMB 0.4 million.	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
Liu Xingming, Xie Qing, Wei Bin	Senior executives	Responsible person of the illegal information disclosure	Registered and investigated or administrative punished by CSRC	Giving a warning to Liu Xingming, and imposing a fine of RMB 30,000; 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

Explanation on the rectification:

Applicable Inapplicable

As for the illegal information disclosure mentioned in the Written Decision of CSRC Guangdong Bureau on Administrative Penalty, the Company had disclosed relevant announcements in supplement in Jul. and Aug. 2012. After receiving the Written Decision of CSRC Guangdong Bureau on Administrative Penalty on 3 Jun. 2013, the Company paid special attention to such events and in order to prevent 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 clearly define the detailed information of the related parties of the Company and update it timely, 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 Executives of the Company, so as to make them systematically know the content of securities laws, rules and standardized documents, and get familiar with the basic knowledge of 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.

Particulars about the directors, supervisors, senior management staffs and shareholders holding over 5% shares of the Company involving in illegal trading the Company's stocks and the Company has disclose to recover the illegal income

Applicable Inapplicable

XIII. Situation of the suspend listing and delisting after the disclosure of the annual report

Inapplicable

XIV. Explanation on other significant events

Naught

XV. Significant events of subsidiaries of the Company

1. The Company convened the 18th Session of the 6th Board of Directors on 28 Jun. 2012, at which reviewed and approved the Proposal on Liquidating and Writing off the Controlled Subsidiary Guangdong Fozhao New Light Sources Technology Co., Ltd. On 15 May 2013, the Company completed the procedure of cancellation of registration/
2. The Company convened the 29th Session of the 6th Board of Directors on 24 Apr. 2013, at which reviewed and approved the Proposal on the Investment and Establishing the Foshan Lighting Lamps & Components Co., Ltd. On 8 May 2013, the Company gained the license of the business corporation and the Company held its 100%

equity.

3. The Company convened the 3rd Session of the 7th Board of Directors on 27 Aug. 2013, at which reviewed and approved the Proposal on the Transfer of the Equity of Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd., the Company transferred its 51% equity of Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd. to Wuxi TuoHai Investment Co., Ltd.. On 4 Dec. 2013, Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd. completed the procedure of industry and commerce change registration of its equity transfer and from then on the Company no more holds the equity of Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd.

XVI. Situation of the Issuing the corporate bonds of the Company

Inapplicable

Section VI. Change in Share Capital and Particulars about Shareholders

I. Particulars about the changes in share capital

Unit: Share

	Before the change		Increase/decrease in the change (+,-)					After the change	
	Number	Proportion (%)	Issuance of new shares	Bonus shares	Capitalization of public reserve fund	Other	Subtotal	Number	Proportion (%)
I. Shares subject to trading moratorium	137,192,615	14.02%				-1,989,234	-1,989,234	135,203,381	13.82%
3. Other shares held by domestic corporation	5,376,930	0.55%				-1,989,234	-1,989,234	3,387,696	0.35%
Including: shares held by domestic non-state-owned corporation	3,733,593	0.38%				-675,675	-675,675	3,057,918	0.31%
Shares held by domestic natural person	1,643,337	0.17%				-1,313,559	-1,313,559	329,778	0.03%
4. Shares held by foreign investment	131,815,685	13.47%						131,815,685	13.47%
Including: shares held by foreign corporation	131,815,685	13.47%						131,815,685	13.47%
II. Shares not subject to trading moratorium	841,371,130	85.98%				1,989,234	1,989,234	843,360,364	86.18%
1. RMB ordinary shares	616,150,093	62.96%				1,989,234	1,989,234	618,139,327	63.17%
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. The former Board Chairman Zhong Xincan, the former Supervisor Yang Xudong, the former Financial Manager Wang Shuqiong and the former Vice General Manager Zhao Yong stepped down from their posts as Directors, Supervisors and Senior Executives. Now the half-year lockup period had expired so the shares subject to trading moratorium held by them had wholly changed into the shares not subject to trading moratorium.

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

4. Due to the 2, 3 above, the 760,963 restricted shares decreased to the shares held by Senior Executives 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 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

II. Issuance and listing of securities

1. Issuance of securities over the past three years

The Company had no issuance of securities over the past three years.

2. Explanation on changes in share capital & the structure of shareholders, the structure of assets and liabilities

There was no change in share capital and the structure of shareholders during the reporting period.

3. Particulars about staff shares

The Company had no staff shares during the reporting period.

III. Particulars about the shareholders and actual controller

1. Total number of shareholders and their shareholding

Unit: Share

Total number of shareholders at the reporting period		139,442		Total number of shareholders on the fifth trading day before the disclosure date of the annual report			124,745	
Particulars about shares held by shareholders or the top 10 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 non-tradable shares held	Number of tradable 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		
Essence International Securities (Hong Kong) Co., Ltd.	Foreign corporation	1.34%	13,098,077	13098077	0	13,098,077		
DBS VICKERS(HONG KONG) LTD A/C CLIENTS	Foreign corporation	1.29%	12,671,741	-1886753	0	12,671,741		
EAST ASIA SECURITIES COMPANY LIMITED	Foreign corporation	0.97%	9,527,080	0	0	9,527,080		
Zhuang Jianyi	Foreign natural person	0.85%	8,324,132	0	0	8,324,132		
ICBC—CCB Optimal Allocation of Hybrid Securities Investment Fund	Domestic non-state-owned corporation	0.84%	8,190,127	8190127	0	8,190,127		
Guangzhou	Domestic	0.57%	5,586,815	0	0	5,586,815		

Prosperity Lamps & Components Trade Co., Ltd.	non-state-owned corporation						
ICBC—CCB Preferred Growth Securities Investment Fund	Domestic non-state-owned corporation	0.54%	5,299,849	5299849	0	5,299,849	
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX EUND	Foreign corporation	0.47%	4,592,770		0	4,592,770	
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				
Essence International Securities (Hong Kong) Co., Ltd.	13,098,077	Domestically listed foreign shares	13,098,077				
DBS VICKERS(HONG KONG) LTD A/C CLIENTS	12,671,741	Domestically listed foreign shares	12,671,741				
EAST ASIA SECURITIES COMPANY LIMITED	9,527,080	Domestically listed foreign shares	9,527,080				
Zhuang Jianyi	8,324,132	Domestically listed foreign shares	8,324,132				
ICBC—CCB Optimal Allocation of	8,190,127	RMB ordinary	8,190,127				

Hybrid Securities Investment Fund		share	
Guangzhou Prosperity Lamps & Components Trade Co., Ltd.	5,586,815	RMB ordinary share	5,586,815
ICBC—CCB Preferred Growth Securities Investment Fund	5,299,849	RMB ordinary share	5,299,849
BBH A/C VANGUARD EMERGING MARKETS STOCK INDEX EUND	4,592,770	Domestically listed foreign shares	4,592,770
Hou Chunhu	4,315,117	Domestically listed foreign shares	4,315,117
Explanation on associated 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	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.		
Explanation on the top 10 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

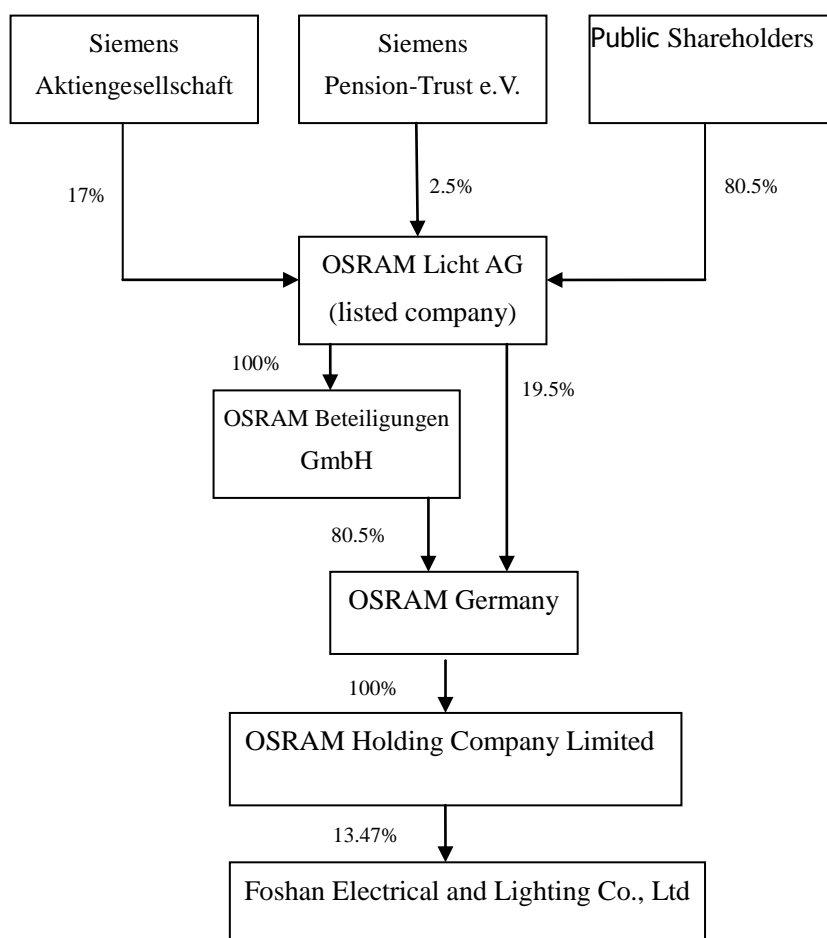
2. Particulars about the controlling shareholder

The Company currently has no controlling shareholder or actual controller.

(1) The first principal shareholder of the Company is OSRAM Holding Company Limited, which was established in Hong Kong in Jun. 2004 with registered capital of HKD 500,000, the company principal is Werner Hoffmann, it has no substantial operations and it currently held 13.47% equity of the Company.

(2) The second principal shareholder of the Company is Prosperity Lamps & Components Limited, which was established in Hong Kong in 1978 with registered capital of HKD 2 million and Legal Representative being Zhuang Jianyi, main business scope covering sales and exportation of lighting products, import and export trade; currently held 10.5% equity of the Company.

Illustration on relationship between the Company and its first principal shareholder



3. Particulars about other corporate shareholders with shareholding proportion over 10%

During the reporting period, there was no corporate shareholders holding over 10% shares of the Company except the above first principal shareholder of OSRAM Holding Company Limited and second principal shareholder of Prosperity Lamps & Components Limited.

IV. Particulars on shareholding increase scheme proposed or implemented by the shareholders and act-in-concert persons during the reporting period

No shareholding increase scheme proposed or implemented by the shareholders and act-in-concert persons during the reporting period.

Section VII. Directors, Supervisors, Senior Management Staffs and Employees

I. Changes in shareholding of directors, supervisors and senior management staffs

Name	Office title	Tenure status	Sex	Age	Start date	Ending date	Shares held at the year-begin (share)	Amount of shares increased at the reporting period (share)	Amount of shares decreased at the reporting period (share)	Amount of shares held at the period-end (share)
Pan Jie	Chairman of the Board	Current	Male	42	28 May 2013	28 May 2016	0	0	0	0
Liu Xingming	Vice Chairman and General Manager	Current	Male	51	28 May 2013	28 May 2016	351,280	0	0	351,280
Wu Shengbo	Director	Current	Male	47	28 May 2013	28 May 2016	0	0	0	0
Werner Jürgen Dietrich Hoffmann	Director	Current	Male	44	28 May 2013	28 May 2016	0	0	0	0
Yang Jianhu	Director	Current	Male	36	28 May 2013	28 May 2016	0	0	0	0
Ye Zaiyou	Director	Current	Male	57	28 May 2013	28 May 2016	0	0	0	0
Liu Zhenping	Independent Director	Current	Male	65	28 May 2013	28 May 2016	0	0	0	0
Dou Linping	Independent Director	Current	Male	54	28 May 2013	28 May 2016	0	0	0	0
Xue Yizhong	Independent Director	Current	Male	45	28 May 2013	28 May 2016	0	0	0	0
Zhang	Chairman	Current	Male	39	17 Sep.	28 May	10,700	0	0	10,700

Yong	of the Supervisor y				2013	2016				
Ye Zhenghong	Supervisor	Current	Male	40	21 May 2013	28 May 2016	20,560	0	0	20,560
Zhang Xuequan	Supervisor	Current	Male	36	21 May 2013	28 May 2016	6,400	0	0	6,400
Zhuang Rujia	Supervisor	Current	Male	56	28 May 2013	28 May 2016	0	0	0	0
Zhang Yingqi	Supervisor	Current	Male	62	28 May 2013	228 May 2016	0	0	0	0
Lin Yihui	Company Secretary	Current	Male	59	28 May 2013	28 May 2016	0	0	0	0
Xie Qing	Vice GM	Current	Male	39	28 May 2013	28 May 2016	12,950	0	0	12,950
Wei Bin	Vice GM	Current	Male	44	28 May 2013	28 May 2016	15,684	0	0	15,684
Jiao Zhigang	Vice GM	Current	Male	41	17 Sep. 2013	28 May 2016	22,880	0	0	22,880
Yin Jianchun	CFO	Current	Male	38	28 May 2013	28 May 2016	0	0	0	0
Zhong Xincai	Chairman of the Board	Former	Male	70	27 May 2010	28 May 2013	876,206	0	0	876,206
Michel Jean-paul Henri	Director	Former	Male	50	21 Aug. 2012	28 May 2013	0	0	0	0
Yang Xudong	Supervisor	Former	Male	48	27 May 2010	28 May 2013	3,900	0	0	3,900
Wang Shuqiong	Financial Manager	Former	Female	51	27 May 2010	28 May 2013	140,013	0	0	140,013
Zhou Xiangfeng	Company Secretary	Former	Male	52	5 Jan. 2011	28 May 2013	0	0	0	0
Total	--	--	--	--	--	--	1,460,573	0	0	1,460,573

II. Post-holding situation

Main working experience of current directors, supervisors and senior management staffs over the past five years:

(1) Work experience of directors

Pan Jie: Male, born in Shanghai, 1971, has bachelor degree of the electric light source of Dept. of Illuminating

Engineering and Light Sources of Fudan University, master's degree of optics and optoelectronics of GUCAS and Shanghai Institute of Technical Physics of the Chinese Academy of Sciences, and master's degree of FDSM and Norwegian School of Management (B1). From Mar. 2001 to Jun. 2009, he acted as the General Manager of Asia lighting business in Consumer and Industrial Products Group of General Electric Company; From Jul. 2009 to Mar. 2011, he acted as CEO of Asian-Pacific region in America Lingji Electronics Co., Ltd.; From Apr. 2011 to Jun. 2012, he acted as responsible person in Asian-Pacific region of Energy Electronics in the Energy Electronics Dept. of GE; From Jul. 2012 to May 2013, he acted as CEO of Greater China Region in GE Water in Power Generation and GE Group of General Electric Company. In May 2013, he was elected as the Chairman of the Board of the Company.

Liu Xingming: Male, born in Xinhui, Guangdong Province in 1962, bachelor degree holder, engineer. He joined the Company in 1983, and acted as Vice GM from 1997 to 2005; acted as GM of the Company from Dec. 2005 to Nov. 2008; acted as Vice GM of the Company in Dec. 2008; acted as Vice Director of the Board in Apr. 2011; from Apr. 2012 up to now, he acted as the GM and Vice Director of the Board; after 1995, he was elected as the Director of the Company.

Wu Shengbo: Male, American nationality, born in May 1966, bachelor degree of Thermal Engineering Department of Tsinghua University, master degree of Mechanical Engineering of University of Nebraska-Lincoln and master degree of Information Management System of American Keller Graduate School. From Aug. 1993 to Dec. 2008, he worked in GE and successively acted as General Manager in China of Optimization & Control Department of Energy Group and concurrently the President & CEO of Xinhua Control Engineering Co., Ltd., Operating General Manager of Control Solution Department in Asia-Pacific Area, etc.; from Jan. 2009 to Apr. 2012, he worked in Honeywell and acted as the General Manager of Process Control Department in China; since Apr. 2012, he has been worked in OSRAM Holding Company Limited, acted as the President in Asia-Pacific Area; since Apr. 2012, he was elected as the Director of the Company.

Werner Jürgen Dietrich Hoffmann: Male, German nationality, born in Jun. 1969, bachelor degree. He joined Osram Asia Pacific Co., Ltd. from Jul. 2006 and had acted as E&C CFO of Commerce Department in Asia Pacific Region and CFO MBA of Guangzhou Sino-German Electronic Co., Ltd.; acted as CFO of Sales Department, CFO in Asia Pacific Region, and LUM & LS CFO of Commerce Department in Asia Pacific Region from Apr. 2008; acted as CFO of Commerce Department in Asia Pacific Region from Apr. 2009; acted as CFO in Asia Pacific Region from Oct. 2012 up to present. In May 2013, he was selected as the Director of 7th Board of Directors.

Ye Zaiyou: Male, born in Nanhai, Guangdong province in 1956,, junior middle school in educational background, director of the Company from the 1st to 7th Board of Directors. He is currently the Chairman of the Board of Nanhai Wuzhuang Global Ceramic Factory, also sponsor shareholder of the Company.

Yang Jianhu: Male, born in Shanghai in 1977, bachelor degree of inorganic nonmetallic materials in Shandong Light Industry College, master's degree of mineral crystal materials science of China University of Geosciences, doctor's degree of optoelectronic materials science of SIOM of CAS. From Jul. 2004 to Apr. 2009, he acted as Senior Project Manager in General Electric (China) Co., Ltd; from May 2009 up to present, he acted as CTO of Hangzhou Times Lighting & Electric Appliance Co., Ltd. In May, 2013, he was elected as the Director of the 7th Board of Directors.

Liu Zhenping (Independent Director): Male, born in Shenyang, Liaoning Province in 1948, a postgraduate from Chinese Academy of Social Sciences with a title of senior accountant. Young intellectual in the Langjia Unit, Yuhong District, Shenyang from Sept. 1968 to Sept. 1971; Accountant, Chief Accountant and then Chief of the Financial Affairs at Accountancy Office of Shenyang Bulb Factory from Sept. 1971 to Nov. 1983; Vice Chief (General Accountant) in Shenyang Bulb Factory from Nov. 1983 to Sept. 1992; Factory Director and Party

Committee Secretary of Shenyang Bulb Factory from Sept. 1992 to Jan. 1998; GM, Party Committee Secretary and Chairman of the Board of Shenyang Northeast Lighting Co., Ltd. from Jan. 1998 to Jul. 2004; from Jul. 2004 till now, GM and Partner of Liaoning Huize Certified Public Accountants Co., Ltd.; Vice President of China Association of Lighting Industry, Chief of Electric Light Source Specialized Committee since 1992; Deputy to People's Congress and a member of the Politics and Law Committee under the Standing Committee of the People's Congress in Tiexi District, Shenyang from 1992 to 2007. He was elected as the independent director of the 6th Board of Directors in Jun. 2010.

Dou Linping (Independent Director): Male, born in Beijing in 1959, bachelor degree. Majoring in Metal Materials and Heat Treatment at Beijing University of Technology from Sept. 1978 to Jul. 1982; worked in Beijing Lamp Factory from Jul. 1982 to Mar. 1985 and Vice Section Chief in the Design Section early in 1984; Chief of the Design Office in Beijing Lamps Research Institute from Mar. 1985 to Dec. 1992 and Vice Director of the Institute since 1990; worked in China Association of Lighting Industry from Jan. 1993 to May 2012. He has been the Vice Secretary General of China Illuminating Engineering Society since Jun. 2012. And he was elected as the independent director of the 6th Board of Directors in Jun. 2010.

Xue Yizhong (Independent Director): Male, born in Jul. 1968, from Xuzhou Anhui, master degree and owning Lawyer Qualification Certificate, Economist Qualification Certificate and Political Worker Qualification Certificate. From the year of 1993 to 2001, he successively worked as Vice Section Chief, Section Chief, Vice Division Chief and Division Chief of International Business Division, Legal Affairs Division and Credit Management Division (including Assets Risks Management Section, Property Credit Section, Foreign Currency Credit Section, Project Credit Section and Industrial & Commercial Section and other functional departments); from the year of 2001 till now, he worked in Grandall Law Firm and acted as the Senior Partner, Principal of Financial Professional Committee and Management Partner of Shenzhen Office. From Aug. 2012, he was selected as the Independent Director of the Company.

(2) Work experience of supervisors

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

Ye Zhenghong: Male, born in Jun. 1973, college degree, is Supervisor of the Company. He joined the Company from Jul. 1995; worked in the Machine Repair Shop from Jul. 1997 to Jan. 2001; acted as Equipment Management Director in T8 Fluorescent Lamp Factory from Feb. 2001 to Jan. 2005; acted as Director of Machine Repair Workshop from May 2005 to Jan. 2007; acted as Chief Officer of Machinery Dynamic Department from May 2006 to Dec. 2007; and acted as factory director of T8 Fluorescent Lamp Factory from Jan. 2008 up to present.

Zhang Xuequan: Male, born in Dec. 1977, college degree. He joined the Company from Oct. 1996, and acted as Workshop Manager of Lamp Workshop from Apr. 2003 to May 2008; acted as the Department Director of the Business Management Department of the Company from Jun. 2008 till now. He acted as the Supervisor of the Company from May 2013.

Zhuang Rujia: Male, born in Oct. 1975, in Chaoyang, Guangdong Province, graduated from technical secondary

school. He consecutively acted as director of Prosperity Lamps & Components Limited for more than twenty years, and was director of Zhejiang Prosperity Lighting Electrical Co., Ltd. and Prosperity (Hangzhou) Lighting Electrical Co., Ltd.; he has experience of several years in operating & running and marketing strategy of lighting industry. He acted as the Supervisor of the Company from Jun. 2010.

Zhang Yingqi: male, comes from Shanghai, born in Feb. 1951, a postgraduate. From May 2001 to Aug. 2010, he worked as the General Manager in Guangzhou Pearl River Asset Management Co., Ltd. and held the post of Chairman of the Board of Directors from Aug. 2010 to Jul. 2012; acted as the Supervisor of the Company from May 2011.

(3) Work experience of senior management staffs

Lin Yihui: Male, born in Jiexi, Guangdong Province in 1954, graduated as postgraduate of Economic Class, and now is acting as Party Secretary of the Company. He was in active service in force from Dec. 1970 to 1986 and acted as posts of command, battalion and group; works in Foshan International Trust and Investment Company from 1986 to Sep. 2000 and acted as Section Chief and Vice GM and was in charge of the securities business of the Company as well as host the works such as the underwritten offering and listing recommendation of the shares of various companies over years; acted as Party Secretary of the Company from May till now. He was acted as the Board Secretary in May, 2013.

Xie Qing: Male, born in Xinyi, Jiangsu Province in Apr. electric-light-source engineer. He graduated from Nanjing Radio Industrial School in Jul. 1994, and worked in the General Bulbs Workshop of the Company upon his graduation, and successively became the Chief of the production line after three months, technician of the General Bulbs Workshop in Mar. 1996, Chief of Middle-grade Lamp Workshop in May 1997, Chief of Sing-end Lamps Workshop from 1998 to 2010, and Deputy General Manager of the Company since Jun. 2010.

Wei Bin: male, born in Chenzhou City, Hunan Province in May 1969 and bachelor's degree and was an engineer. He joined in the Company in 1991, and responsible for the product development of the graduate school of the Company from Mar. 1992 to Dec. 1996, acted as Workshop Manager of Energy Saving Lamp Workshop from Jan. 1997 to Dec. 2005, acted as Workshop Manager of HID Workshop from Jan. to Dec. 2005, acted as Workshop Manager of T5 Workshop from 2006 to Nov. 2008, acted as the Department Director of the Technology Department from Nov. 2008 to 2009 and acted as Vice GM of the Company from Sep. 2009.

Yin Jianchun: Male, born in Apr. 1975 in Shanghai, graduate degree. He acted as Cost Accountant in Dongfeng Morse (Shanghai) from Jul. 1995 to Oct. 2000; acted as GL Accountant in Henkel Loctite China Co., Ltd. from Dec. 2000 to Dec. 2001; acted as Financial Executive of Metso Automation (Shanghai) Company Operations Center from Apr. 2002 to Aug. 2004; successively acted as Finance Manager of China manufacturing of Lighting Division, Manager of China Business Planning Analysis of Industrial and Consumer Products Division, CFO of Digital Energy Division of Asia Pacific Region, CFO of Energy Electronics Division of Asia Pacific Region and Director of Global Business Planning Analysis of Energy Electronics Division. He acted as CFO of the Company from May 2013.

Jiao Zhigang: Male, born in Shenqiu, Henan Province in May 1972, bachelor degree holder. He graduated from South China University of Technology in Jul. 1994, and at the same year he entered Foshan Electrical and Lighting Co., Ltd. He acted as Warehouse Director of the Company from Aug. 1995 to Sep. 2013, acted as Department Director of Human Resources Department from May 2010 to Sep. 2013; selected as Employee Supervisor from Mar. 2007 to Sep. 2013, and as Chairman of the Supervisory of the Company from May 2010 to Sep. 2013. He acted as Vice GM of the Company in Sep. 2013.

Post-holding in shareholders' units

√Applicable □Inapplicable

Name of the person holding any post in shareholder's unit	Name of shareholder's unit	Position in shareholder's unit	Beginning date of office term	Ending date of office term	Receives payment from shareholder's unit?
Zhuang Rujia	Prosperity Lamps & Components Limited	Director	28 Apr. 1989		Yes
Explanation of the post-holding in shareholders' units	Naught				

Post-holding in other units

√Applicable □Inapplicable

Name of the person holding any post in other units	Name of other unit	Position in other unit	Beginning date of office term	Ending date of office term	Receives payment from other unit?
Wu Shengbo	OSRAM Asia-Pacific Co., Ltd.	President	1 Apr. 2012		Yes
Werner Jürgen Dietrich Hoffmann	OSRAM Asia-Pacific Co., Ltd.	CFO	3 Oct. 2012		Yes
Liu Zhenping	Liaoning Huize Certified Public Accountants Co., Ltd.	General Manager	18 Jul. 2004		Yes
Dou Linping	China Illuminating Engineering Society	Secretary General	5 Jun. 2012		Yes
Xue Yizhong	Grandall Law Firm	Senior Partner	17 May 2001		Yes
Ye Zaiyou	Foshan Nanhai Wuzhuang Global Ceramic Factory	Chairman of the Board	10 Aug. 1993		Yes
Explanation of post-holding in other units	Naught				

III. Remuneration for directors, supervisors and senior management staffs

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

Decision-making procedure for the remuneration of directors, supervisors and senior management	The Remuneration & Appraisal Committee under the Board of Directors decides the remuneration of directors, supervisors and senior management in accordance with the Plan for Implementing the Equity Incentive Mechanism for Middle-and Top-Rank Management Personnel reviewed and approved on the 2001 Annual Shareholders'
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	General Meeting, and the particulars on completing current main financial indexes & operating goals, as well as the fulfillment of job responsibilities by them.
Basis for determining the remuneration of directors, supervisors and senior management	The remuneration of directors (excluding independent directors), supervisors and senior management who withdraw remuneration in the Company are all decided in accordance with the Company's Plan for Implementing the Equity Incentive Mechanism for Middle-and Top-Rank Management Personnel and relevant appraisal indexes. The allowance of independent directors should be granted according to the standard reviewed and approved by 2010 Annual Shareholders' General Meeting.
Actual payment of the remuneration of directors, supervisors and senior management	The total remuneration (before tax) actually paid for the directors, supervisors and senior management staffs in 2013 were of RMB 8.7053 million.

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

Unit: RMB Ten Thousand Yuan

Name	Office title	Sex	Age	Tenure status	Total remuneration gained from the Company	Total remuneration gained from shareholder's unit	Actual remuneration gained at the period-end
Pan Jie	Chairman of the Board	Male	42	Current	127.5	0	127.5
Liu Xingming	Vice chairman of the Board and concurrently General Manager	Male	51	Current	128.75	0	128.75
Wu Shengbo	Director	Male	47	Current			
Werner Jürgen Dietrich Hoffmann	Director	Male	44	Current			
Yang Jianhu	Director	Male	36	Current			
Ye Zaiyou	Director	Male	57	Current			
Liu Zhenping	Independent Director	Male	65	Current	10		10
Dou Linping	Independent Director	Male	54	Current	10		10
Xue Yizhong	Independent Director	Male	45	Current	10		10
Zhang Yong	Chairman of	Male	39	Current	41		41

	the Supervisory						
Ye Zhenghong	Supervisor	Male	40	Current	31.05		31.05
Zhang Xuequan	Supervisor	Male	36	Current	20.4		20.4
Zhuang Rujia	Supervisor	Male	56	Current		HKD62	HKD62
Zhang Yingqi	Supervisor	Male	62	Current			
Lin Yihui	Board Secretary	Male	59	Current	70.42		70.42
Xie Qing	Vice GM	Male	39	Current	71.5		71.5
Wei Bin	Vice GM	Male	44	Current	70.42		70.42
Jiao Zhigang	Vice GM	Male	41	Current	70.42		70.42
Yin Jianchun	CFO	Male	38	Current	81		81
Zhong Xincai	Chairman Of the Board	Male	70	Former	73		73
Michel Jean-paul Henri	Director	Male	50	Former			
Yang Xudong	Supervisor	Male	48	Former	4.05		4.05
Wang Shuqiong	Financial Manager	Male	51	Former	29.35		29.35
Zhou Xiangfeng	Board Secretary	Male	52	Former	21.67		21.67
Total	--	--	--	--	870.53	HKD62	932.53

Notes: 2013 annual remuneration of Pan Jie and Yin Jianchun should count from their service term in Jun. 2013.

Particulars about the equity incentives granted for the directors, supervisors and senior management staffs of the Company

Applicable Inapplicable

IV. Particulars about changes of Directors, Supervisors and Senior Executives of the Company

Name	Position	Type	Date	Reason
Pan Jie	Chairman of the Board	Elected	28 May 2013	The term of office of the Board of Directors changed and be elected as the Chairman of the 7 th Board of Directors of the Company.
Liu Xingming	Vice chairman of the Board and concurrently General Manager	Elected	28 May 2013	The term of office of the Board of Directors changed and be elected as the Vice chairman of the and concurrently General Manager.

Wu Shengbo	Director	Elected	28 May 2013	The term of office of the Board of Directors changed and be elected as the Director of the 7 th Board of Directors
Werner Jürgen Dietrich Hoffmann	Director	Elected	28 May 2013	The term of office of the Board of Directors changed and be elected as the Director of the 7 th Board of Directors
Yang Jianhu	Director	Elected	28 May 2013	The term of office of the Board of Directors changed and be elected as the Director of the 7 th Board of Directors
Ye Zaiyou	Director	Elected	28 May 2013	The term of office of the Board of Directors changed and be elected as the Director of the 7 th Board of Directors
Liu Zhenping	Independent Director	Elected	28 May 2013	The term of office of the Board of Directors changed and be elected as the Independent Director of the 7 th Board of Directors
Dou Linping	Independent Director	Elected	28 May 2013	The term of office of the Board of Directors changed and be elected as the Independent Director of the 7 th Board of Directors
Xue Yizhong	Independent Director	Elected	28 May 2013	The term of office of the Board of Directors changed and be elected as the Independent Director of the 7 th Board of Directors
Zhang Yong	Chairman of the Supervisory	Elected	17 Sep. 2013	The original Chairman of the Supervisory resigned and be elected as the Chairman of the Supervisory of the 7 th Board of Supervisors
Ye Zhenghong	Supervisor	Elected	21 May 2013	The term of office of the Board of Supervisors changed and be elected as the Supervisor of the 7 th Board of Supervisors
Zhang Xuequan	Supervisor	Elected	21 May 2013	The term of office of the Board of Supervisors changed and be elected as the Supervisor of the 7 th Board of Supervisors
Zhuang Rujia	Supervisor	Elected	28 May 2013	The term of office of the Board of Supervisors changed and be elected as the Supervisor of the 7 th Board of Supervisors
Zhang Yingqi	Supervisor	Elected	28 May 2013	The term of office of the Board of Supervisors changed and be elected as the Supervisor of the 7 th Board of Supervisors
Lin Yihui	Board Secretary	Engaged	28 May 2013	The term of office of the Board of Directors changed and be engaged as the Board Secretary of the Company
Xie Qing	Vice GM	Engaged	28 May 2013	The term of office of the Board of Directors changed and be engaged as the Vice GM of the Company
Wei Bin	Vice GM	Engaged	28 May 2013	The term of office of the Board of Directors changed and be engaged as the Vice GM of the Company

Jiao Zhigang	Vice GM	Engaged	17 Sep. 2013	Reviewed and approved by the Board of Directors and be engaged Vice GM of the Company
Yin Jianchun	CFO	Engaged	28 May 2013	The term of office of the Board of Directors changed and be engaged as CFO of the Company
Zhong Xincai	Chairman Of the Board	Left as the service term expired	28 May 2013	Left as the service term of the Board of Directors expired
Michel Jean-paul Henri	Director	Left as the service term expired	28 May 2013	Left as the service term of the Board of Directors expired
Yang Xudong	Supervisor	Left as the service term expired	28 May 2013	Left as the service term of the Board of Supervisors expired
Wang Shuqiong	Financial Manager	Left as the service term expired	28 May 2013	Left as the service term expired
Zhou Xiangfeng	Board Secretary	Left as the service term expired	28 May 2013	Left as the service term expired

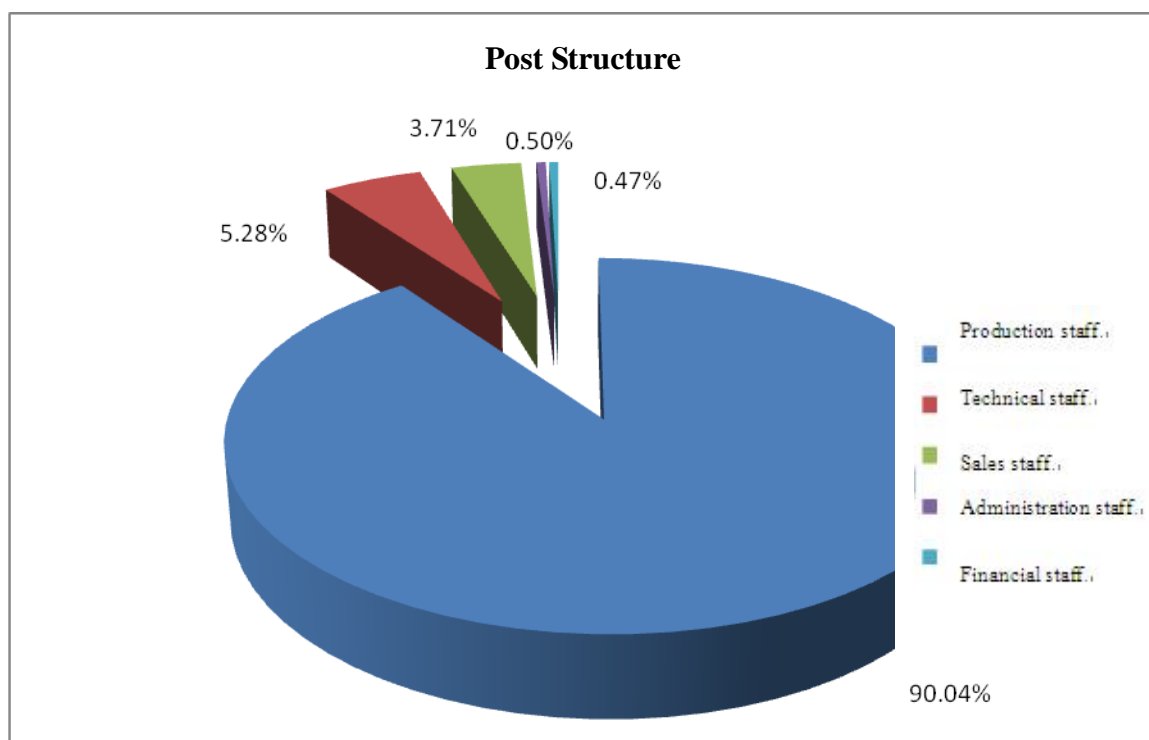
V. Particulars about changes in core technical team or key technicians during the reporting period (not directors, supervisors or senior management staffs)

There were no changes in the core technical team or key technicians during the reporting period.

VI. About employees

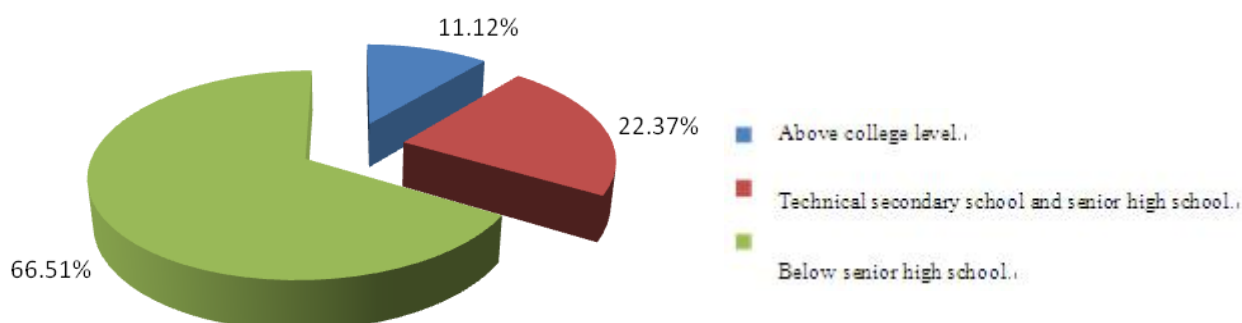
1. As to 31 Dec. 2013, the Company (branch companies and subsidiaries included) has 8875 employees in active service, and the professional structure and educational background are as follows:

Professional structure of employees	Amount	Proportion in total amount of employees (%)
Production staff	7991	90.04 %
Technical staff	469	5.28%
Sales staff	329	3.71%
Administration staff	44	0.50%
Financial staff	42	0.47%
Total	8875	100%



Educational backbroud	Amount	Proportion in total amount of employees
Above college level	987	11.12%
Technical secondary school and senior high school	1985	22.37%
Below senior high school	5903	66.51%
Total	8875	100%

Staffs' Education Background Structure Chart



2. The Company has signed the labor contracts with all its staffs and handled the social insurance for the staffs, as

well as established the public reserve funds system. There were no particulars in violation of laws and regulations when executing the national employment system, labor protection system, social security system and medical security system. And the Company need not undertake the expenses of resigned and retired staffs.

3. Employee's remuneration policy

The employee's remuneration of the Company was paid monthly in accordance with relevant remuneration management system of the Company, and distributed the performance salary at the year-end according to its business performance and appraisal result.

4. Employees' training plan

According to the development needs, the Company set up Foshan Lighting University under the support of relevant Education Department. According to the needs of the development strategies and functional departments, the Company established the internal team of lecturer and made key training on the staffs of the marketing, R&D and production departments by way of combination of internal & external training for making the skilled staffs to teach business and technical knowledge regularly to the new staffs, so as to cultivate excellent talents team and enhance its competitiveness.

Section VIII. Corporate Governance

I. Basic information of corporate governance

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

The main systems (all published on www.cninfo.com.cn) established by the Company are as follows:

No.	Name of system	The latest session to review and approve the system	Disclosure date
1	Articles of Association	2012 Annual General Meeting	2013.5.29
2	Rules of Procedure for Shareholders' General Meeting	The First Special Shareholders' General Meeting for 2012	2012.8.22
3	Rules of Procedure for Board of Directors	2012 Annual General Meeting	2013.5.29
4	Rules of Procedure for Supervisory Committee	2012 Annual General Meeting	2013.5.29
5	Work System for Independent Directors	2012 Annual General Meeting	2013.5.29
6	Rules for execution of Audit Committee	The 29 th Session of the 6 th Board of Directors	2013.4.26
7	Rules of Nomination Committee	The 29 th Session of the 6 th Board of Directors	2013.4.26
8	Rules of Strategy Committee	The 29 th Session of the 6 th Board of Directors	2013.4.26

9	Rules of Remuneration and Appraisal Committee	The 29 th Session of the 6 th Board of Directors	2013.4.26
10	Working Rules of GM	The 29 th Session of the 6 th Board of Directors	2013.4.26
11	Administrative Measures on Information Disclosure	The 3 rd Session of the 5 th Board of Directors	2007.8.28
12	Management System on Related-party Transactions	The 3 rd Session of the 5 th Board of Directors	2007.8.28
13	Management System on Securities Investment	The 3 rd Session of the 5 th Board of Directors	2007.8.28
14	Management System on the Shares Held by Directors, Supervisors and Senior Management Staffs & Their Variation	The 23 rd Session of the 5 th Board of Directors	2010.4.29
15	Internal Control System	The 23 rd Session of the 5 th Board of Directors	2010.4.29
16	Accountability System on Material Errors in Information Disclosure of Annual Report	The 3 rd Session of the 5 th Board of Directors	2010.7.15
17	Management System on Reporting of External Information	The 3 rd Session of the 5 th Board of Directors	2010.7.15
18	Management System on Registration of Information Insiders	The 16 th Session of the 5 th Board of Directors	2012.4.25
19	Work System for Secretary to the Board	The 17 th Session of the 5 th Board of Directors	2012.6.13
20	Management System on Profits Distribution	The 18 th Session of the 5 th Board of Directors	2012.6.29
21	Plan on Return for Shareholders in the Future Three Years (from the Year of 2012 to 2014)	The 21 st Session of the 6 th Board of Directors	2012.6.29
22	Internal Audit System	The 21 st Session of the 6 th Board of Directors	2012.8.2
23	Financial Management System	The 21 st Session of the 6 th Board of Directors	2012.8.2

24	Method on Risks Assessment	The 21 st Session of the 6 th Board of Directors	2012.8.2
25	System on Anti-fraud and Reporting	The 21 st Session of the 6 th Board of Directors	2012.8.2
26	Management System on Assets Impairment Provision	The 27 th Session of the 6 th Board of Directors	2012.12.12

Whether there was difference between the corporate governance and the Company Law and relevant rules of CSRC

Yes No

There was no difference between the corporate governance and the Company Law and relevant rules of CSRC

Progress of corporate governance activities, promulgation and implementation of Registration System for Information Insiders

The Company actively responded to the special inspection work of CSRC and CSRC Guangdong Bureau on corporate governance and attended the work sessions on the corporate governance of listed companies, and it promulgated and perfected various systems in accordance with requirements of CSRC and CSRC Guangdong Bureau, so as to further improve its corporate governance structure and increase its governance level. At present, the Company has promulgated the Management System for Information Insiders and the Management System on Reporting of External Information, and during the period of preparing the periodical reports and occurring significant events, requiring the relevant personnel truthfully and completely record the name list of the information insiders involved in the links of reporting, transfer, preparation, examination, disclosure of inside information before disclosure, time of knowing the inside information and the content, etc., and report the File of Information Insiders according to the requirements of regulatory authorities. Through the above works, the Company further standardized the management on record of information insiders, strengthened the confidential work for inside information, effectively prevented the illegal behaviors of using inside information for trading, and performed the fair principle in information disclosure, so as to protect the interest of the investors.

II. Particulars about annual shareholders' general meeting and special shareholders' general meeting held during the reporting period

1. Particulars about annual shareholders' general meeting held during the reporting period

Session	Convening date	Name of proposal	Resolution	Disclosure date	Disclosure index
2012 Annual Shareholders' General Meeting	28 May 2013	1. 2012 Annual Work Report of the Board; 2. 2012 Annual Work Report of the Supervisory Board; 3. Proposal on 2012	All the proposals are approved at the session	29 May 2013	Name of announcement: Announcement on Resolutions Made

		Annual Report and Its Abstract; 4. Proposal on 2012 Annual Financial Statement Report; 5. Proposal on 2012 Annual Profit Distribution Pre-plan; 6. Proposal on Electing the Members of the 7 th Board of Directors as the Service Term of the Board of Directors expired; 7. Proposal on Electing the Shareholders Representatives of the 7 th Board of Supervisors as the Service Term of the Board of Supervisors expired; 8. Proposal on the 2013 Annual Routine Related-party Transactions; 9. Proposal on the Continuous Engaging of the CPAs; 10. Proposal on Revising the Articles of Association; 11. Proposal on Revising the Rules of the Board of Directors; 12. Proposal on Revising the Rules of the Board of Supervisors; 13. Proposal on Revising the Rules of the Working System of the Independent Directors.			at the 2012 Annual Shareholders' General Meeting; Announcement No.: 2013-016; disclosure website: www.cninfo.com.cn .
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2. Particulars about special shareholders' general meeting held during the reporting period

Session	Convening date	Name of proposal	Resolution	Disclosure date	Disclosure index
The First Special Shareholders' General Meeting for 2013	8 Jan. 2013	Proposal on Offering the Financial Aid to the Joint Stock Companies	The proposal is approved at the session	9 Jan. 2013	Name of announcement: Announcement on Resolutions Made at the First Special Shareholders' General Meeting for 2013; Announcement No.: 2013-001; disclosure website: www.cninfo.com.cn .

III. Performance of the Independent Directors

1. Particulars about the Independent Directors attending the board sessions and the shareholders' general meetings

Particulars about the Independent Directors attending the board sessions						
Name of independent directors	Due presence (times)	Presence in person (times)	Presence by telecommunication (times)	Entrusted presence (times)	Absence (times)	Failing to present in person for two consecutive sessions or not
Liu Zhenping	8	3	5	0	0	No
Dou Linping	8	2	5	1	0	No
Xue Yizhong	8	3	5	0	0	No
Presence of independent directors in shareholders' general meeting (times)						2

2. Particulars about Independent Directors propose objection on relevant events

Did Independent Directors raise any disagreement about matters of the Company?

Yes No

There was no Independent Directors propose objection on relevant events.

3. Other explanation on performance of independent directors

Whether the advices of independent directors for the Company were adopted or not?

Yes No

Explanation on the advices of independent directors for the Company being adopted

During the reporting period, in accordance with the requirements of Company Law, Code of Governance of Listed Companies, Guidance on the Establishment of the Independent Directors System of the Listed Companies, Articles of Association and relevant systems, the independent directors of the Company attended the board sessions held during the reporting period, carefully reviewed the proposals proposed on the sessions, paid attention to the operation of the Company, performed the duties sincerely and diligently, and issued independent opinion on the related-party transactions, equity transfer, purchasing the equity of the controlled subsidiaries, etc., as well as proposed many precious advices on perfection of systems and decision of routine operation of the Company, so as to play an active role in protecting the legal right of the Company and its shareholders.

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

(I) Work situation of the Audit Committee

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

1. On 28 Jan. 2013, the Audit Committee convened a session and carefully reviewed the financial statements submitted by the Company's Financial Department, including the balance sheet as at 31 Dec. 2012, the profit statement, the statement of changes in shareholders' equity and the cash flow statement as of the fiscal year 2012, as well as the notes to the said financial statements. Special attention has been paid to the authenticity and completeness of the accounting data, as well as whether the financial statements are in strict compliance with the 38 specific rules, including the newly issued Accounting Standards for Business Enterprises, and the Company's regulations concerning financial affairs. And the Audit Committee believed that the Company's financial statements basically reflect the financial situation, operating results and cash flow of the Company during the reporting period.

Since there is a period of time between this preliminary review of the financial statements and the formal issuance of the auditor's report and the financial statements, we hereby remind the Company's Financial Department to pay attention to dealing with the follow-up affairs after the date of Balance Sheet in strict compliance with the New Accounting Standards for Business Enterprises, so as to ensure the factuality, fairness and completeness of the financial statements.

2. On 12 Apr. 2013, the Audit Committee convened a session and reviewed the financial statements submitted by the Company, on which the registered accountants had issued their preliminary audit opinions, including the balance sheet as at 31 Dec. 2012, the profit statement, the statement of changes in shareholders' equity and the cash flow statement as of the fiscal year 2012, as well as the notes to the said financial statements.

After the communication with the registered accountants regarding their preliminary audit opinions, as well as our further referring to the supplementary account books and records, the Audit Committee believed that the Company had handled the events after the balance sheet date in strict compliance with the New Accounting Standards for Business Enterprises; And the Company has prepared its financial statements in accordance with the New Accounting Standards for Business Enterprises and the related financial system of the Company, which are a fair presentation of the financial position of the Company as at 31 Dec. 2012, as well as the operating results and cash flows for the year then ended. All members of the Audit Committee signed to approve the following proposals:

- (1) 2012 annual financial and accounting report of the Company;
- (2) Summary report by the Audit Committee on the 2012 annual audit performed by GP Certified Public Accountants;
- (3) GP Certified Public Accountants has been serving as the Company's annual auditor for more than twenty years. And it performed competently, diligently and responsibly during the 2012 annual auditing. Therefore, the Audit Committee hereby proposes to renew the employment of GP Certified Public Accountants LLP as the annual auditor for the year 2013.

3. The Audit Committee convened a session on 26 Aug. 2013 to approve with consensus of the following proposals through voting by signature of the whole committee:

- (1) Continued to engage Zhang Ping as the responsible person of the Ministry of Audit;
- (2) Reviewed and approved the Summary of 2012 Annual Work of the Ministry of Audit;
- (3) Reviewed and approved the Plan of 2013 Annual Work of the Ministry of Audit;
- (4) Reviewed and approved the Plan of 2013 Annual Work of the Audit Committee;
- (5) Reviewed and approved the Plan of the Continuously Improvement of the Enterprises Internal Control of the Company.

(II) Work situation of the Remuneration and Appraisal Committee

During the reporting period, based on the completion status of the Company's major financial targets and business objectives in 2012, the work scopes and main responsibilities of the Company's present directors, supervisors and other senior management staffs, and the completion status of indexes concerning the performance assessment of

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

(III) Work situation of the Strategy Committee

On 26 Aug. 2013, the Strategy Committee held the conference to discuss the home and broad economic development situation, lighting industry development situation and the operation development situation of the Company, and made research and issued advices on the future development plan of the Company.

V. Performance of the Supervisory Committee

Whether the Supervisory Committee finds the Company existing risks or not in the supervisory activities during the reporting period?

Yes No

There was no objection to the supervisory events of the Board of Supervisors during the reporting period.

In 2013, the Company continued to perform its duties diligently in accordance with the stipulations of the Company Law, Code of Governance of Listed Company and Articles of Association as well as other relevant rules, and actively protected the interest of the Company, its shareholders and staffs.

(I) Work situation of the Supervisory Committee during the reporting period

The Supervisory Committee convened three sessions during the reporting period. And the Chairman of the Supervisory Committee took part in the sessions held by the Board of Directors and the management team meetings, participating in the discussion of the Company's important decisions. Sessions held by the Supervisory Committee are specified as follows:

1. On 24 Apr. 2013, the 8th Session of the 6th Supervisory Committee was held at the Conference Room on 5/F of the Company building. 5 supervisors were supposed to attend the meeting and all of them were actually present. The session was in accordance with the Company Law and the Articles of Association of the Company. Chairman of the Supervisory Committee, presided over the session, with the resolutions approved as follows:

- (1) The 2012 Annual Work Report of the Supervisory Committee;
- (2) The 2012 Annual Report and its Summary, including both versions in the Chinese language and English language;
- (3) The 2012 Annual Financial Statement Report;
- (4) The 2012 Annual Profit Distribution Pre-plan;
- (5) Proposal on Revising the Rules of the Board of Supervisors;
- (6) Proposal on Nominating and Electing the Candidates for the Shareholders Supervisors of the 7th Board of Supervisors;
- (7) The Proposal on Re-engagement of CPAs Firm;
- (8) The Proposal on the 2012 Annual Self-appraisal Report on Internal Control;
- (9) The First Quarterly Report in 2012 for the Company.

2. On 28 May. 2013, the 1st session of the 7th supervisory committee was held in the meeting room of the 5/F of the Company's office building. 5 supervisors were supposed to attend and 4 of them participated in the meeting.

Mr. Zhuang Rujia asked for a leave and entrusted Jiao Zhigang, the supervisor, to vote instead of him. The meeting complied with Company Laws and Articles of Association and chairman of the supervisory committee, presided over the meeting, which the members consensus to agree to the elect Mr. Jiao Zhigang as the Chairman of the 7th Board of Supervisors of the Company.

3. On 27 Aug. 2012, the 2nd session of the 7th supervisory committee was held in the meeting room of the 5/F of the Company's office building. 5 supervisors were supposed to attend and all of them participated in the meeting. The session was in accordance with the Company Law and the Articles of Association of the Company. Chairman of the Supervisory Committee, presided over the session, with the resolutions approved as follows:

- (1) 2013 semi-annual report and abstract (Chinese and English version)
- (2) Proposal on Conducting No Profit distribution and No Transfer of Capital Reserve to Common Shares during the First Half Year of 2013.

4. The Company convened the 3rd Session of the 7th Supervisory Committee by way of telecommunication on 17 Sep. 2013, the five supervisors, who should attend the session, all voted on the proposals proposed on the session and consensus to agree to elect Mr. Zhang Yong as the new Chairman of the 7th Board of Supervisors of the Company.

5. The Company convened the 4th Session of the 7th Supervisory Committee by way of telecommunication on 28 Oct. 2013, the five supervisors, who should attend the session; all voted on the proposals proposed on the session, reviewed and approved the Third Quarter Report of the Company.

(II) Independent opinions from the Supervisory Committee on the following matters:

1. About the Company's operation in accordance with the law. During the reporting period, the Company's supervisors have supervised on the procedures for convening the shareholders' general meetings and Board sessions, the resolutions and decision-making procedures, particulars on the execution of resolutions made at the shareholders' general meeting by the Board, particulars on the duty performance of the senior executives of the Company and particulars on the execution of the management systems of the Company in accordance with relevant laws and regulations, and sat in on the shareholders' general meetings and Board sessions. The Supervisory Committee is of the opinion that the Board and the senior executives of the Company were scrupulous, diligent, responsible, honest and self-contained, and with compliant and legal decision-making procedures, as well as scrupulously executed the resolutions made at the shareholders' general meetings over the past year; during the reporting period, the Board of Supervisors found out no any behavior that against the laws, regulations and Articles of Association of the Directors, Senior Executives when executing the duty and at the same time harmed the interests of the Company.

2. About the inspection on the Company's financial status. During the reporting period, the Supervisory Committee actively fulfilled the responsibility for inspecting financial status of the Company, examined foreign investment of the Company and issued audit opinion on regular reports. The Supervisory Committee is of the opinion that the audit report and the explanation on related matters provided by GP Certified Public Accountants LLP is a factual reflection of the Company's financial position and operating results.

3. About acquisition and sale of significant assets. During the reporting period, there existed no acquisition of significant assets; the Company only purchased the equity of one controlled subsidiary and sold the 51% equity of Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd. held by the Company. The Supervisory Committee held the opinion that trading price of the above transactions was all based on assessment results and very reasonable. The trading procedure was in conformity with laws, which brought no damage to the interests of the Company.

4. About the related transactions. The Supervisory Committee held the opinion that in 2013, the routine related

transactions between the Company and the related enterprises were the needs for the normal operation business and were proper business practices, with the prices were fair and reasonable, which did no harm to the interests of the Company.

5. About construction of internal control. During the reporting period, according to Basic Standards for Internal Control jointly issued by five ministries and commissions including Ministry of Finance and CSRC, and its supporting guidelines and other relevant regulations, the Company comprehensively presented the business process, further perfected the internal control system and strengthened the supervision and inspection of the internal control. The Supervisory Committee holds the opinion that at present the Company has established complete, normative and effective internal control system and strictly executed relevant work that reached the objection of the internal control of the Company and met with the requirements of the relevant laws and regulations as well as the Securities Regulation Institution.

VI. Particulars about independence of the Company from controlling shareholders in business, personnel, assets, organizations and finance

There existed no controlling shareholder or actual controller in the Company and the Company is separate from the first largest shareholder and the second largest shareholder in five aspects including business, personnel, assets, organizations and finance. The Company has independent and complete business and ability of independent management.

VII. Horizontal competition

Inapplicable

VIII. Assessment and incentive for senior executives

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

Section IX. Internal Control

I. Construction of Internal Control

In the reporting period, according to the relevant requirements such as the Basic Standards for Internal Control and Supporting Guidelines of Internal Control jointly issued by five ministries and commissions including Ministry of Finance and CSRC, the Company formulated a comprehensive internal control management system combined with the actual situation, self characteristics and management requirements.

In order to ensure the smooth development of implementation of internal control normative system, the Company founded leading group and project group of internal control. Chairman of the board of directors acts as head of leading group and hold the responsibility for organizing, supervising, examining and ratifying implementation of internal control in the Company and subsidiaries. Manager of financial department of the Company acts as head of project group and hold the responsibility for routine work of internal control and putting the implementation scheme of internal control into effect. Meanwhile, in order to keep normative system of internal control in conformity with requirements of regulatory departments, the Company employed professional consultancy of internal control as advisor of internal control implementation; the experts conducted training for leaders in the Company and its subsidiaries and employers who are responsible for internal control, which further promoted the overall and profound development of internal control. Up to the end of the reporting period, according to the established internal control working plan and execution objection, the Company had comprehensively presented the internal control progress so that the internal control system had executed strictly and effective. The overall situation of the internal control was favorable and no significant defect was found.

II. Statement on the Responsibility for Internal Control from the Board of Directors

The Board of Directors and all its directors hereby ensure that this announcement contains no false information, misleading statement or material omission, and shall be jointly and severally liable for the factuality, accuracy and completeness of the information carried in this announcement.

Establishing, perfecting and effectively conducting internal control is the liability of the Board of Directors; establishment and implementation of internal control conducted by the Board is under the supervision of the supervisory committee; the management is responsible for organizing and guiding daily operation of internal control.

The goals of the Company's internal control: reasonably guarantee the legality and compliance of the Company's operating management, safety of assets, authenticity and completeness of financial report and relevant information; improve efficiency and results of operation; promote the strategic development of the Company.

III. Bases of financial statements of internal control

In accordance with national accounting principles and relevant laws and regulations, the Company formulated "Financial Administration System" on the basis of its own actual situation and standardized financial administration and accounting calculation; clarified responsibility and rights of relevant departments and positions in the process of formulating financial statements to ensure the factuality, completeness and accuracy of financial statements. Up to the end of reporting period, no significant defect was found in internal control of financial statements,

IV. Self-assessment report of internal control

Specific details about significant defects of internal control during the reporting period found in self-assessment report of internal control	
During the reporting period, no significant defect was found in internal control.	
Disclosure date of whole article of self-assessment report of internal control	25 Apr. 2014
Index for disclosure of whole article of self-assessment report of internal control	Name of announcement: 2013 Annual Self-assessment Report of Internal Control; website of disclosure: www.cninfo.com.cn .

V. Audit report of internal control

Applicable Inapplicable

Audit opinion paragraph in the Auditor's Report for the Internal Control	
GP Certified Public Accountants (LLP) considered that: Foshan Lighting maintained effective internal control of the financial report in all significant aspects according to the Basic Standards for Internal Control and relevant regulations on 31 Dec. 2013.	
Disclosure date of the Auditor's Report on Internal Control	25 Apr. 2014
Disclosure index of the Auditor's Report on Internal Control	Name of announcement: Audit Report of Internal Control; website of disclosure: www.cninfo.com.cn .

Whether the CPAs firm issues an Auditor's Report on Internal Control with non-standard opinion or not?

Yes No

Whether the Auditor's Report on Internal Control from the CPAs firm is in consistent with the Self-appraisal Report from the Board or not?

Yes No

VI. Establishment and implementation of institution of clarifying responsibility for major mistakes in annual report

In order to improve the normative operation of the Company, with the approval of the 3rd session of the 6th board of directors, the Company formulated "Institution of Clarifying Responsibility for Major Mistakes in Information Disclosed of Annual Report". Formulation of this institution clarified the responsibility and rights of persons in charge of disclosing information of annual report, emphasized responsibility of persons in charge of disclosing information of annual report and further enhanced quality and transparency of information disclosure of annual report. In the reporting period, there existed no significant mistake in information disclosure of annual report.

Section X. Financial Report

I. Audit report

Type of audit opinion	Standard unqualified audit opinion
Date of signing the auditor's report	23 Apr. 2014
Name of audit firm	GP Certified Public Accountants
Document No. of the auditor's report	GHSS Zi [2014] No. G14000900019
Name of the CPA	Hong Wenwei, Chen Danyan

Text of the Auditor's Report

Audit Report

GHSS Zi [2014] No. G14000900019

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

We have audited the accompanying financial statements of Foshan Electrical and Lighting Co., Ltd. (the "Company"), which comprise the Company's and consolidated balance sheets as at 31 Dec. 2013, the Company's and consolidated income statements, the Company's and consolidated cash flow statements, the Company's and consolidated statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

I. The management's responsibility for the financial statements

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

II. Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers the internal control related to the preparation of the financial

statements so as to design proper audit procedures. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

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

III. Audit opinion

In our opinion, the financial statements of the Company have been prepared according to the Accounting Standards for Business Enterprises in all material aspects, which give a fair view of the Company's financial position as at 31 Dec. 2013 and the Company's operating results and cash flows for the year then ended.

GP Certified Public Accountants

(LLP)

China

Guangzhou

CPA: Hong Wenwei

CPA: Chen Danyan

23 Apr. 2014

II. Financial statements

The unit in financial statements is 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	897,675,824.22	985,450,890.74
Settlement fund reserve		
Dismantle fund		
Transaction financial asset	3,903,197.90	4,012,728.75
Notes receivable	154,142,432.66	175,907,019.08
Account receivable	390,216,735.62	334,006,892.19
Account paid in advance	24,054,319.34	12,383,426.98
Premium receivables		
Receivables from reinsurers		
Reinsurance contract reserve receivables		
Interest receivable	1,304,200.33	530,542.81
Dividend receivable		
Other account receivable	24,145,083.88	56,196,390.54
Financial assets purchased under agreements to resell		
Inventories	516,804,156.44	434,541,386.19
Non-current assets due within 1 year		
Other current assets	9,408,829.51	2,935,179.47
Total current assets	2,021,654,779.90	2,005,964,456.75
Non-current assets:		
Loans and advance		
Available for sale financial assets	62,634,402.88	71,817,642.40
Held to maturity investments		
Long-term account receivable		
Long-term equity investment	492,153,947.39	519,693,431.95
Investing property		0.00
Fixed asset	472,740,489.84	539,145,022.38

Project in construction	75,044,472.56	95,684,569.86
Engineering material		
Fixed asset disposal		
Bearer biological asset		
Oil assets		
Intangible assets	173,234,598.73	150,424,391.76
Development expense		
Goodwill		
Long-term expense to be apportioned		
Deferred income tax assets	28,924,666.74	23,003,056.72
Other non-current assets	47,394,194.81	42,541,730.00
Total of non-current assets	1,352,126,772.95	1,442,309,845.07
Total assets	3,373,781,552.85	3,448,274,301.82
Current liabilities:		
Short-term borrowings		0.00
Borrowings from Central Bank		
Deposits and due to banks and other financial institutions		
Borrowings from banks and other financial institutions		
Transactional financial liabilities		
Notes payable		
Accounts payable	270,968,881.44	246,652,513.45
Accounts received in advance	45,620,298.34	19,632,316.50
Financial assets sold under agreements to repurchase		
Handling charges and commissions payable		
Employee's compensation payable	60,636,740.85	63,086,369.68
Taxes and fares payable	19,571,121.78	58,992,047.62
Interest payable		
Dividend payable		
Other accounts payable	35,613,570.14	37,085,568.58
Due to reinsurers		
Insurance contract reserve		

Amount payable for acting trading securities		
Amount payable for acting underwriting securities		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	432,410,612.55	425,448,815.83
Non-current liabilities:		
Long-term borrowings		0.00
Debentures payable		
Long-term payables		
Specific-purpose account payables		
Accrued liabilities		
Deferred income tax liabilities	4,891,338.97	6,268,824.89
Other non-current liabilities	11,092,550.73	19,353,441.69
Total non-current liabilities	15,983,889.70	25,622,266.58
Total liabilities	448,394,502.25	451,071,082.41
Shareholders' equity		
Share capital	978,563,745.00	978,563,745.00
Capital surplus	617,594,107.21	625,595,757.07
Less: Treasury Stock		
Special reserve		
Surplus reserve	622,494,531.96	622,494,531.96
General risk provision		
Retained earnings	671,929,537.57	723,452,942.14
Foreign exchange difference		
Total owners' equity attributable to holding company	2,890,581,921.74	2,950,106,976.17
Minority interests	34,805,128.86	47,096,243.24
Total owners' equity	2,925,387,050.60	2,997,203,219.41
Total liabilities and owners' equity	3,373,781,552.85	3,448,274,301.82

Legal Representative: Pan Jie
Accounting Manager: Yin Jianchun

Person-in-charge of the accounting work: Pan Jie

2. Balance sheet of the Company without subsidiaries

Prepared by Foshan Electrical and Lighting Co., Ltd.

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	581,390,386.39	699,511,754.78
Transaction financial asset	3,903,197.90	4,012,728.75
Notes receivable	153,942,432.66	167,509,926.71
Account receivable	428,330,282.09	362,956,611.71
Account paid in advance	29,435,327.20	12,705,111.19
Interest receivable		
Dividend receivable		
Other account receivable	71,612,354.13	82,043,309.37
Inventories	472,321,376.79	389,680,405.66
Non-current assets due within 1 year		
Other current assets	3,790,803.20	2,935,179.47
Total current assets	1,744,726,160.36	1,721,355,027.64
Non-current assets:		
Available for sale financial assets	62,634,402.88	71,817,642.40
Held to maturity investments		
Long-term account receivable		
Long-term equity investment	909,743,887.15	880,176,969.18
Investing property		
Fixed asset	370,702,024.40	443,001,716.36
Project in construction	74,051,205.53	66,216,618.10
Engineering material		
Fixed asset disposal		
Bearer biological asset		
Oil assets		
Intangible assets	129,859,177.45	130,800,094.82
Development expense		
Goodwill		
Long-term expense to be apportioned		
Deferred income tax assets	26,102,706.56	20,724,220.91

Other non-current assets	47,394,194.81	41,783,700.00
Total of non-current assets	1,620,487,598.78	1,654,520,961.77
Total assets	3,365,213,759.14	3,375,875,989.41
Current liabilities:		
Short-term borrowings		
Transactional financial liabilities		
Notes payable		
Accounts payable	321,372,591.12	265,603,565.11
Accounts received in advance	45,547,349.36	19,586,999.28
Employee's compensation payable	60,356,477.70	63,084,499.68
Taxes and fares payable	13,335,938.26	58,950,265.18
Interest payable		
Dividend payable		
Other accounts payable	60,963,050.92	38,631,089.33
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	501,575,407.36	445,856,418.58
Non-current liabilities:		
Long-term borrowings		
Debentures payable		
Long-term payables		
Specific-purpose account payables		
Accrued liabilities		
Deferred income tax liabilities	4,891,338.97	6,268,824.89
Other non-current liabilities	10,162,550.77	10,218,441.73
Total non-current liabilities	15,053,889.74	16,487,266.62
Total liabilities	516,629,297.10	462,343,685.20
Shareholders' equity		
Share capital	978,563,745.00	978,563,745.00
Capital surplus	614,689,176.53	622,494,930.13
Less: Treasury Stock		
Special reserve		
Surplus reserve	622,494,531.96	622,494,531.96

General risk provision		
Retained earnings	632,837,008.55	689,979,097.12
Foreign exchange difference		
Total owners' equity	2,848,584,462.04	2,913,532,304.21
Total liabilities and owners' equity	3,365,213,759.14	3,375,875,989.41

Legal Representative: Pan Jie

Person-in-charge of the accounting work: Pan Jie

Accounting Manager: Yin Jianchun

3. Consolidated profit statements

Prepared by Foshan Electrical and Lighting Co., Ltd.

Unit: RMB Yuan

Item	2013	2012
I. Total operating revenue	2,526,679,810.53	2,201,910,731.89
Including: Operating income	2,526,679,810.53	2,201,910,731.89
Interest income		
Premium income		
Handling charges and commission income		
II. Total operating cost	2,274,276,457.59	1,926,164,570.86
Including: Operating cost	1,890,307,790.64	1,630,429,477.94
Interest expenses		
Handling charges and commission expenses		
Cash surrender value		
Net amount of claims		
Net provision for insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and associate charges	28,328,966.85	23,233,814.54
Sales and distribution expenses	133,779,078.70	109,867,531.15
Administrative expenses	199,917,005.49	167,102,936.83
Financial expenses	-4,230,937.19	-10,988,942.10
Asset impairment loss	26,174,553.10	6,519,752.50
Add: Gain/(loss) from change in fair value	-109,530.85	-84,637.47

("-" means loss)		
Gain/(loss) from investment ("-" means loss)	-6,870,117.46	207,689,597.70
Including: income from investment on affiliated enterprises and jointly-run enterprises	-12,820,601.90	-10,330,609.99
Foreign exchange difference ("-" means loss)		
III. Business profit ("-" means loss)	245,423,704.63	483,351,121.26
Add: non-operation income	74,021,240.13	3,156,834.84
Less: non-business expense	20,295,815.37	14,444,931.60
Including: loss from non-current asset disposal	11,040,784.18	9,936,458.71
IV. Total profit ("-" means loss)	299,149,129.39	472,063,024.50
Less: Income tax expense	46,864,161.54	71,833,165.24
V. Net profit ("-" means loss)	252,284,967.85	400,229,859.26
Including: net profit of the merged party before the merger		
Attributable to parent company	251,831,356.38	400,466,745.11
Minority interests	453,611.47	-236,885.85
VI. Earnings per share	--	--
(I) basic earnings per share	0.26	0.41
(II) diluted earnings per share	0.26	0.41
VII. Other comprehensive income	-7,805,753.60	3,402,507.98
VIII. Total comprehensive income	244,479,214.25	403,632,367.24
Attributable to owners of parent company	244,025,602.78	403,869,253.09
Attributable to minority shareholders	453,611.47	-236,885.85

Legal Representative: Pan Jie
Accounting Manager: Yin Jianchun

Person-in-charge of the accounting work: Pan Jie

4. Profit statement of the Company without subsidiaries

Prepared by Foshan Electrical and Lighting Co., Ltd.

Unit: RMB Yuan

Item	2013	2012
I. Operating revenue	2,591,467,316.18	2,216,844,850.02

Including: Operating cost	2,000,004,624.37	1,682,102,048.21
Taxes and added charges	23,564,384.08	19,629,425.59
Sales and distribution expenses	132,331,966.43	105,359,987.08
Administrative expenses	176,727,982.04	145,108,688.14
Financial expenses	2,200,383.53	-3,585,394.00
Asset impairment loss	23,470,722.45	6,930,522.03
Add: Gain/(loss) from change in fair value (“-” means loss)	-109,530.85	-84,637.47
Gain/(loss) from investment (“-” means loss)	-2,895,017.94	199,549,193.84
Including: income from investment on affiliated enterprises and jointly-run enterprises	-12,820,601.90	-10,330,609.99
II. Business profit (“-” means loss)	230,162,704.49	460,764,129.34
Add: non-operation income	73,707,658.82	2,716,267.40
Less: non-business expense	18,646,442.42	4,902,423.79
Including: loss from non-current asset disposal	9,458,698.27	1,903,917.31
III. Total profit (“-” means loss)	285,223,920.89	458,577,972.95
Less: Income tax expense	39,011,248.51	69,005,555.55
IV. Net profit (“-” means loss)	246,212,672.38	389,572,417.40
V. Earnings per share	--	--
(I) basic earnings per share		
(II) diluted earnings per share		
VI. Other comprehensive income	-7,805,753.60	3,402,507.98
VII. Total comprehensive income	238,406,918.78	392,974,925.38

Legal Representative: Pan Jie

Person-in-charge of the accounting work: Pan Jie

Accounting Manager: Yin Jianchun

5. Consolidated cash flow statement

Prepared by Foshan Electrical and Lighting Co., Ltd.

Unit: RMB Yuan

Item	2013	2012
I. Cash flows from operating activities:		
Cash received from sale of	2,863,699,191.72	2,381,547,105.10

commodities and rendering of service		
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 savings 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 borrowings from banks and other financial institutions		
Net increase of buy-back funds		
Tax refunds received	49,324,227.66	47,914,470.99
Other cash received relating to operating activities	16,859,582.99	25,721,746.18
Subtotal of cash inflows from operating activities	2,929,883,002.37	2,455,183,322.27
Cash paid for goods and services	1,884,044,751.93	1,362,553,158.60
Net increase of customer lending and advance		
Net increase of funds deposited in the central bank and amount due from banks		
Cash for paying claims of the original insurance contract		
Cash for paying interest, handling charges and commissions		
Cash for paying policy dividends		
Cash paid to and for employees	452,728,987.91	349,423,602.39
Various taxes paid	233,834,120.80	167,276,167.33

Other payment of cash relating to operating activities	154,518,259.85	138,533,541.89
Subtotal of cash outflows from operating activities	2,725,126,120.49	2,017,786,470.21
Net cash flows from operating activities	204,756,881.88	437,396,852.06
II. Cash Flows from investment activities:		
Cash received from withdrawing investments	60,520,000.00	
Cash received from investment income	3,347,062.10	26,729,133.84
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	24,189,200.00	1,528,546.04
Net cash received from disposal of subsidiary or other operating business units	1,035,107.90	293,651,602.14
Other cash received relating to investment activities	41,710,000.00	
Subtotal of cash inflows from investment activities	130,801,370.00	321,909,282.02
Cash paid to acquire fixed assets, intangible assets and other long-term assets	68,192,170.50	51,920,198.54
Cash paid for investment	43,320,000.00	83,999,916.00
Net increase of pledged loans		
Net cash paid to acquire subsidiaries and other operating units		
Payment of cash relating to other investment activities		83,465,700.00
Subtotal of cash outflows from investment activities	111,512,170.50	219,385,814.54
Net cash flows from investment activities	19,289,199.50	102,523,467.48
III. Cash Flows from Financing Activities:		
Cash received from absorbing investment		

Including: Cash received by subsidiaries from increase in minority interests		
Cash received from borrowings		
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		
Cash repayments of amounts borrowed		
Cash paid for interest expenses and distribution of dividends or profit	307,968,509.92	244,774,840.33
Including: dividends or profit paid by subsidiaries to minority shareholders	4,613,748.97	133,904.08
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	307,968,509.92	244,774,840.33
Net cash flows from financing activities	-307,968,509.92	-244,774,840.33
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-3,852,637.98	-386,339.62
V. Increase in cash and cash equivalents	-87,775,066.52	294,759,139.59
Add : Balance of cash and cash equivalents at year-begin	985,450,890.74	690,691,751.15
VI. Balance of cash and cash equivalents at the end of the year	897,675,824.22	985,450,890.74

Legal Representative: Pan Jie

Person-in-charge of the accounting work: Pan Jie

Accounting Manager: Yin Jianchun

6. Cash flow statement of the Company without subsidiaries

Prepared by Foshan Electrical and Lighting Co., Ltd.

Unit: RMB Yuan

Item	2013	2012
I. Cash flows from operating activities:		
Cash received from sale of commodities	2,899,268,896.52	2,390,552,016.17

and rendering of service		
Tax refunds received	49,324,227.66	47,914,470.99
Other cash received relating to operating activities	26,000,876.63	22,387,293.70
Subtotal of cash inflows from operating activities	2,974,594,000.81	2,460,853,780.86
Cash paid for goods and services	2,171,499,088.40	1,484,604,775.70
Cash paid to and for employees	280,927,345.18	291,808,054.96
Various taxes paid	181,812,293.01	135,663,851.80
Other payment of cash relating to operating activities	150,050,526.54	131,406,374.13
Subtotal of cash outflows from operating activities	2,784,289,253.13	2,043,483,056.59
Net cash flows from operating activities	190,304,747.68	417,370,724.27
II. Cash Flows from investment activities:		
Cash received from withdrawing investments	60,520,000.00	
Cash received from investment income	14,112,476.36	27,130,846.06
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	34,186,710.03	1,399,354.41
Net cash received from disposal of subsidiary or other operating business units	18,638,527.49	315,073,197.79
Other cash received relating to investment activities	41,710,000.00	
Subtotal of cash inflows from investment activities	169,167,713.88	343,603,398.26
Cash paid to acquire fixed assets, intangible assets and other long-term assets	65,066,431.02	28,397,908.80
Cash paid for investment	105,320,000.00	117,199,916.00
Net cash paid to acquire subsidiaries and other operating units		
Payment of cash relating to other investment activities		83,465,700.00
Subtotal of cash outflows from investment activities	170,386,431.02	229,063,524.80
Net cash flows from investment activities	-1,218,717.14	114,539,873.46

III. Cash Flows from Financing Activities:		
Cash received from absorbing investment		
Cash received from borrowings		
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		
Cash repayments of amounts borrowed		
Cash paid for interest expenses and distribution of dividends or profit	303,354,760.95	244,640,936.25
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	303,354,760.95	244,640,936.25
Net cash flows from financing activities	-303,354,760.95	-244,640,936.25
IV. Effect of foreign exchange rate changes on cash and cash equivalents	-3,852,637.98	-384,630.20
V. Increase in cash and cash equivalents	-118,121,368.39	286,885,031.28
Add : Balance of cash and cash equivalents at year-begin	699,511,754.78	412,626,723.50
VI. Balance of cash and cash equivalents at the end of the year	581,390,386.39	699,511,754.78

Legal Representative: Pan Jie

Person-in-charge of the accounting work: Pan Jie

Accounting Manager: Yin Jianchun

7. Consolidated Statement of Changes in Owners' Equity

Prepared by Foshan Electrical and Lighting Co., Ltd.

2013

Unit: RMB Yuan

Item	2013									
	Equity attributable to owners of the Company without subsidiaries								Minority interests	Total owners' equity
	Paid-up capital (or share)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Others		

	capital)									
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 of amount in the year (“-” means decrease)		-8,001,649.86					-51,523,404.57		-12,291,114.38	-71,816,168.81
(I) Net profit							251,831,356.38		453,611.47	252,284,967.85
(II) Other comprehensive incomes		-7,805,753.60								-7,805,753.60
Subtotal of (I) and (II)		-7,805,753.60					251,831,356.38		453,611.47	244,479,214.25
(III) Capital paid in and reduced by owners		-195,896.26							-8,130,976.88	-8,326,873.14
1. Capital paid in by owners										
2. Amounts of share-based payments recognized in owners' equity										
3. Others		-195,896.26							-8,130,976.88	-8,326,873.14
(IV) Profit distribution							-303,354,760.95		-4,613,748.97	-307,968,509.92
1. Appropriations to surplus reserves										
2. Appropriations to general risk provisions										
3. Appropriations to owners (or shareholders)							-303,354,760.95		-4,613,748.97	-307,968,509.92
4. Other										
(V) Internal carry-forward of owners' equity										

1. New increase of capital from capital public reserves										
2. New increase of 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	617,594,107.21			622,494,531.96		671,929,537.57		34,805,128.86	2,925,387,050.60

2012

Unit: RMB Yuan

Item	2012									
	Equity attributable to owners of the Company without subsidiaries								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: retroactive adjustment because of merger among enterprises 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 of amount in the year ("-" 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	400,229,85 9.26
(II) Other comprehensive incomes		3,402,50 7.98							3,402,507. 98
Subtotal of (I) and (II)		3,402,50 7.98				400,466, 745.11		-236,885. 85	403,632,36 7.24
(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	-283,59 8,177.99		-133,904. 08	-244,774,8 40.33
1. Appropriations to surplus reserves					38,957, 241.74	-38,957, 241.74			0.00
2. Appropriations to general risk provisions									
3. Appropriations to owners (or shareholders)						-244,64 0,936.25		-133,904. 08	-244,774,8 40.33
4. Other									
(V) Internal carry-forward of owners' equity									
1. New increase of capital from capital public reserves									
2. New increase of 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	625,595,			622,494	723,452,		47,096,24	2,997,203,

	,745.00	757.07			,531.96		942.14		3.24	219.41
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Legal Representative: Pan Jie

Person-in-charge of the accounting work: Pan Jie

Accounting Manager: Yin Jianchun

8. Statement of Changes in Owners' Equity of the Company without Subsidiaries

Prepared by Foshan Electrical and Lighting Co., Ltd.

2013

Unit: RMB Yuan

Item	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	978,563,74 5.00	622,494,93 0.13			622,494,53 1.96		689,979,09 7.12	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	978,563,74 5.00	622,494,93 0.13			622,494,53 1.96		689,979,09 7.12	2,913,532, 304.21
III. Increase/ decrease of amount in the year ("-" means decrease)		-7,805,753. 60					-57,142,08 8.57	-64,947,84 2.17
(I) Net profit							246,212,67 2.38	246,212,67 2.38
(II) Other comprehensive incomes		-7,805,753. 60						-7,805,753. 60
Subtotal of (I) and (II)								
(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	-303,354,7

							60.95	60.95
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	614,689,176.53			622,494,531.96		632,837,008.55	2,848,584,462.04

2012

Unit: RMB Yuan

Item	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	978,563,74 5.00	619,092,42 2.15			583,537,29 0.22		584,004,85 7.71	2,765,198, 315.08
III. Increase/ decrease of amount in the year (“-” means decrease)		3,402,507. 98			38,957,241 .74		105,974,23 9.41	148,333,98 9.13
(I) Net profit							389,572,41 7.40	389,572,41 7.40
(II) Other comprehensive incomes		3,402,507. 98						3,402,507. 98
Subtotal of (I) and (II)		3,402,507. 98					389,572,41 7.40	392,974,92 5.38
(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		-283,598,1 77.99	-244,640,9 36.25
1. Appropriations to surplus reserves					38,957,241 .74		-38,957,24 1.74	0.00
2. Appropriations to general risk provisions								
3. Appropriations to owners (or shareholders)							-244,640,9 36.25	-244,640,9 36.25
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	978,563,74 5.00	622,494,93 0.13			622,494,53 1.96		689,979,09 7.12	2,913,532, 304.21

Legal Representative: Pan Jie
Accounting Manager: Yin Jianchun

Person-in-charge of the accounting work: Pan Jie

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 440000400010049.

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, raw materials of electric light sources, lamps & fittings, electrical materials, motorcycle components, household appliances, electric switches, electrical outlets, fire control products, ventilation devices, LED products, lithium ion batteries and relevant materials; domestic and overseas sale of the aforesaid products

; relevant engineering consulting services. (Where a license is required, it must be obtained according to the government's rules before operation.)

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 eight 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 Electrical and Lighting Engineering Co., Ltd., Guangdong Fozhao Leasing Co., Ltd., and Foshan Lighting Lamps & Components Co., Ltd.

Approval and Issue of the Financial Report

The Financial Report was approved and authorized for issue by the Board of Directors on 23 Apr. 2014.

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.

IV. 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, other specific accounting standards, and the relevant provisions of application guide and interpretation, as well as the following primary accounting policies and accounting estimates.

V. Main accounting policies, accounting estimates and preparation methods of the Company's consolidated financial statements

Fiscal Year

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

Recording Currency

Renminbi is the recording currency for the Company.

Accounting Basis and Principle

The accounting basis of the Company is the accrual system; generally by adopting of historical cost as the accounting principle. And the Company adopts measurement replacement costs, net realizable values, present values and fair values when the confirmed accounting elements accord with the requirements of the accounting standard for business enterprise and can be reliably measured.

Accounting Method for 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 tot the balance sheet date shall be recorded into the profits and losses at the current period except that the

balance of exchange arising from foreign currency borrowings for the purchase and construction or production of qualified assets shall be capitalized. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date.

Recognition Standards for Cash and Cash Equivalents

The term “cash” refers to cash on hand and deposits that are available for payment at any time. 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.

Financial Instruments

Financial Assets Classification, Recognition and Measurement

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

— — 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 impaired or transferred out when it is terminated from recognition, it shall be recorded into the profits and losses of the current period.

Classification, Recognition and Measurement of Financial Liabilities

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

— — Transactional 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 transactional financial liabilities. Subsequent measurement of transactional 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.

Impairment test of financial assets and withdrawal method of impairment provision

—The Company shall carry out an inspection, on the balance sheet day, on the carrying amount of the financial assets other than those transactional financial assets. Where there is any objective evidence proving that such financial asset has been impaired, an impairment provision shall be made.

— — Measurement for impairment of financial assets measured on the basis of the post-amortization costs

Where there is any objective evidence proving that a financial asset measured on the basis of post-amortization costs is impaired, the carrying amount of the said financial asset shall be written down to the current value of the predicted future cash flow (excluding the loss of future credits not yet occurred), and the amount as written down shall be recognized as loss of the impairment of the asset and shall be recorded into the profits and losses of the current period. An impairment test shall be made on the financial assets with significant single amounts. With regard to the financial assets with insignificant single amounts, an impairment test may be carried out by independent or combination. Where, upon independent test, the financial asset has not been impaired, it shall be included in a combination of financial assets with similar risk features so as to conduct another impairment test. The financial assets which have suffered from an impairment loss in any single amount shall not be included in any combination of financial assets with similar risk features for any impairment test. During the follow-up period, if there is any objective evidence proving that the value of the said financial asset has been restored, and it is objectively related to the events that occur after such loss is recognized, the impairment-related losses as originally recognized shall be reversed and be recorded into the profits and losses of the current period. However, the reversed carrying amount shall not be any more than the post-amortization costs of the said financial asset on the day of reverse under the assumption that no provision is made for the impairment. Where any financial asset measured on the basis of post-amortization costs is recognized as having loss, the relevant impairment provision withdrawn shall be written off.

— — Available-for-sale financial assets

Where a available-for-sale financial asset is impaired, even if the recognition of the financial asset has not been terminated, the accumulative losses arising from the decrease of the fair value of the owner's equity which was directly included shall be transferred out and recorded into the profits and losses of the current

period. The accumulative losses that are transferred out shall be the net amount obtained from the initially obtained costs of the sold financial asset after deducting the principals as taken back, the current fair value and the impairment-related losses as was recorded into the profits and losses of the current period

Calculation of bad-debt provisions for accounts receivables

—For accounts receivables with a significant single amount and for which bad-debt provisions are made separately:

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

—Accounts receivable for which bad-debt provisions are made on the group basis

Grouping criteria:	
<u>Group name</u>	<u>Group name</u>
Common transaction group	Common transaction group
Internal transaction group	Internal transaction group
Making bad-debt provisions for accounts receivable on the group basis:	
<u>Group name</u>	<u>Group name</u>
Common transaction group	Common transaction group
Internal transaction group	Internal transaction group

—For receivable groups for which bad-debt provisions are made using the balance percentage method:

<u>Group name</u>	<u>Provision ratio for account receivables (%)</u>	<u>Provision ratio for other receivables (%)</u>
Common transaction groups	6%	6%

—Accounts receivable with an insignificant single amount but for which the bad-debt provision is made independently

— —When can the bad-debt provision be made independently for an account receivable with an insignificant amount

When there is conclusive evidence proving that obvious difference exists in the recoverability.

— —Method for making bad-debt provisions for the said accounts receivables

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.

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.

Accounting Method of Inventory

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

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

Inventory system: a perpetual inventory system

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.

Measurement Method of Long-term Investment

Measurement of long-term equity investment

— Long-term equity investment for the merger of enterprises

—— 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.

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

—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.

—A long-term equity investment of the Company that has joint control or significant influences over the invested entity shall be measured by employing the equity method. If the cost of the long-term equity investment is more than the Company's attributable share of the fair value of the invested entity's identifiable net assets for the investment, the cost of the long-term equity investment may not be adjusted. 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.

Provision for impairment of long-term investment

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

Measurement of Fixed Assets and Depreciation

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.

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 appraisal economical useful life and depreciation rate are listed as below:

Categories	Useful life	Annual depreciation rate	Residuals rate
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Housing and Building	3—25	31.67%-4.75%	5%
Machinery equipments	2—8	47.50%-11.88%	5%
Transportation vehicle	5—10	19%-9.50%	5%
Other	2—8	47.50%-11.88%	5%

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.

Accounting Measurement of Construction in Progress

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

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

Measurement of Intangible Assets and Amortization Method

Measurement 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.

Amortization of intangible assets: Intangible assets with limited service life shall be amortized by the straight-line method within its estimated service life. If it is unable to forecast the period when the intangible asset can bring economic benefits to the Company, it shall be regarded as an intangible asset with uncertain service life. Intangible assets with uncertain service life may not be amortized. The Company's intangible assets is mainly land use right, which is amortized averagely by the service life (50 years).

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.

Measurement 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.

Measurement of 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.

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.

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.

Recognition and Measurement 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.

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.

Employee Compensation

The employee compensation refers to all kinds of payments and other relevant expenditures given by the Company during the accounting period of an employee' providing services to the Company, including: wages, bonuses, allowances and subsidies for the employees; welfare expenses for the employees; social insurances such as medical insurance, endowment insurance, unemployment insurance, work injury

insurance, maternity insurance and other, which are paid by the Company to the employee, and housing accumulation fund. If the Company cancels the labor relationship with any employee prior to the expiration of the relevant labor contract or brings forward any compensation proposal for the purpose of encouraging the employee to accept a layoff (the cancellation of labor relationship or proposal on voluntary layoff will execute it soon, and The Company is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff), the Company shall recognize the estimated liabilities incurred hereof, and shall simultaneously record them into the profit or loss for the current period.

Recognition of revenue

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.

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

(1) Method for recognition of the domestic sale income:

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

(2) Method for recognition of the export income:

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

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.

The revenue from abalienating of right to use the Company’s assets may be recognized when the following conditions are met simultaneously: a. the relevant economic benefits are likely to flow to the Company; and b. the amount of revenues can be measured in a reliable way. The user charge receivable should be measured and confirmed as operating revenue in accordance with the period and method of charging as stipulated in the relevant contract or agreement.

Government Subsidies

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

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

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

Accounting Treatment of Income Tax

Income tax shall be measured by adopting balance sheet approach. On the balance sheet day, deferred income tax assets and relevant deferred income tax income shall be recognized based on the deductible temporary difference and result calculated at the applicable income tax rate; deferred income tax liabilities and relevant deferred income tax expense shall be recognized based on taxable temporary difference and result calculated at the applicable income tax rate.

Method for Profit Distribution

In accordance with the Articles of Association, the Company's profit shall be distributed in order as follows:

- Making up losses in the previous year;
- Appropriating 10% net profit as statutory public reserve, if accumulative appropriated amount reaches over 50% of registered capital, the Company may no longer appropriate;
- Appropriating discretionary public reserve after approval by the Shareholders' General Meeting;
- Retained profit shall be distributed according to the resolution of the Shareholders' General Meeting.

Business Combinations

The term "business combinations" refers to a transaction or event bringing together two or more separate enterprises into one reporting entity. The Company shall recognize assets and liabilities obtained for business combinations on the combining date and acquisition date. The "combining date" or "acquisition date" refers to the date on which the combining party actually obtains control on the combined party.

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.

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 business

reputation. 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.

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.

Change in accounting policies and accounting estimates and corrections of prior accounting errors

During the reporting period, there is no change in accounting policies or accounting estimates and no correction of prior accounting errors.

VI. Major Taxes

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. 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.

Corporate 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.

The subsidiary of the Company, including Foshan Chansheng Electronic Ballast Co., Ltd., Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd., Foshan Taimei Times Lamps and Lanterns Co., Ltd., Nanjing Fozhao Lighting Components Manufacturing Co., Ltd., Foshan Electrical & Lighting (Xinxiang) Co., Ltd., Foshan Electrical and Lighting Engineering Co., Ltd., Guangdong Fozhao Leasing Co., Ltd., and Foshan Lighting Lamps & Components Co., Ltd., their corporate income tax was 25%.

VII. Subsidiaries controlled by the Company

The subsidiaries received by the Company through establishment or investment

Name of invested company	Date of foundation	Registration place	Registered capital (RMB'0000)	Amount invested by the Company (RMB'0000)	Equity owned	Legal representative	Main business	Consolidated statement
Foshan Chansheng Electronic Ballast Co., Ltd.	2003	Foshan	RMB100	RMB274.45	100%	Pan Jie	Manufacturing electronic ballasts, electronic transformers and electronic triggers.	Yes
Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	2005	Foshan	RMB7,278	RMB4,200	70%	Pan Jie	Production and operation of lamps, electric light source products and accessories, installation and related engineering and consulting business.	Yes
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	2005	Foshan	RMB50	RMB35	70%	Pan Jie	Research, development, production and sales of lighting, household appliances and accessories and other lighting products.	Yes
Foshan Electrical and Lighting Engineering Co., Ltd.	2009	Foshan	RMB5000	RMB5007	100%	Pan Jie	R&D and sales of electric appliance, lighting, mechanical and electrical products, design, construction and maintenance of lighting and electromechanical	Yes

Name of invested company	Date of foundation	Registration place	Registered capital (RMB'0000)	Amount invested by the Company (RMB'0000)	Equity owned	Legal representative	Main business	Consolidated statement
							engineering, design, construction and technical services of intelligent building engineering, investment, energy conservation design and consulting, construction of energy conservation project, energy-saving services, energy performance contracting and technical services, evaluation of energy saving projects and international trade	
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	2009	Xinxiang	RMB 3541.843976	RMB 3541.843976	100%	Pan Jie	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, accessories for motor vehicles, lamps and components	Yes
Guangdong Fozhao Leasing Co., Ltd.	2011	Foshan	RMB20,000	RMB20,000	100%	Pan Jie	Financial leasing and service for new energy cars and main accessories, energy-saving lighting products and projects	Yes
Foshan Lighting Lamps & Components	2013	Foshan	RMB1500	RMB1500	100%	Liu Xingming	R&D, development, produce; electric light source products,	Yes

Name of invested company	Date of foundation	Registration place	Registered capital (RMB'0000)	Amount invested by the Company (RMB'0000)	Equity owned	Legal representative	Main business	Consolidated statement
Co., Ltd.							electric light source equipments, assorted equipment of light source, light source materials, lamps and accessories, electric materials, motor vehicle accessories, household electrical appliances, electrical receptacles, switches, fire products, ventilation equipment, LED products; domestic trade, import and export of goods and technologies	

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

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

—Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd., who is the Sino-foreign joint ventures 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 Electrical and Lighting Engineering Co., Ltd. (its predecessor was “Foshan Lighting Lamps and Lanterns Co., Ltd.”) 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.

On 25 Sep. 2009 and 19 Dec. 2010, the Company signed Equity Transfer Contract with minority shareholder. Since then, the minority shareholder respectively transferred 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 limited liability company invested and established by the Company, which had obtained its license for Business Corporation on 17 Apr. 2009. The Company holds 100% equities of the said company; therefore the said subsidiary was included into the scope of the consolidated financial statements since date of foundation.

On 27 Aug. 2013, the 3rd Session of the 7th Board of Directors reviewed and approved that to increase the capital of Foshan Electrical & Lighting (Xinxiang) Co., Ltd. by the land of Henan Xinxiang Industrial Park and the monetary funds 2 million. After the capital increment, the registered capital became RMB 35,418,439.76.

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

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

The subsidiary for business combination not under the same control

<u>Name of invested</u>	<u>Date of foundation</u>	<u>Registration place</u>	<u>Registered capital</u>	<u>Amount invested by</u>	<u>Equity owned</u>	<u>Legal representative</u>	<u>Main business</u>	<u>Consolidated statement</u>
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<u>company</u>			<u>(RMB'0000)</u>	<u>the</u> <u>Company</u> <u>(RMB'0000)</u>				
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	2002	Nanjing	RMB4,168.32	RMB7,200	100%	Pan Jie	Production of energy-saving photoelectric source products, lamps and lanterns, light source equipments, illumination engineering; technological development of energy-saving and production of relevant components; sales of self-production products	Yes

— 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.

Change of consolidation scope and reason

Information about the disposal of subsidiaries in the reporting period:

<u>Name of company</u>	<u>Acquisition period</u>	<u>Net assets on disposal</u> <u>day</u>	<u>Net profit from the</u> <u>beginning of current</u> <u>period to disposal day</u>
Qinghai FSL Lithium Ion Battery Cathode Materials Co., Ltd.	January to August in 2013	21,227,868.14	-9,059,540.36
Guangdong Fozhao New Light Sources Technology Co., Ltd.	January to March in 2013	8,620,727.49	5,617.32

—The Proposal on Equity Transfer of Qinghai FSL Lithium Ion Battery Cathode Materials Co., Ltd. was approved and reviewed by the Second Meeting of 7th Board of Directors of the Company on 17 Jun. 2013.

The Company signed Agreement on Equity Transfer of Qinghai FSL Lithium Ion Battery Cathode Materials Co., Ltd. with Wuxi TuoHai Investment Co., Ltd. on 27 Aug. 2013, which agreed that the Company transfer its holding 51% equity of Qinghai FSL Lithium Ion Battery Cathode Materials Co., Ltd. to Wuxi TuoHai Investment Co., Ltd.. Therefore, the base day for the transfer was 31 Aug. 2013

—Guangdong Fozhao New Light Sources Technology Co., Ltd. , who is the Sino-foreign joint ventures invested and established by the Company and Bright Technology & Venture Limited (registered in Hong Kong), had obtained license for Business Corporation on 7 Jun. 2011 through approval by Foshan Foreign Trade and Economic Cooperation Bureau, with document “FWJMY Zi [2011] No. 39”. And the registered capital was RMB 222 million. The Company had already input the capital of RMB 10 million, accounting for 54.95% equity of the company, and included the company into the scope of the consolidated financial statements since its establishment. In Jun. 2012, the Company signed an Agreement on Termination of Cooperation with Bright Technology & Venture Limited (registered in Hong Kong), both parties unanimously agreed to dissolve Guangdong Fozhao New Light Sources Technology Co., Ltd., and relevant procedures on cancelling the company has been finished in Mar. 2013.

Subsidiary newly incorporate into consolidation scope:

<u>Name of the entity</u>	<u>Closing net assets</u>	<u>Net profit for the year</u>
FSL Lighting Equipment Co., Ltd.	17,426,534.61	2,426,534.61

—**Minority interests and profits and losses of minority shareholders attributable to the holding subsidiaries**

Name of company	As at 31 Dec. 2013 or Year 2013		As at 31 Dec. 2012 or Year 2012	
	Minority interests	Profits and losses	Minority interests	Profits and losses
Foshan Chansheng Electronic Ballast Co., Ltd.	-	245,932.85	1,563,388.63	677,741.05
Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	28,035,936.80	1,504,864.65	26,531,072.16	679,632.85
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	6,769,192.06	3,141,988.75	8,240,952.28	2,094,876.38
Qinghai FSL Lithium Ion Battery Cathode Materials Co., Ltd	-	-4,439,174.78	10,760,830.17	-4,212,256.67
Guangdong Fozhao New Light Sources Technology Co., Ltd.	-	-	-	523,120.54
Total	<u>34,805,128.86</u>	<u>453,611.47</u>	<u>47,096,243.24</u>	<u>-236,885.85</u>

VIII. Notes to Main Items of Consolidated Financial Statements

1. Monetary funds

<u>Item</u>	<u>Closing amount</u>	<u>Opening amount</u>
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	<u>Amount in foreign currency</u>	<u>Exchange rate</u>	<u>Amount in RMB</u>	<u>Amount in foreign currency</u>	<u>Exchange rate</u>	<u>Amount in RMB</u>
Cash			6,626.15			4,646.82
Bank deposits			891,208,601.93			980,371,648.14
Of which:						
RMB account			874,561,058.71			972,782,849.67
HKD account	-	-	-	93.15	0.8109	75.53
USD account	2,725,966.36	6.0969	16,619,944.30	1,152,484.15	6.2855	7,243,939.12
Euro Account	3,278.21	8.4189	27,598.92	41,452.32	8.3176	344,783.82
Other currency funds			6,460,596.14			5,074,595.78
Of which:						
RMB			6,460,596.14			5,074,595.78
Total			<u>897,675,824.22</u>			<u>985,450,890.74</u>

—All bank deposits are in the name of the Company or the subsidiaries which are within the scope of consolidated financial statements.

—Other monetary capital is refundable deposit the Company deposited in Exchange Company under the company name.

2. Tradable financial assets

<u>Items</u>	<u>Closing balance</u>	<u>Opening balance</u>
Tradable financial assets	3,903,197.90	4,012,728.75
Total	<u>3,903,197.90</u>	<u>4,012,728.75</u>

3. Notes receivable

<u>Item</u>	<u>Closing balance</u>	<u>Opening balance</u>
Bank acceptance bill	154,142,432.66	175,907,019.08
Total	<u>154,142,432.66</u>	<u>175,907,019.08</u>

—Up till 31 Dec. 2013, there is no undue trade acceptance draft receivable discounted or pledged.

—There is no amount due from shareholders who hold 5% or more of voting shares of the Company in the closing balance of notes receivable.

4. Accounts receivable

—Net account receivable as at 31 Dec. 2013 stands at RMB 390,216,735.62 which is classified as follows:

Item	Closing balance				Opening balance			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Significant single amounts and make independent provision for impairment losses	-	-	-	-	-	-	-	-
Accounts receivable that make provision for impairment loss according to ages combination								
Normal business combination	415,124,186.83	100.00	24,907,451.21	6.00	355,326,481.06	100.00	21,319,588.87	6.00
Subtotal of combination	415,124,186.83	100.00	24,907,451.21	6.00	355,326,481.06	100.00	21,319,588.87	6.00
Not significant single amounts but make independent provision for impairment losses	-	-	-	-	-	-	-	-
Total	415,124,186.83	100.00	24,907,451.21	6.00	355,326,481.06	100.00	21,319,588.87	6.00

—Within the combination, analysis of accounts receivable that make provision for losses by balance percentage method

Account age	Closing balance				Opening balance			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	Amount	Proportion (%)	Amount	Withdrawal proportion (%)
Within 1 year	400,771,383.02	96.54	24,046,282.98	6.00	347,188,347.90	97.71	20,831,300.88	6.00
1-2 years	8,937,973.75	2.15	536,278.43	6.00	6,915,023.55	1.95	414,901.41	6.00
2-3 years	4,757,260.70	1.15	285,435.64	6.00	1,150,735.43	0.32	69,044.13	6.00
Over 3 years	657,569.36	0.16	39,454.16	6.00	72,374.18	0.02	4,342.45	6.00
Total	415,124,186.83	100.00	24,907,451.21	6.00	355,326,481.06	100.00	21,319,588.87	6.00

—The actual written-off accounts receivable during the current period

<u>Name of company</u>	<u>Type of accounts receivable</u>	<u>Written-off amount</u>	<u>Reasons of written-off receivables</u>	<u>Whether arising from related transactions</u>
Hebei Jinfen Trading Co., Ltd.	Loan	976,761.92	Eatimatediy uncollectible	No
Verification of small amount	Loan	15,782.19	Eatimatediy uncollectible	No
Total		<u>992,544.11</u>		

—Particulars on the top five debtors

<u>Item</u>	<u>Closing amount</u>		<u>Opening amount</u>	
	<u>Amount</u>	<u>Proportion</u>	<u>Amount</u>	<u>proportion</u>
Total and proportion of the top five units in debt	130,976,997.76	31.55%	85,616,456.54	24.09%

—Main entities

<u>Ranking of entities</u>	<u>Relationship with the Company</u>	<u>Amount in arrear</u>	<u>Ages</u>	<u>Proportion to accounts receivable</u>
No. 1	Non-related	92,052,841.24	Within 1 year	22.17%
No. 2	Non-related	11,980,483.31	Within 1 year	2.89%
No. 3	Non-related	9,488,818.22	Within 1 year	2.28%
No. 4	Related	9,415,621.92	Within 1 year	2.27%
No. 5	Non-related	8,039,233.07	Within 1 year	1.94%
Total		<u>130,976,997.76</u>		<u>31.55%</u>

—Please refer to Note IX for more details on amount due from shareholders who hold 5% or more of voting shares of the Company in the closing balance of accounts receivable.

5. Prepayments

Balance of prepayments as at 31 Dec. 2013 stands at RMB 24,054,319.34, which is classified according to ages as follows:

<u>Account age</u>	<u>Closing amount</u>		<u>Opening amount</u>	
	<u>Amount</u>	<u>Proportion (%)</u>	<u>Amount</u>	<u>Proportion (%)</u>

Within 1 year	21,791,005.82	90.59	10,364,024.71	83.69
1-2 years	1,716,958.54	7.14	1,140,000.00	9.21
2-3 years	48,253.97	0.20	831,986.27	6.72
Over 3 years	498,101.01	2.07	47,416.00	0.38
Total	24,054,319.34	100.00	12,383,426.98	100.00

—Particulars on the top five debtors

Item	Closing amount		Opening amount	
	Amount	Proportion	Amount	proportion
Total and proportion of the top five units in debt	10,284,845.55	42.76%	9,563,958.13	77.23%

—Main entities

Ranking of entities	Relationship with the Company	Amount in arrear	Ages	Proportion to prepayment receivable
No. 1	Non-related	5,000,000.00		20.79%
No. 2	Non-related	1,849,422.81		7.69%
No. 3	Non-related	1,354,280.00		5.63%
No. 4	Related	1,069,201.38		4.44%
No. 5	Non-related	1,011,941.36		4.21%
Total		10,284,845.55		42.76%

The balance of prepayments has increased by RMB 11,670,892.36 compared with the period-begin, an increase of 94.25%, which was mainly because payment in advance in line with the High-speed media advertising had reduced.

—There is no amount due from shareholders who hold 5% or more of voting shares of the Company in the balance of prepayments

6. Interest receivable

Items	Closing balance	Opening balance
Deposit interest	1,304,200.33	530,542.81
Total	1,304,200.33	530,542.81

7. Other receivables

Net amount of other receivables as at 31 Dec. 2013 stands at RMB 000, which is detailed as follows according to types:

Items	Closing balance				Opening balance			
	Book balance		Bad debts provision		Book balance		Bad debts provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Significant single amounts and make independent provision for impairment losses					41,710,000.00	72.88		
Accounts receivable that make provision for impairment loss according to ages combination								
Normal business combination	25,686,259.45	100.00	1,541,175.57	6.00	15,411,053.78	26.93	924,663.24	6.00
Subtotal of combination	25,686,259.45	100.00	1,541,175.57	6.00	15,411,053.78	26.93	924,663.24	6.00
Not significant single amounts but make independent provision for impairment losses					106,552.50	0.19	106,552.50	100.00
Total	25,686,259.45	100.00	1,541,175.57	6.00	15,227,606.28	100.00	1,031,215.74	1.80

—Within the combination, analysis of accounts receivable that make provision for losses by balance percentage method

Account age	Closing balance				Opening balance			
	Book balance		Bad debts provision		Book balance		Bad debts provision	
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	Amount	Proportion (%)	Amount	Withdrawal proportion (%)
Within 1 year	22,226,990.87	86.53	1,333,619.45	6.00	9,546,737.79	62.00	572,804.27	6.00
1-2 years	146,433.33	0.57	8,786.00	6.00	5,133,212.60	33.31	307,992.76	6.00
2-3 years	2,897,030.66	11.28	173,821.84	6.00	373,909.63	2.47	22,434.58	6.00
Over 3 years	415,804.59	1.62	24,948.28	6.00	357,193.76	2.22	21,431.63	6.00
Total	25,686,259.45	100.00	1,541,175.57	6.00	15,411,053.78	100.00	924,663.24	6.00

The actual written-off other accounts receivable during the current period

Name of company	Type of accounts receivable	Written-off amount	Reasons of written-off receivables	Whether arising from related transactions

Fangcheng County Yuli Glass Tube Co., Ltd.	The original payment in advance	106,552.50	Estimated unable to regain	No
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—Particulars of other accounts receivable on top five units in debt

Item	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Total of the top five units in debt and proportion	22,374,635.45	87.11%	14,079,521.97	69.84%

—Main units of other accounts receivable

Ranking of units	Relationship with the Company	Amount in arrear	Ages	Proportion to accounts
No. 1	Non-related relationship	17,593,990.28	Within 1 year	68.49%
No. 2	Non-related relationship	1,810,595.17	2-3 year	7.05%
No. 3	Non-related relationship	1,568,550.00	Within 1 year	6.11%
No. 4	Non-related relationship	801,500.00	Within 1 year	3.12%
No. 5	Non-related relationship	600,000.00	2-3 year	2.34%
Total		22,374,635.45		87.11%

—The period-end balance of other accounts receivable has decreased by RMB 31,541,346.83, compared with the period-begin, a decrease of 55.12%, which was mainly due to the Company took back RMB 41,710,000.00 of cash deposit for land bidding.

—There is no amount due from shareholders who hold 5% or more of voting shares of the Company in the balance of other receivables.

—There is no amount due from related parties' accounts receivable in closing balance of other accounts receivable.

8. Inventory

Net inventory as at 31 Dec. 2013 stands at RMB 516,804,156.44, which is detailed as follows according to types:

Item	Closing balance			Opening balance		
	Book balance	Falling price reserve	Book value	Book balance	Falling price reserve	Book value
Raw materials	70,269,329.70	3,170,835.38	67,098,494.32	83,862,206.49	178,720.29	83,683,486.20

Self-made half-finished goods	121,442,224.71	2,102,946.36	119,339,278.35	100,512,173.55	391,372.89	100,120,800.66
Finished goods	335,274,523.00	6,158,637.61	329,115,885.39	248,832,503.39	-	248,832,503.39
Low-value fugitive items	1,250,498.38	-	1,250,498.38	2,035,287.92	130,691.98	1,904,595.94
Total	<u>528,236,575.79</u>	<u>11,432,419.35</u>	<u>516,804,156.44</u>	<u>435,242,171.35</u>	<u>700,785.16</u>	<u>434,541,386.19</u>

—Provisions for inventory price falling

Item	Opening book balance	Provision for this period	Decrease in this		Closing book balance
			Written in	Writing off	
Raw materials	178,720.29	3,170,835.38	-	178,720.29	3,170,835.38
Self-made half-finished goods	391,372.89	3,668,461.68	-	1,956,888.21	2,102,946.36
Finished goods	-	6,158,637.61	-	-	6,158,637.61
Low-value fugitive items	130,691.98	-	-	130,691.98	-
Total	<u>700,785.16</u>	<u>12,997,934.67</u>	<u>-</u>	<u>2,266,300.48</u>	<u>11,432,419.35</u>

9. Other current assets

Item	Closing balance	Beginning balance
Deductible input tax of VAT	9,408,829.51	2,935,179.47
Total	<u>9,408,829.51</u>	<u>2,935,179.47</u>

10. Financial assets available for sale

Item	Fair value at period-end	Fair value at year-begin
Trading shares of China Everbright Bank	62,634,402.88	71,817,642.40
Total	<u>62,634,402.88</u>	<u>71,817,642.40</u>

The Company holds 23,546,768 shares in total with the fair value reaching RMB 62,634,402.88 at the end of the year, a decrease of RMB 9,183,239.52 compared with the beginning. The Company made provision for deferred income tax liabilities of RMB 1,377,485.92 of which the difference of RMB 7,805,753.60 recorded into capital reserve.

11. Long-term equity investment

Net amount of long-term equity investment as at 31 Dec. 2013 stands at RMB 492,153,947.39, which is detailed as follows according to types:

Items	Opening amount		Increase in this period	Decrease in this period	Closing amount	
	Amount	Impairment reserve			Amount	Impairment reserve
Investment to affiliated enterprises	31,023,693.72	-	-	12,820,601.90	18,203,091.82	-
Other investments	497,818,643.04	9,148,904.81	-	14,718,882.66	483,099,760.38	9,148,904.81
Total	528,842,336.76	9,148,904.81	-	27,539,484.56	501,302,852.20	9,148,904.81

—Investment to affiliated entities

Invested entity	Accounting method	Investment costs	Opening balance	increase	decrease	Closing balance	Shareholding proportion (%)	Voting rights ratio in invested entity (%)	Explanation for equity-holding ratio and voting rights ratio in invested entity are not in accord	Cash bonus in current period
Qinghai FSL Lithium Energy Exploitation Co., Ltd.	Equity method	38,000,000.00	25,351,617.99	-	12,543,975.96	12,807,642.03	38.00%	38.00%	In accord	-
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	Equity method	12,600,000.00	5,672,075.73	-	276,625.94	5,395,449.79	50.00%	50.00%	In accord	-
Total		50,600,000.00	31,023,693.72	-	12,820,601.90	18,203,091.82				-

Continued

Invested entity	Total closing assets amount	Total closing liabilities amount	Closing net assets amount	Total operating revenue in 2013	Net profit in 2013

Qinghai FSL Lithium Energy Exploitation Co., Ltd.	34,104,321.14	400,000.00	33,704,321.14	-	-33,010,463.04
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	10,790,899.58	-	10,790,899.58	-	-553,251.88
Total	44,895,220.72	400,000.00	44,495,220.72	=	-33,563,714.92

—In Jun. 2013, the Company held the meeting of the board of directors; the meeting approved and reviewed the Proposal on liquidation and Cancellation of Guangdong Fozhao Guoxuan Power Energy Co., Ltd.. As of 31 Dec. 2013, the invested entity Guangdong Fozhao Guoxuan Power Energy Co., Ltd. had not fulfilled its relevant cancellation procedures.

—Other investment

Invested entity	Accounting method	Initial investment cost	Opening balance	Increase/decrease	Closing balance	Equity-holding ratio in invested entity (%)	Voting rights ratio in invested entity (%)	Explanation for equity-holding ratio and voting rights ratio in invested entity are not in accord	Impairment reserve	Impairment reserve for this period	Cash bonus for this period
Shenzhen Liangke Venture Capital Company Limited	Cost method	13,718,882.66	13,718,882.66	-13,718,882.66	-	-	-	In accord	-	-	-
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	Cost	5,850,000.00	5,850,000.00	-	5,850,000.00	Less than	Less than	In accord	5,850,000.00	-	-

Zhonghao (Group) Ltd.	method					an 5%	5%					
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	Cost method	292,574,133.00	292,574,133.00	-	292,574,133.00	7.99%	7.99%	In accord	-	-	-	-
Guangdong Development Bank Co., Ltd.	Cost method	500,000.00	500,000.00	-	500,000.00	Less than 5%	Less than 5%	In accord	-	-	-	-
Foshan Fochan Road Development Company Limited	Cost method	20,757,600.00	9,175,627.38	-1,000,000.00	8,175,627.38	7.66%	7.66%	In accord	-	-	-	-
Hefei Guoxuan High-tech Power Energy Co., Ltd.	Cost method	160,000,000.00	160,000,000.00	-	160,000,000.00	14.84%	14.84%	In accord	-	-	-	-
Total		<u>509,400,615.66</u>	<u>497,818,643.04</u>	<u>-14,718,882.66</u>	<u>483,099,760.38</u>				<u>9,148,904.81</u>	<u>-</u>	<u>-</u>	<u>-</u>

—Revenue from Foshan Fochan Road Development Company Limited has been recorded into unified collection and allocation system of road-bridge tolls. The Company regards such investments balances as right to earnings, which shall be amortized within the remaining period of business of this company. In current period, an investment cost of RMB 1,000,000.00 was amortized.

—In Jun. 2012, the Company signed the “Equity Transfer Agreement” with Shenzhen Meilu Trade Development Co., Ltd., planning to transfer the 18.5% equity interests of Shenzhen Liangke Venture Capital Company Limited it held to the latter. Up to 31 Dec. 2013, the Company had received all the amount of equity transfer and the equity transfer has been concluded completely. After this transfer, the Company will no longer hold the equity of Shenzhen Liangke Venture Capital Company Limited.

12. Fixed assets and accumulated depreciation

Net fixed assets as at 31 Dec. 2013 stands at RMB 472,740,489.84, which is detailed as follows:

<u>Items</u>	<u>Opening amount</u>	<u>Increase in this period</u>		<u>Decrease in this period</u>	<u>Closing amount</u>
Original value of fixed assets:					
Housing and building	549,704,909.97		14,437,751.11	20,150,788.17	543,991,872.91
Machinery equipments	1,109,628,117.57		18,066,256.41	217,508,117.98	907,867,064.24
Transportation equipments	19,830,236.32		2,248,614.16	2,546,359.94	19,532,490.54
Other equipment	18,578,307.84		1,272,540.37	1,784,591.80	18,066,256.41
Total	1,697,741,571.70		33,705,970.29	241,989,857.89	1,489,457,684.10
<u>Items</u>	<u>Opening balance</u>	<u>Increase in this period</u>	<u>Withdraw in this period</u>	<u>Decrease in this period</u>	<u>Closing balance</u>
Accumulated depreciation:					
Housing and building	305,093,103.58	-	25,217,464.35	13,724,004.35	316,586,563.58
Machinery equipments	827,678,477.59	-	55,157,786.72	210,723,206.20	672,113,058.11
Transportation equipments	14,086,027.51	-	1,286,532.15	2,376,616.58	12,995,943.08
Other equipment	10,450,773.61	-	1,913,189.59	1,596,340.07	10,767,623.13
Total	1,157,308,382.29	-	83,574,972.81	228,420,167.20	1,012,463,187.90
Impairment provision					
Housing and building	-		-	-	-
Machinery equipments	1,288,167.03		4,254,006.36	1,288,167.03	4,254,006.36
Transportation equipments	-		-	-	-
Other equipment	-		-	-	-
Total	1,288,167.03		4,254,006.36	1,288,167.03	4,254,006.36

Net value			
Housing and building	244,611,806.39		227,405,309.33
Machinery equipments	280,661,472.95		231,627,455.97
Transportation equipments	5,744,208.81		6,545,014.46
Other equipment	8,127,534.23		7,162,710.08
Total	<u>539,145,022.38</u>		<u>472,740,489.84</u>

—Construction in progress with original value of RMB 30,388,894.82 was transferred into fixed assets in the report period.

—Depreciation amount recorded into operating cost, operating expenses and administrative expenses totaled RMB 83,574,972.81 in 2013.

—Up until 31 Dec. 2013, there had existed no fixed assets temporarily idle, rent in by financial leasing or held for sale.

—At the end of the reporting period, the Company withdrew the impairment provision for partial idle machinery equipments at the balance of its recoverable amount lower than its book value.

13. Construction in process

Balance of construction in process as at 31 Dec. 2013 stands at RMB 75,044,472.56, which is detailed as follows:

Item	Closing balance			Opening balance		
	Book balance	Impairment reserve	Net book value	Book balance	Impairment reserve	Net book value
Construction in process	78,740,456.85	3,695,984.29	75,044,472.56	97,787,652.94	2,103,083.08	95,684,569.86
Total	<u>78,740,456.85</u>	<u>3,695,984.29</u>	<u>75,044,472.56</u>	<u>97,787,652.94</u>	<u>2,103,083.08</u>	<u>95,684,569.86</u>

—Changes in construction in process:

Name of construction project	Opening amount	Increase in this period	Amount transferred into	Other decrease	Closing amount
			fixed assets in current period		
Fuwan Lighting Industrial Park	29,903,597.80	10,538,607.13	-	28,195,142.29	12,247,062.64
Fuwan Lighting Industrial Park production	7,931,663.63	1,832,214.75	-	-	9,763,878.38

<u>Name of construction project</u>	<u>Opening amount</u>	<u>Increase in this period</u>	<u>Amount transferred into fixed assets in current period</u>	<u>Other decrease</u>	<u>Closing amount</u>
workshop of lithium battery					
H7 Automatic Production Equipment	1,628,303.99	7,801,445.03	-	-	9,429,749.02
Third District Hard Glass Kiln	8,149,794.29	-	-	-	8,149,794.29
LED second workshop	1,625,986.42	2,178,500.72	-	-	3,804,487.14
Standard C Workshop	10,764,104.61	537,500.00	11,301,604.61	-	-
Production line of lithium iron phosphate	16,765,264.44	828,000.00	-	17,593,264.44	-
7#、9# kiln	3,892,324.54	704,614.88	1,761,930.50	-	2,835,008.92
Self-made equipments	567,753.53	5,406,883.97	449,173.09	-	5,525,464.41
Transformation equipment	5,229,445.42	9,842,346.29	1,740,540.89	-	13,331,250.82
Other outsourcing equipments	11,329,414.27	17,459,992.69	15,135,645.73	-	13,653,761.23
Total	<u>97,787,652.94</u>	<u>57,130,105.46</u>	<u>30,388,894.82</u>	<u>45,788,406.73</u>	<u>78,740,456.85</u>

—None of the items of projects under construction has any interest to be capitalized and exchange gain or loss.

—Other decrease of Fuan Lighting Industrial Park project was the previous amount payable in advance of the land carried forward the intangible asset accounting in the reporting period.

—Other decrease of Production line of lithium iron phosphate was due to the Qinghai FSL Lithium Energy Exploitation Co., Ltd. been transferred, the Company no longer consolidate its balance sheet.

—Details of construction in process are as follows:

<u>Item</u>	<u>Opening balance</u>	<u>Withdrawal amount of current period</u>	<u>Decrease of current period</u>	<u>Closing balance</u>
Production line of lithium	2,103,083.08	-	2,103,083.08	-

iron phosphate				
Third District Hard Glass Kiln	-----	3,695,984.29	-----	3,695,984.29
Total	<u>2,103,083.08</u>	<u>3,695,984.29</u>	<u>2,103,083.08</u>	<u>3,695,984.29</u>

—At the end of the reporting period, the Company withdrew the impairment provision for partial projects in construction with uncertain economic benefits for the Company in the future at the balance of its recoverable amount lower than its book value.

14. Intangible assets

Type	Opening balance	Increase in 2013	Decrease in 2013	Closing balance
Original value of intangible assets				
Land use right	187,734,496.31	28,195,142.29	4,209,700.00	211,719,938.60
Patent right	200,000.00	-	-	200,000.00
Software using right	-----	1,636,664.95	-----	1,636,664.95
Total	<u>187,934,496.31</u>	<u>29,831,807.24</u>	<u>4,209,700.00</u>	<u>213,556,603.55</u>
Accumulated amortization:				
Land use right	37,333,437.53	4,103,256.73	1,365,912.00	40,070,782.26
Patent right	176,667.02	20,000.04	-	196,667.06
Software using right	-----	54,555.50	-----	54,555.50
Total	<u>37,510,104.55</u>	<u>4,177,812.27</u>	<u>1,365,912.00</u>	<u>40,322,004.82</u>
Provision for impairment of intangible assets:				
Land use right	-	-	-	-
Patent right	-	-	-	-
Software using right	-----	-----	-----	-----
Total	=====	=====	=====	=====
Net value of intangible assets:				
Land use right	150,401,058.78			171,649,156.34
Patent right	23,332.98			3,332.94

Software using right-		1,582,109.45
Total	<u>150,424,391.76</u>		<u>173,234,598.73</u>

—Up to 31 Dec. 2013, the Company has no provision for impairment of intangible assets that need to be withdrawn.

15. Deferred income tax assets/deferred income tax liabilities

—Recognized deferred income tax assets/deferred income tax liabilities

<u>Items</u>	<u>Closing amount</u>	<u>Opening amount</u>
Deferred income tax assets:		
Provision for assets impairment	8,459,053.84	4,819,079.54
Depreciation of fixed assets	11,973,373.90	9,501,888.63
Payroll payable	6,086,781.28	6,501,646.52
Fair value change gains and losses of trading financial assets	164,520.32	148,090.69
Unrecovered loss	<u>2,240,937.40</u>	<u>2,032,351.34</u>
Total	<u>28,924,666.74</u>	<u>23,003,056.72</u>
Deferred income liabilities:		
Fair value changes on financial assets available for sale	4,891,338.97	6,268,824.89
Total	<u>4,891,338.97</u>	<u>6,268,824.89</u>

—Items of assets/liabilities leading to temporary difference and relevant amount:

<u>Items</u>	<u>Closing balance</u>	<u>Opening balance</u>
Deferred income tax assets:		
Provision for assets impairment	54,978,452.59	31,469,905.02
Depreciation of fixed assets	79,688,338.30	63,345,924.23
Payroll payable	40,578,541.85	43,344,310.15
Fair value change gains and losses of trading financial assets	1,096,802.10	987,271.25
Unrecovered loss	<u>8,963,749.61</u>	<u>8,129,405.37</u>
Total	<u>185,305,884.45</u>	<u>147,276,816.02</u>
Deferred income liabilities:		

Fair value changes on financial assets available for sale	32,608,926.44	41,792,165.96
Total	32,608,926.44	41,792,165.96

16. Provision for assets impairment

Items	Opening balance	Increase in 2013	Decrease in 2013			Closing balance
			Written-back amount	Written-off amount	Other decrease	
Provision for bad debts of accounts receivable	21,319,588.87	4,610,115.45	-	992,544.11	29,709.00	24,907,451.21
Provision for bad debts of other receivables	1,031,215.74	616,512.33	-	106,552.50	-	1,541,175.57
Provision for falling price of inventory	700,785.16	12,997,934.67	-	-	2,266,300.48	11,432,419.35
Provision for impairment of long-term investment	9,148,904.81	-	-	-	-	9,148,904.81
Provision for impairment of fixed assets	1,288,167.03	4,254,006.36	-	-	1,288,167.03	4,254,006.36
Provision for impairment of construction in process	2,103,083.08	3,695,984.29	-	-	2,103,083.08	3,695,984.29
Total	35,591,744.69	26,174,553.10	-	1,099,096.61	5,687,259.59	54,979,941.59

Other decrease due to the Qinghai FSL Lithium Energy Exploitation Co., Ltd. has been transferred; the Company no longer consolidates its balance sheet.

17. Other non-current assets

Items	Closing balance	Opening balance
Relevant items about purchasing land and identifying land rights	41,755,700.00	41,755,700.00
Payment in advance of facilities	5,638,494.81	786,030.00
Total	47,394,194.81	42,541,730.00

18. Payroll payable

Items	Closing balance	Opening balance
Accounts payable	270,968,881.44	246,652,513.45

—There were no payments aged more than 3 years in the closing balance of accounts payable.

—Among the closing balance, accounts payables from shareholders with more than 5% (including 5%) of the voting shares of the Company, please refer to Note IX.

19. Advance from customers

Items	Closing balance	Opening balance
Advance from customers	45,620,298.34	19,632,316.50

—The closing balance of the advance from the customers is all advances on sales. There was no advance from customers aged more than 3 years.

—The period-end balance of the advance from the customers has increased RMB 25,987,981.84, an increase of 132.37% compared with the period-begin, which mainly due to the Company strengthen marketing LED products in the reporting period, with the expansion of LED business, dealers' payment in advance increased accordingly.

—Among the closing balance of the advance from the customers, there was no advance from customers due from shareholders with more than 5% (including 5%) of the voting shares of the Company.

20. Payroll payable

Items	Opening balance	Increase in 2013	Payment in 2013	Closing balance
Salary bonuses & allowance	55,870.00	356,347,192.80	356,337,778.43	65,284.37
Equity incentive fund	63,030,499.68	16,000,000.00	18,845,671.00	60,184,828.68
Employee welfare	-	20,518,059.62	20,518,059.62	-
Labor union fee & personnel education fund	-	2,931,144.47	2,544,516.67	386,627.80
Social insurance	-	52,215,684.19	52,215,684.19	-
Including: Medical insurance	-	17,357,938.11	17,357,938.11	-
Basic endowment insurance	-	28,240,792.61	28,240,792.61	-
Unemployment insurance	-	1,373,492.82	1,373,492.82	-
Injury insurance premium	-	2,698,939.99	2,698,939.99	-
Pregnancy insurance	-	2,544,520.66	2,544,520.66	-
Housing fund	-	2,267,278.00	2,267,278.00	-
Total	63,086,369.68	450,279,359.08	452,728,987.91	60,636,740.85

—There was no payroll payable in arrears in the Company.

21. Taxes payable

As at 31 Dec. 2013, the Company's balance of taxes payable is RMB 19,571,121.78, the details as below:

Taxes	Closing balance	Opening balance
-------	-----------------	-----------------

Corporate income tax	7,830,829.28	37,238,233.41
VAT	4,364,194.29	11,124,036.95
Other	7,376,098.21	10,629,777.26
Total	<u>19,571,121.78</u>	<u>58,992,047.62</u>

22. Other payables

Items	Closing balance	Opening balance
Other payables	35,613,570.14	37,085,568.58

—Among the closing balance, there were no other payables due from shareholders with more than 5% (including 5%) of the voting shares of the Company.

—Please refer to Note IX for more details of related parties' accounts payable in closing balance of other accounts payable.

23. Other non-current liabilities

Items	Closing balance	Opening balance
Government grants		
Including: governments grants related to benefits	113,109.00	-
Governments grants related to assets	10,979,441.73	19,353,441.69
Total	<u>11,092,550.73</u>	<u>19,353,441.69</u>

—Government grants

Items	Opening balance	Amount newly increased in the reporting period	Amount recorded into non-operating income	Other decrease	Closing balance	Related to assets/related income
The project of electronic energy-saving lamp transformed from incandescence lamp	9,852,274.95	-	-	-	9,852,274.95	Related to assets
Project of lithium iron phosphate	4,400,000.00	-	-	-4,400,000.00		Related to assets
Annual production of 2,750t cathode materials of lithium battery	2,000,000.00	-	-	-2,000,000.00		Related to assets
Production line of 50 million energy-saving fluorescent lamp	1,084,999.96		155,000.00		929,999.96	Related to assets

Research project of key technology on industrialization of production of 2000 ton LiFePO ₄ /year	1,000,000.00	-	-	-1,000,000.00		Related to assets	
Project of FGD fly ash removal of furnace system	366,166.78	-		168,999.96	-	197,166.82	Related to assets
Production project of ferrous sulfate lithium	500,000.00	-	-	500,000.00			Related to assets
Research of production technology of LiFePO ₄	150,000.00	-	-	150,000.00			Related to assets
No electrolytic capacitor drive power supply technology	-	256,000.00	142,891.00	-		113,109.00	Related income
Total	19,353,441.69	256,000.00	466,890.96	8,050,000.00		11,092,550.73	

—Other decreases were mainly because Qinghai Fozhao Lithium Ion Battery Cathode Materials Co., Ltd was transferred ,therefore the company no longer consolidates its balance sheet.

24. Share capital

Item	Opening amount		Increase/decrease in 2013				Closing amount	
	Number	Proportion %	Capitalization of capital reserve	Shares subject to trading moratorium in listed	Other	Subtotal	Number	Proportion %
I. Shares subject to trading moratorium								
1. Shares held by domestic corporation	3,733,593	0.38	-	-	-675,675	-675,675	3,057,918	0.31
2. Shares held by foreign corporation	131,815,685	13.47	-	-	-	-	131,815,685	13.47
3. Shares held by domestic natural person	1,643,337	0.17	-	-	-1,313,559	-1,313,559	329,778	0.03
4. Shares held by			-	-	-	-		

Item	Opening amount		Increase/decrease in 2013				Closing amount	
	Number	Proportion %	Capitalization of capital reserve	Shares subject to trading moratorium listed	Other	Subtotal	Number	Proportion %
foreign natural person								
Total shares subject to trading moratorium	137,192.61 5	14.02	-	-	-1,989.23 4	-1,989.23 4	135,203.38 1	13.82
II. Shares not subject to trading moratorium			-	-	-	-		
1. RMB ordinary shares	616,150.09 3	62.96	-	-	1,989.23 4	1,989.23 4	618,139.32 7	63.17
2. Domestically listed foreign shares	225,221.03 7	23.02	-	-	-	-	225,221.03 7	23.02
Total shares not subject to trading moratorium	841,371.13 0	85.98	-	-	1,989.23 4	1,989.23 4	843,360.36 4	86.18
III. Total shares	978,563.74 5	100.00	-	-	-	-	978,563.74 5	100.00

25. Capital reserve

Item	Opening amount	Increase in 2013	Decrease in 2013	Closing amount
Share premium	582,653,147.29	-	-	582,653,147.29
Other capital reserve	42,942,609.78	-	8,001,649.86	34,940,959.92
Total	625,595,757.07	-	8,001,649.86	617,594,107.21

—In the decrease of capital reserve in 2013, of which was the Company holds 23,546,768 shares in total with the fair value reaching RMB 62,634,402.88 at the end of the year, a decrease of RMB 9,183,239.52 compared with the beginning. The Company made provision for deferred income tax liabilities of RMB 1,377,485.92 of which the difference of RMB 7,805,753.60 recorded into capital reserve. RMB 185,178.51 due to the Company purchase 25% share equity of Foshan Chansheng Electronic Ballast Co., Ltd., in Dec. 2013, the difference RMB 185,178.51 between equity purchase amount RMB 1,994,500.00 and the share of net assets RMB 1,809,321.49 of newly obtained long-term equity investment at purchase date. RMB 10,717.75 due to the Company transferred

Qinghai FSL Lithium Energy Exploitation Co., Ltd. The Company no longer consolidates its balance sheet, thus the recognized capital reserves of RMB 10,717.75 of consolidated statements last year was reversed.

26. Surplus reserve

Item	Opening amount	Increase in 2013	Decrease in 2013	Closing amount
Statutory surplus	485,607,963.60	-	-	485,607,963.60
Discretionary surplus	136,886,568.36	-	-	136,886,568.36
Total	622,494,531.96	-	-	622,494,531.96

—The Company's accumulated amount of statutory surplus was over 50% of the registered capital, the Company did not withdraw statutory net profit in current period.

27. Retained profit

Item	Amount in 2013	Amount in 2012
Retained profit as at the end of last year before adjustment	723,452,942.14	606,584,375.02
Total opening retained profit adjusted	-	-
Opening retained profit after adjustment	723,452,942.14	606,584,375.02
Plus: Net profit attributable to parent company for current period	251,831,356.38	400,466,745.11
Less: Appropriation of statutory surplus reserves		38,957,241.74
Dividends distributed for ordinary shares	303,354,760.95	244,640,936.25
Closing retained profit	671,929,537.57	723,452,942.14
Of which: Cash dividends to be distributed	156,570,199.20	303,354,760.95

— In accordance with the profit distribution plan for the year 2013 approved by the Board of Directors on 23 Apr. 2014, the Company intends to distribute a cash dividend of RMB 1.6 (tax included) for every 10 shares to all shareholders based on total share capital of 978,563,745 as at 31 Dec. 2013, with total cash dividends distributed standing at RMB 156,570,199.20 (tax included). The said profit distribution plan needs to be examined by the Shareholders' General Meeting.

28. Operating income and operating cost

— Category of operating income and operating cost is listed as follows:

Item	2013		2012	
	Revenue	Cost	Revenue	Cost
Main operation	2,500,948,588.28	1,874,719,042.97	2,176,503,375.04	1,610,406,277.08

Others	<u>25,731,222.25</u>	<u>15,588,747.67</u>	<u>25,407,356.85</u>	<u>20,023,200.86</u>
Total	<u>2,526,679,810.53</u>	<u>1,890,307,790.64</u>	<u>2,201,910,731.89</u>	<u>1,630,429,477.94</u>

—Breakdown of main operation according to industries:

Item	2013		2012	
	Revenue	Cost	Revenue	Cost
Lighting equipments and lamps	2,500,948,588.28	1,874,719,042.97	2,156,602,294.62	1,598,108,805.64
Income from hotel	-	-	19,901,080.42	12,297,471.44
Total	<u>2,500,948,588.28</u>	<u>1,874,719,042.97</u>	<u>2,176,503,375.04</u>	<u>1,610,406,277.08</u>

—Breakdown of Lighting and lighting products in main operation

Item	2013		2012	
	Revenue	Cost	Revenue	Cost
Domestic sales	1,680,415,391.83	1,292,521,996.08	1,545,865,235.81	1,150,406,736.91
Export sales	820,533,196.45	582,197,046.89	610,737,058.81	447,702,068.73
Total	<u>2,500,948,588.28</u>	<u>1,874,719,042.97</u>	<u>2,156,602,294.62</u>	<u>1,598,108,805.64</u>

—Top five customers in sales income:

Customer	Operating revenue	Proportion in total operating revenue (%)
Customer 1	164,909,812.52	6.52
Customer 2	70,491,399.83	2.79
Customer 3	53,945,797.44	2.14
Customer 4	50,855,558.20	2.01
Customer 5	44,226,390.04	1.75
Total	<u>384,428,958.03</u>	<u>15.21</u>

29. Taxes and associate charges

Item	2013	2012	Measurement basis
City maintenance and construction tax	15,839,647.85	12,465,024.44	7% of turnover tax
Educational surtax	11,340,427.38	8,973,081.55	3-5% of turnover tax
Business tax	1,148,891.62	1,791,328.69	5% of taxable income
Others	-	4,379.86	-
Total	<u>28,328,966.85</u>	<u>23,233,814.54</u>	

30. Selling expenses

<u>Category</u>	<u>2013</u>	<u>2012</u>
Transportation expenses	49,884,125.00	44,342,768.44
Service charges on promotion of energy-saving products	20,401,524.23	7,823,647.86
Payroll	21,790,785.47	15,433,893.73
Business propagandize fee	18,643,715.42	18,846,712.50
Commission	2,464,474.74	3,519,809.08
Travel charge	5,681,601.46	5,199,349.68
Other	14,912,852.38	14,701,349.86
Total	<u>133,779,078.70</u>	<u>109,867,531.15</u>

31. Management expenses

<u>Category</u>	<u>2013</u>	<u>2012</u>
Employee payroll	105,418,134.95	86,467,067.44
Welfare fee	19,684,813.92	11,703,686.29
Depreciation charges	17,016,041.69	14,357,603.10
Tax expense	15,631,548.74	23,173,565.36
Office expenses	7,409,712.83	5,380,990.74
Expenses on amortization of intangible assets	4,177,812.27	4,907,139.93
Land rent and management fee	6,029,313.67	4,762,629.60
Others	24,549,627.42	16,350,254.37
Total	<u>199,917,005.49</u>	<u>167,102,936.83</u>

32. Financial expense

<u>Category</u>	<u>2013</u>	<u>2012</u>
Interest expense	-	-
Less: Interest revenue	12,681,427.36	12,854,988.88
Exchange loss	7,022,097.90	655,904.94
Others	1,428,392.27	1,210,141.84

Total	<u>-4,230,937.19</u>	<u>-10,988,942.10</u>
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33. Assets Impairment Losses

<u>Item</u>	<u>2013</u>	<u>2012</u>
Bad debts losses	5,226,627.78	2,427,717.23
Impairment losses of inventory	12,997,934.67	700,785.16
Impairment losses of fixed assets	4,254,006.36	1,288,167.03
Impairment losses of construction in process	3,695,984.29	2,103,083.08
Total	<u>26,174,553.10</u>	<u>6,519,752.50</u>

34. Gain and loss on the changes in fair value

<u>Item</u>	<u>2013</u>	<u>2012</u>
Income from changes in fair value of trading financial assets	<u>-109,530.85</u>	<u>-84,637.47</u>
Total	<u>-109,530.85</u>	<u>-84,637.47</u>

35. Investment income

<u>Item</u>	<u>2013</u>	<u>2012</u>
Income from long-term equity investments calculated by cost method	-1,000,000.00	22,597,413.70
Long-term equity investment calculated by equity method	-12,820,601.90	-10,330,609.99
Investment income obtained through holding available-for-sale financial assets	1,365,712.54	3,131,720.14
Investment income obtained through disposal of long-term equity investment	3,603,422.34	192,291,073.85
Other	1,981,349.56	-
Total	<u>-6,870,117.46</u>	<u>207,689,597.70</u>

—Income from long-term equity investments calculated by cost method:

<u>Investor</u>	<u>2013</u>	<u>2012</u>
Xiamen Bank Co., Ltd.	-	14,571,414.00
Guangzhou Zhujiang Asset Management Company Limited	-	9,025,999.70
Foshan Fochan Road Development Company Limited	<u>-1,000,000.00</u>	<u>-1,000,000.00</u>

Total	<u>-1,000,000.00</u>	<u>22,597,413.70</u>
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—Long-term equity investment calculated by equity method

<u>Investor</u>	<u>2013</u>	<u>2012</u>
Qinghai FSL Lithium Energy Exploitation Co., Ltd.	-12,543,975.96	-3,359,139.69
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	-276,625.94	-6,971,470.30
Total	<u>-12,820,601.90</u>	<u>-10,330,609.99</u>

—Investment income obtained through disposal of available-for-sale financial assets

<u>Investor</u>	<u>2013</u>	<u>2012</u>
China Everbright Bank	1,365,712.54	3,131,720.14
Total	<u>1,365,712.54</u>	<u>3,131,720.14</u>

—Investment income obtained through disposal of long-term equity investment

<u>Investor</u>	<u>2013</u>	<u>2012</u>
Foshan Gaoming Fuwan Landscape Resort Co., Ltd.		192,291,073.85
Qinghai FSL Lithium Ion Battery Cathode Materials Co., Ltd.	-4,877,695.00	-
Shenzhen Liangke Venture Capital Company Limited	8,481,117.34	-
Total	<u>3,603,422.34</u>	<u>192,291,073.85</u>

—Other

<u>Item</u>	<u>2013</u>	<u>2012</u>
Interest income from the entrustment loan to Qinghai Fozhao Lithium Energy Exploitation Co., Ltd.	1,981,349.56	-
Total	<u>1,981,349.56</u>	-

36. Non-operating income

<u>Item</u>	<u>2013</u>	<u>2012</u>	<u>Amount recorded into current non-operating</u>

			<u>income</u>
Total gains from disposal of non-current assets	16,855,838.60	290,921.39	16,855,838.60
Including: Gains from disposal of fixed assets	69,339.39	290,921.39	69,339.39
Gains from disposal of intangible assets	16,786,499.21	-	16,786,499.21
Government subsidies on energy saving products	54,247,540.40	-	-
Government subsidy	1,031,790.96	1,633,073.56	1,031,790.96
Accounts payable that irrecoverable due to the creditor	-	102,246.09	-
Other	1,886,070.17	1,130,593.80	1,886,070.17
Total	<u>74,021,240.13</u>	<u>3,156,834.84</u>	<u>19,773,699.73</u>

—Government subsidy on energy saving products was the central government subsidy that the Company obtained for promoting national efficient lighting products. The Company respectively won the bidding of National Efficient Lighting Products Promotion Project and Fiscal Subsidy Promotion Project of 2012/2013 Annual Semiconductor Lighting Products in Jul. 2012 and Oct. 2012. According to the spirit of documents of the Notice of The State Council Printed and Distributed about Comprehensive Work Plan of Energy Saving and Emission Reduction (GF [2007] No. 15) and Efficient Lighting Products Promotion Subsidy Money Management Interim Measures (CJ [2007] No. 1027) issued by Ministry of Finance and NDRC, the Central Government sets up special fund, with the method of indirect subsidy to terminal customers, gives subsidy to bid-winning enterprises, and the bid-winning enterprises sell to the terminal customers at the price that the bid-winning enterprises according to the winning agreement supply price minus fiscal subsidy, that is the Company's promotion of efficient lighting products sale income is divided into two parts: income obtains from the payment of the terminal users and payment from the fiscal subsidy. Terminal users include bulk users and urban and rural resident users. Each efficient lighting product of bulk users, the Central Government gives subsidy according to 30% of the winning agreement supply price, each efficient lighting product of urban and rural resident users, the Central Government gives subsidy according to 50% of the winning agreement supply price. According to the stipulations of Announcement on the Related Issues of Vat of Central Government Subsidy issued by State Administration of Taxation and the

interpretation of Announcement on the Related Issues of Vat of Central Government Subsidy issued by General Office of State Administration of Taxation, for the part obtained from Central Government Subsidy, in line with the new regulations of State Administration of Taxation, which do not belong to the VAT taxable income. Thus, the Company will record the 2013 fiscal subsidy for efficient lighting products into non-operating income excluding the payment of VAT.

—Items of government grants are listed as follows:

<u>Item</u>	<u>2013</u>	<u>2012</u>	<u>Related to assets/ related to income</u>
Fiscal subsidy for promotion projects of efficient lighting products		537,765.06	<u>Related to income</u>
Special development funds of international market in Guangdong province		221,000.00	<u>Related to income</u>
Project of FGD fly ash removal of furnace system	168,999.96	168,999.96	<u>Related to income</u>
Production line of 50 million energy-saving fluorescent lamp	155,000.00	155,000.04	<u>Related to income</u>
Reward for big tax-payer		100,000.00	<u>Related to income</u>
2011 special funds for energy-saving from province		90,000.00	<u>Related to income</u>
Project funds of Foshan supporting economic development	200,000.00		<u>Related to income</u>
No electrolytic capacitor drive power supply technology	142,891.00		<u>Related to income</u>
Reward for well-known trademark	100,000.00		<u>Related to income</u>
Other scattered government grants	264,900.00	360,308.50	<u>Related to income</u>
Total	<u>1,031,790.96</u>	<u>1,633,073.56</u>	

37. Non-operating expense

<u>Item</u>	<u>2013</u>	<u>2012</u>	<u>Amount recorded into current non-operating income</u>
Disposal of fix assets losses	11,040,784.18	9,936,458.71	11,040,784.18
Donation	6,430,000.00		6,430,000.00

Other	2,825,031.19	4,508,472.89	2,825,031.19
Total	<u>20,295,815.37</u>	<u>14,444,931.60</u>	<u>20,295,815.37</u>

38. Income tax expense

Item	2013	2012
Current income tax expense	52,785,771.56	73,288,228.84
Deferred income tax expense	-5,921,610.02	-1,455,063.60
Total	<u>46,864,161.54</u>	<u>71,833,165.24</u>

39. Earnings per share

Item	2013	2012
Basic earnings per share	0.26	0.41
Diluted earnings per share	0.26	0.41

—The EPS data above were measured as per the “Compilation Rule No. 9 for Information Disclosure by Companies Offering Securities to the Public—Measurement and Disclosure of ROE and EPS” (Revised in 2010), with the measurement process as follows:

Item	Serial No.	Current period	Last period
Numerator:			
Net profit attributable to common shareholders of the Company	1	251,831,356.38	400,466,745.11
Extraordinary gain/loss in the net profit attributable to common shareholders of the Company after income tax effects	2	4,739,173.85	160,410,299.83
Net profit attributable to common shareholders of the Company after extraordinary gain/loss	3=1-2	247,092,182.53	240,056,445.28
Denominator:			
Opening total shares	4	978,563,745	978,563,745
Additional shares due to shift from capital reserve or dividend shares	5	-	-
Additional shares due to new issue or shift from liabilities in the reporting period	6	-	-
Months after new issue or shift from liabilities to shares to the period-end	7	-	-
Decreased shares due to buy-back in the reporting period	8	-	-

Item	Serial No.	Current period	Last period
Decreased shares due to share dilution in the reporting period	9	-	-
Months after the share decrease to the period-end	10	-	-
Months of the reporting period	11	12	12
Weighted average issued common shares	$12=4+5+6*7/1$ $1-8*10/11-9$	978,563,745	978,563,745
Basic EPS (net profit attributable to common shareholders of the Company)	13=1/12	0.26	0.41
Basic EPS (net profit attributable to common shareholders of the Company after extraordinary gain/loss)	14=3/12	0.25	0.25
Diluted potential common share interest recognized as expenses	15	-	-
Income tax rate	16	15%	15%
Shift expenses	17	-	-
Additional shares due to stock warrants and option exercise	18	-	-
Diluted EPS (net profit attributable to common shareholders of the Company)	$19=[1+(15-17)$ $*(1-16)]/(12+1$ $8)$	0.26	0.41
Diluted EPS (net profit attributable to common shareholders of the Company after extraordinary gain/loss)	$20=[3+(15-17)$ $*(1-16)]/(12+1$ $8)$	0.25	0.25

40. Other comprehensive income

Items	2013	2012
1. Gain/(loss) arising from available-for-sale financial assets	-9,183,239.52	4,002,950.56
Less: Effects of income tax generating from available-for-sale financial assets	-1,377,485.92	600,442.58
Net amount transferred into profit and loss in the current period that recorded into other comprehensive income in previous period	-	-
Subtotal	-7,805,753.60	3,402,507.98
2. Other	-	-
Less: Effects of income tax generating from other recorded into other comprehensive income	-	-

Net amount transferred into profit and loss in the current period that recorded into other comprehensive income in previous period	-----	-----
Subtotal	-----	-----
Total	<u>-7,805,753.60</u>	<u>3,402,507.98</u>

41. Other cash received relating to operating activities

Other cash received relating to operating activities is RMB 16,859,582.99 in 2013, main items are as below:

Item	Amount
Deposit interest	11,907,769.84
Income from property and rental of equipment	2,245,893.98
Income from subsidy	784,700.00

42. Other cash paid relating to operating activities

Other cash paid relating to operating activities is RMB 154,518,259.85 in 2013, main items are as below:

Item	Amount
Transport charges	49,884,125.00
Expense for energy saving product promotion	20,401,524.23
Advertising expense	18,643,715.42
Office expense	7,409,712.83
Land lease and administration expense	6,029,313.67
Advertising expense	6,307,120.19
Travel expense	5,681,601.46
Commission	2,464,474.74

43. Other cash paid relating to investment activities

Other cash received relating to investment activities is RMB 41,710,000.00 in 2013, main items are as below:

Item	Amount
Cash deposit regained for land bidding	41,710,000.00

44. Supplemental information of cash flow statement

Supplemental information	2013	2012
1. Reconciliation of net profit to net cash flows generated from operating activities		
Net profit	252,284,967.85	400,229,859.26

<u>Supplemental information</u>	<u>2013</u>	<u>2012</u>
Add: Provision for impairment of assets	26,174,553.10	6,519,752.50
Depreciation of fixed assets	83,574,972.81	92,356,468.07
Amortization of intangible assets	4,177,812.27	4,907,139.93
Amortization of long-term deferred expense	-	-
Losses on disposal of property, plant and equipment, intangible assets and other long-term assets (gains: negative)	-5,815,054.42	385,214.31
Losses on retirement of fixed assets	-	9,513,614.72
Losses from variation of fair value	109,530.85	84,637.47
Financial cost	3,852,637.98	386,339.63
Investment loss (gains: negative)	6,870,117.46	-207,689,597.70
Decrease in deferred income tax assets ("+" means increase)	-5,921,610.02	-1,455,063.60
Increase in deferred income tax liabilities ("-" means decrease)	-	-
Decrease in inventory (increase: negative)	-96,501,258.95	57,879,761.90
Decrease in accounts receivable from operating activities (increase: negative)	-24,641,328.86	-86,577,439.76
Increase in payables from operating activities (decrease: negative)	-39,408,458.19	160,856,165.33
Net cash flows generated from operating activities	<u>204,756,881.88</u>	<u>437,396,852.06</u>
2. Net increase in cash and cash equivalents		
Closing balance of cash	897,675,824.22	985,450,890.74
Less: opening balance of cash	985,450,890.74	690,691,751.15
Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	-87,775,066.52	294,759,139.59

—Information about disposal of subsidiaries in this period

<u>Item</u>	<u>2013</u>	<u>2012</u>
Information about disposal of subsidiaries		

1. Price of disposing subsidiaries and other operating entities	18,638,527.49	317,050,000.00
2. Cash and cash equivalents obtained from disposal of subsidiaries and other operating entities	18,638,527.49	315,073,197.79
Less: Cash and cash equivalents held by subsidiaries and other operating entities	17,603,419.59	21,421,595.65
3. Net value of cash obtained from disposal of subsidiaries and other operating entities	1,035,107.90	293,651,602.14
4. Net profit of disposed subsidiaries		
Current assets	21,791,422.00	22,775,083.32
Non-current assets	21,571,518.69	102,219,114.54
Current liabilities	5,464,345.06	2,212,073.91
Non-current liabilities	8,050,000.00	-

—Cash and cash equivalents

<u>Items</u>	<u>Closing balance</u>	<u>Opening balance</u>
I. Cash	897,675,824.22	985,450,890.74
Including: Cash on hand	6,626.15	4,646.82
Bank deposit on demand	891,208,601.93	980,371,648.14
Other monetary funds on demand	6,460,596.14	5,074,595.78
II. Cash equivalent		
Including: Bond investment due in three months		
III. Closing balance of cash and cash equivalents	897,675,824.22	985,450,890.74

IX. Related Parties and Related Party Transaction**Relationship between related parties****—Related parties with controlling relationship with the Company**

—Related parties with controlling relationship with the Company are as follows:

Name	Registration place	Main business	Relationship with the Company	Organization code	Legal representative

Name	Registration place	Main business	Relationship with the Company	Organization code	Legal representative
Foshan Chansheng Electronic Ballast Co., Ltd.	64 Fenjiang North Road, Foshan	Manufacturing electronic ballasts, electronic transformers and electronic triggers.	Subsidiary	75207544-3	Pan Jie
Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	Cangjiang Industrial Park, Gaoming District, Foshan	Production and operation of lamps, electric light source products and accessories, installation and related engineering and consulting business.	Subsidiary	77920377-5	Pan Jie
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	Cangjiang Industrial Park, Gaoming District, Foshan	Research, development, production and sales of lighting, household appliances and accessories and other lighting products.	Subsidiary	78203558-1	Pan Jie
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	Honglan Town, Lishui County, Nanjing	Production of energy-saving photoelectric source products, lamps and lanterns, light source equipments, illumination engineering; technological development of energy-saving and production of relevant components; sales of self-production products	Subsidiary	74539880-X	Pan Jie
Foshan Electrical & Engineering Co., Ltd.	No.19, Hengchang Road, Fuwan Industrial Park, Hecheng Street, Gaoming District, Foshan	R&D and sale of electrical appliances, lighting, and mechanical and electronic products, construction and maintenance of lighting and electrical and mechanical engineering design, intelligent building engineering design, construction and technical services, energy saving project investment, energy-saving design and consulting, energy conservation project construction, energy-saving services, contract energy management and technical services and evaluation of energy saving projects.	Subsidiary	68638090-8	Pan Jie
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	428, Office Building, Management Board, Henan Xinxiang Industrial Park	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, accessories for motor vehicles, lamps and components	Subsidiary	68818685-0	Pan Jie
Guangdong Fozhao Financial Leasing Co., Ltd.	64 Fenjiang North Road, Foshan	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	Subsidiary	57641298-0	Pan Jie

Name	Registration place	Main business	Relationship with the Company	Organization code	Legal representative
FSL Lighting Equipment Co., Ltd.	Nan Hai Wu Zhuang Industrial Park, Foshan	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	Subsidiary	06851850-0	Liu Xingming

—Registered capital of related parties existing controlling relationship with the Company and its change

Name	Opening amount	Increase in 2013	Decrease in 2013	Closing amount
Foshan Chansheng Electronic Ballast Co., Ltd.	1,000,000.00	-	-	1,000,000.00
Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	72,782,944.00	-	-	72,782,944.00
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	500,000.00	-	-	500,000.00
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	41,683,200.00	-	-	41,683,200.00
Foshan Electrical & Engineering Co., Ltd.	5,000,000.00	45,000,000.00	-	50,000,000.00
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	10,000,000.00	25,418,439.76	-	35,418,439.76
Guangdong Fozhao Financial Leasing Co., Ltd.	200,000,000.00	-	-	200,000,000.00
FSL Lighting Equipment Co., Ltd.	-	15,000,000.00	-	15,000,000.00

—Shares or equity held by related parties existing controlling relationship with the Company and its change

Name	Opening amount	Proportion (%)	Increase in 2013	Decrease in 2013	Closing amount	Proportion (%)
Foshan Chansheng Electronic Ballast Co., Ltd.	750,000.00	75.00	250,000.00	-	1,000,000.00	100.00
Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	50,948,060.84	70.00	-	-	50,948,060.84	70.00
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	350,000.00	70.00	-	-	350,000.00	70.00

<u>Name</u>	<u>Opening amount</u>	<u>Proportion (%)</u>	<u>Increase in 2013</u>	<u>Decrease in 2013</u>	<u>Closing amount</u>	<u>Proportion (%)</u>
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	41,683,200.00	100.00	-	-	41,683,200.00	100.00
Foshan Electrical & Engineering Co., Ltd.	5,000,000.00	100.00	45,000,000.00	-	50,000,000.00	100.00
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	10,000,000.00	100.00	25,418,439.76	-	35,418,439.76	100.00
Guangdong Fozhao Financial Leasing Co., Ltd.	200,000,000.00	100.00	-	-	200,000,000.00	100.00
FSL Lighting Equipment Co., Ltd.	-	-	15,000,000.00	-	15,000,000.00	100.00

—Related parties without controlling relationship with the Company

Joint venture

<u>Name of invested entity</u>	<u>Enterprise type</u>	<u>Registered place</u>	<u>Corporate representative</u>	<u>Business nature</u>	<u>Registered capital</u>	<u>Shareholding ratio</u>	<u>Voting rights ratio in invested entity</u>	<u>Relation</u>	<u>Organization code</u>
Qinghai FSL Lithium Energy Exploitation Co., Ltd.	Company of limited liability	Qinghai	Zhong Xincai	Integrated development and utilization of salt lake brine resource.	100 million	38%	38%	Joint-stock company	69918800-2
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	Company of limited liability	Qinghai	Li Zhen	R&D, production and sales of lithium ion battery and its control system	50 million	50%	50%	Joint-stock company	57787827-2

—Other related parties

<u>Name of related parties</u>	<u>Relationship with the Company</u>
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Company controlled by related natural person
Hangzhou Times Lighting and Electrical Co., Ltd.	Company controlled by related natural person

Prosperity Electrical (China) Co., Ltd.	Company controlled by related natural person
Prosperity Lamps and Components Ltd.	Shareholder owning over 5% shares
Prosperity (Xinxiang) Electro-Optical Machinery Co., Ltd	Company controlled by related natural person
Prosperity (Xinxiang) Lighting Machinery Co., Ltd.	Company controlled by related natural person
OSRAM (China) Lighting Co., Ltd.	Acting-in-concert party of a corporation with a stake over 5% in the Company
OSRAM Asia Pacific Ltd.	Acting-in-concert party of a corporation with a stake over 5% in the Company
Prosperity Xiteke Lighting (Langfang) Co., Ltd.	Company influenced by related natural person
Qinghai Salt Lake Fozhao Lanke Lithium Industry Co., Ltd.	Subsidiary of joint venture
Foshan Hongbang Lighting Appliance Co., Ltd.	Company of which family member of Chairman of the Board has shareholding
Foshan Nanhai Guangming Electric Appliance Co., Ltd.	Company controlled by family member of Chairman of the Board
Foshan Feidelun Electric Co., Ltd.	Company controlled by family member of Chairman of the Board
Xiamen Jiandawei Optoelectronics Technology Co., Ltd.	Company controlled by family member of Chairman of the Board
Foshan Gaoming Ruibeike Electricity-lights Material Co., Ltd.	Company of which family member of Chairman of the Board has indirect shareholding
Nanjing Kaixiang Electricity-lights Lighting Co., Ltd.	Company of which family member of Chairman of the Board has shareholding
Swanki (Foshan) Electric Corporation	Company controlled by family member of Chairman of the Board
Zlamp (Foshan) Enterprise Co., Ltd.	Company controlled by family member of Chairman of the Board
Foshan Chancheng Haolin Lighting Appliance Department	Company controlled by family member of Chairman of the Board
Foshan Gaoming Shijia Lighting Co., Ltd.	Company controlled by family member of Chairman of the Board

Related transaction

—Purchase of raw materials

<u>Name of enterprise</u>	<u>Content of related transaction</u>	<u>Pricing method and decision procedure of</u>	<u>2013</u>		<u>2012</u>	
			<u>Amount</u>	<u>Proportion in sale of</u>	<u>Amount</u>	<u>Proportion in sale of</u>
Prosperity Lamps and Components Ltd.	Purchase of materials	Market price	7,001,541.05	0.43%		
Prosperity Electrical (China) Co., Ltd.	Purchase of materials	Market price	31,059,474.48	1.93%	1,628,235.52	0.12%

Name of enterprise	Content of related transaction	Pricing method and decision procedure of	2013		2012	
			Amount	Proportion in sale of	Amount	Proportion in sale of
Prosperity Xiteke Lighting (Langfang) Co., Ltd.	Purchase of materials	Market price	1,352,030.64	0.08%		
OSRAM (China) Lighting Co., Ltd.	Purchase of materials	Market price	62,400.00	0.00%		
Prosperity (Xinxiang) Electro-Optical Machinery Co., Ltd	Purchase of materials	Market price	29,709.50	0.00%		
Prosperity (Xinxiang) Lighting Machinery Co., Ltd.	Purchase of materials	Market price	3,435.90	0.00%		
Hangzhou Times Lighting Appliance Co., Ltd.	Purchase of materials	Market price	22,822.21	0.00%	32,478.63	0.00%
Foshan Hongbang Lighting Appliance Co., Ltd.	Purchase of materials	Market price	-	-	23,717.95	0.00%
Foshan Nanhai Guangming Electric Appliance Co., Ltd.	Purchase of materials	Market price	-	-	3,992,938.50	0.29%
Foshan Feidelun Electric Co., Ltd.	Purchase of materials	Market price	-	-	8,932,306.42	0.66%
Xiamen Jiandawei Optoelectronics Technology Co., Ltd.	Purchase of materials	Market price	-	-	2,072,667.92	0.15%
Nanjing Kaixiang Electricity-lights Lighting Co., Ltd.	Purchase of materials	Market price	-	-	3,099,033.79	0.23%
Swanki (Foshan) Electric Corporation	Purchase of materials	Market price	-	-	32,188.03	0.00%
Zlamp (Foshan) Enterprise Co., Ltd.	Purchase of materials	Market price	-	-	185,963.58	0.01%
Total			<u>39,531,413.78</u>	<u>2.45%</u>	<u>19,999,530.34</u>	<u>1.47%</u>

—Sale of products

Name of enterprise	Content of	Pricing method	2013	2012
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	<u>related transaction</u>	<u>and decision procedure of related transaction</u>	<u>Amount</u>	<u>Proportion in sale of the current period</u>	<u>Amount</u>	<u>Proportion in sale of the current period</u>
Prosperity Lamps and Components Ltd.	Sale of products	Market price	53,945,797.44	2.16%	56,256,978.74	2.55%
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Sale of products	Market price	4,401,210.70	0.18%	4,981,340.14	0.23%
Prosperity Electrical (China) Co., Ltd.	Sale of products	Market price	1,114,611.61	0.04%	1,513,877.09	0.07%
OSRAM (China) Lighting Co., Ltd.	Sale of products	Market price	10,441,638.78	0.42%	13,547,174.42	0.62%
OSRAM Asia Pacific Ltd.	Sale of products	Market price	11,666,807.92	0.47%	1,552,981.26	0.07%
Foshan Hongbang Lighting Appliance Co., Ltd.	Sale of products	Market price	-	-	5,049,521.65	0.23%
Foshan Feidelun Electric Co., Ltd.	Sale of products	Market price	-	-	5,487,986.66	0.25%
Nanjing Kaixiang Electricity-lights Lighting Co., Ltd.	Sale of products	Market price	-	-	1,983,044.01	0.09%
Swanki (Foshan) Electric Corporation	Sale of products	Market price	-	-	1,137,216.50	0.05%
Zlamp (Foshan) Enterprise Co., Ltd.	Sale of products	Market price	-	-	1,366,176.14	0.06%
Foshan Chancheng Haolin Lighting Appliance Department	Sale of products	Market price	-	-	171,422.25	0.01%
Foshan Gaoming Shijia Lighting Co., Ltd.	Sale of products	Market price	-	-	265,280.68	0.01%
Total			<u>81,570,066.45</u>	<u>3.27%</u>	<u>93,312,999.54</u>	<u>4.24%</u>

—Purchase of fixed assets

<u>Name of enterprise</u>	<u>Content of related transaction</u>	<u>Pricing method and decision procedure of related transaction</u>	<u>2013</u>		<u>2012</u>	
			<u>Amount</u>	<u>Proportion in purchase of the current period</u>	<u>Amount</u>	<u>Proportion in purchase of the current period</u>

Prosperity Lamps and Components Ltd.	Purchase of equipment	Market price	7,729,555.20	23.18%	1,765,550.71	6.63%
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	Purchase of fix assets	Market price	2,521,367.52	7.56%	-	-
Prosperity (Xinxiang) Electro-Optical Machinery Co., Ltd	Purchase of equipment	Market price	-	-	148,679.49	0.56%
Prosperity (Xinxiang) Lighting Machinery Co., Ltd.	Purchase of equipment	Market price	876,239.32	2.63%	32,718.66	0.12%
Total			<u>11,127,162.04</u>	<u>33.37%</u>	<u>1,946,948.86</u>	<u>7.31%</u>

— **Payment of selling commission**

—The Agreement on Products Sales Commission and Supplementary Agreement were signed between the Company and Prosperity Lamps and Components Ltd., in which the Company should pay product sales commission to Prosperity Lamps and Components Ltd. according to a certain percentage (between 3% and 5%) of the actual amount of goods purchased from the Company. In 2013 and 2012, the Company paid selling commission RMB 2,052,070.96 and RMB 2,888,006.72 respectively.

— **Entrust loan**

—The Company entrusted Foshan Branch of China Minsheng Banking Co., Ltd. with distributing entrust loan RMB **43,320,000**, annual interest rate 5.6% to Qinghai FSL Lithium Energy Exploitation Co., Ltd. As of 31 Dec. 2013, the Company has reclaimed the entrusted loan and charged interest of RMB **1,981,349.56**.

— **Collection of rent and charges for water and electricity**

<u>Name of entity</u>	<u>Rent</u>	<u>Charges for water and electricity</u>
Guangdong Fo Zhao Guo Xuan Power Battery Co., Ltd.	222,120.00	58,023.24

— **Balance of accounts receivable of related parties**

<u>Related parties</u>	<u>Closing amount</u>		<u>Opening amount</u>	
	<u>Book balance</u>	<u>Bad debt provision</u>	<u>Book balance</u>	<u>Bad debt provision</u>
Accounts receivable				
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	2,100,275.77	126,016.55	806,749.31	48,404.96
Prosperity Electrical (China) Co., Ltd.	561,151.46	33,669.09	456,177.84	27,370.67

OSRAM (China) Lighting Co., Ltd.	3,090,949.47	185,456.97	3,488,281.07	209,296.86
Prosperity Lamps and Components Ltd.	9,415,621.92	564,937.32	9,094,765.88	545,685.95
OSRAM Asia Pacific Ltd.	5,261,448.50	315,686.91	292,505.17	17,550.31
Other receivables				
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	-	-	342,799.42	20,567.97

—Balance of accounts payable of related parties

<u>Related parties</u>	<u>Closing amount</u>	<u>Opening amount</u>
Accounts payable		
Prosperity Lamps and Components Ltd.	573,328.59	-
Prosperity Electrical (China) Co., Ltd.	1,649,840.46	-
Hangzhou Times Lighting and Electrical Co., Ltd.	9,830.77	-
Zlamp (Foshan) Enterprise Co., Ltd.	-	26,272.39
Foshan Nanhai Guangming Electric Appliance Co., Ltd.	-	23,686.61
Other accounts payable		
Prosperity (Xinxiang) Lighting Machinery Co., Ltd.	7,400.00	-
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	-	300.00

X. Contentious matter

The Company respectively received three batches of Citation, Notice of Appearance and other relevant legal documents from Guangzhou Intermediate Peoples Court on 17 Sep. 2013, 7 Jan. 2014 and 13 Mar 2014. The Guangzhou Intermediate Peoples Court had accepted and heard a total of 1303 cases of civil lawsuits to the Company about Securities False Statement Liability Disputes. 1303 plaintiffs respectively instituted lawsuits to Guangzhou Intermediate Peoples Court and required the Company to bear civil liability and pay the compensation about the aforesaid Information disclosure violations. The claim amount of above 1303 cases was RMB 183,048,363.75 and HKD 628,480.63, of which the amount of prosecute the Company and part of the directors, executive officers at the same time the company and part of the directors, executive officers was RMB3,075,466.21 and HKD 10,622.68. As the report issue date, the cases have not yet been heard.

XI. Commitments

As of 31 Dec. 2013, the Company did not have significant commitment to be disclosed.

XII. Events after the Balance Sheet Date

Preplan for profit distribution

In accordance with the preplan on profit distribution for the year 2013 approved by the Board of Directors on 23 Apr. 2014, based on total share capital of 978,563,745 shares as at 31 Dec. 2013, the Company intends to distribute a cash dividend of RMB 1.6 (tax included) for every 10 shares to all shareholders, totaling RMB 156,570,199.20 (tax included) in cash. The said preplan on profit distribution shall be implemented under the approval by the Shareholders' General Meeting.

XIII. Other significant events

Stock incentive fund

The proposal on establishing stock incentive mechanism for middle and senior management staff was approved at the shareholders' general meeting 2001 held on 16 May 2002, of which, with annual net return on equity being 000% as KPI, if only the annual net return on equity could reach to 000%, the stock incentive funds shall be appropriated based on 000% of net profit, withdrawal percentage of incentive fund will be increased simultaneously with the growth ratio of net return on equity. Such proposal had started to implement from the fiscal year of 2001. The stock incentive fund of RMB 16 million was withdrawn for the year then ended.

Particulars on performance completion of joint stock company Hefei Guoxuan High-tech Power Energy Co., Ltd.

In Jul. 2010 the Equity Transfer Agreement signed by the Company and Hefei Guoxuan High-tech Power Energy Co., Ltd. stipulated that the target company Hefei Guoxuan High-tech Power Energy Co., Ltd.'s average annual profits of three years from Jul. 2010 to Jun. 2013 was RMB 100 million, that is, total net income RMB 300 million. According to the Explanation of the Particulars of performance completion of joint stock company Hefei Guoxuan High-tech Power Energy Co., Ltd. issued by Hua Pu Tian Jian Certified Public Accountants on 15 Sep. 2013, the target company Hefei Guoxuan High-tech Power Energy Co., Ltd. had completed the agreement.

XIV. Notes to the Financial Statements of Parent Company

1. Accounts receivable

Net account receivable as at 31 Dec. 2013 stands at RMB 428,330,282.09, which is detailed as follows according to varieties:

<u>Item</u>	<u>Closing balance</u>		<u>Opening balance</u>	
	<u>Book balance</u>	<u>Bad debt provision</u>	<u>Book balance</u>	<u>Bad debt provision</u>

	<u>Amount</u>	<u>Proportion</u> (%)	<u>Amount</u>	<u>Proportion</u> (%)	<u>Amount</u>	<u>Proportion</u> (%)	<u>Amount</u>	<u>Proportion</u> (%)
Accounts receivable with	-	-	-	-	-	-	-	-
Accounts receivable with significant single amount								
Combinations of ordinary businesses	405,953,943.93	89.68	24,357,236.63	6.00	342,362,672.46	89.27	20,541,760.35	6.00
Combinations of internal businesses	46,733,574.79	10.32	-	-	41,135,699.60	10.73	-	-
Subtotal of combinations	<u>452,687,518.72</u>	<u>100.00</u>	<u>24,357,236.63</u>	<u>5.38</u>	<u>383,498,372.06</u>	<u>100.00</u>	<u>20,541,760.35</u>	<u>5.36</u>
Accounts receivable with	-	-	-	-	-	-	-	-
Total	<u>452,687,518.72</u>	<u>100.00</u>	<u>24,357,236.63</u>	<u>5.38</u>	<u>383,498,372.06</u>	<u>100.00</u>	<u>20,541,760.35</u>	<u>5.36</u>

—Aging analysis of balances of accounts receivable allotted for bad debt provisions by balance-percentage method in combinations:

<u>Age</u>	<u>Closing balance</u>				<u>Opening balance</u>			
	<u>Book balance</u>		<u>Bad debt provision</u>		<u>Book balance</u>		<u>Bad debt provision</u>	
	<u>Amount</u>	<u>Proportion</u> (%)	<u>Amount</u>	<u>Proportion</u> (%)	<u>Amount</u>	<u>Proportion</u> (%)	<u>Amount</u>	<u>Proportion</u> (%)
Within 1 year	392,366,020.60	96.65	23,541,961.24	6.00	334,314,599.78	97.66	20,058,875.99	6.00
1-2 years	8,237,973.75	2.03	494,278.42	6.00	6,889,843.55	2.01	413,390.61	6.00
2-3 years	4,757,260.70	1.17	285,435.64	6.00	1,109,827.23	0.32	66,589.63	6.00
Over 3 years	592,688.88	0.15	35,561.33	6.00	48,401.90	0.01	2,904.12	6.00
Total	<u>405,953,943.93</u>	<u>100.00</u>	<u>24,357,236.63</u>	<u>6.00</u>	<u>342,362,672.46</u>	<u>100.00</u>	<u>20,541,760.35</u>	<u>6.00</u>

—Accounts receivable actually cancelled after verification in the current period

<u>Name of entity</u>	<u>Nature of account receivable</u>	<u>Amount cancelled after verification</u>	<u>Reason for cancellation</u>	<u>Arising from related transactions or not</u>
Hebei Jinfen Trading Co., Ltd.	Loan	976,761.92	estimated	No
Scattered arrears of small amount	Loan	15,782.19	estimated	No

Total		<u>992,544.11</u>	
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—The top five entities owing accounts receivable

Item	Closing amount		Opening amount	
	Amount	Proportion	Amount	Proportion
Total amount and proportion of the top	<u>158,202,652.58</u>	<u>34.95%</u>	<u>106,864,279.23</u>	<u>27.86%</u>

—Main entities owing accounts receivable

Rank	Relation with the Company	Arrear amount	Age	Proportion in accounts receivable
No.1	Non-related relationship	92,052,841.24	With 1 year	20.33%
No.2	Non-related relationship	35,264,887.89	With 1 year	7.79%
No.3	Related relationship	11,980,483.31	With 1 year	2.65%
No.4	Related relationship	9,488,818.22	With 1 year	2.10%
No.5	Non-related relationship	<u>9,415,621.92</u>	With 1 year	<u>2.08%</u>
Total		<u>158,202,652.58</u>		<u>34.95%</u>

2. Other receivables

Net amount of other receivables as at 31 Dec. 2013 stands at RMB 71,612,354.13, which is detailed as follows according to types:

Items	Closing balance				Opening balance			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables with significant single	-	-	-	-	41,710,000.00	50.35	-	-
Other receivables allotted in combination for bad debt provisions								
Combinations of	22,650,649.31	31.04	1,359,038.95	6.00	11,445,824.68	13.82	686,749.49	6.00
Combinations of	50,320,743.77	68.96	-	-	29,574,234.18	35.70	-	-
Subtotal of	<u>72,971,393.08</u>	<u>100.00</u>	<u>1,359,038.95</u>	<u>1.86</u>	<u>41,020,058.86</u>	<u>49.52</u>	<u>686,749.49</u>	<u>1.67</u>
Other receivables with insignificant single	-	-	-	-	106,552.50	0.13	106,552.50	100.00
Total	<u>72,971,393.08</u>	<u>100.00</u>	<u>1,359,038.95</u>	<u>1.86</u>	<u>82,836,611.36</u>	<u>100.00</u>	<u>793,301.99</u>	<u>0.96</u>

—Within the combination, analysis of accounts receivable that make provision for losses by balance

percentage method:

Account age	Closing balance				Opening balance			
	Book balance		Bad debts provision		Book balance		Bade debts provision	
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	Amount	Proportion (%)	Amount	Withdrawal proportion (%)
Within 1 year	21,660,380.27	95.63	1,299,622.82	6.00	8,445,314.98	73.79	506,718.90	6.00
1-2 years	114,694.08	0.50	6,881.63	6.00	2,496,171.43	21.81	149,770.29	6.00
2-3 years	486,435.49	2.15	29,186.13	6.00	170,809.63	1.49	10,248.58	6.00
Over 3 years	389,139.47	1.72	23,348.37	6.00	333,528.64	2.91	20,011.72	6.00
Total	22,650,649.31	100.00	1,359,038.95	6.00	11,445,824.68	100.00	686,749.49	6.00

—The actual written-off accounts receivable during the current period

Name of company	Type of other accounts receivable	Written-off amount	Reasons of written-off receivables	Whether arising from related transactions
Fangcheng County Yuli Glass Tube Co., Ltd	Loan of payment in advance	106,552.50	Estimatedly uncollectible	No

—Particulars of other accounts receivable on top five units in debt

Item	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Total of the top five units in debt and proportion	61,567,828.54	84.37%	69,918,577.77	84.40%

—Main units of other accounts receivable

Ranking of units	Relationship with the Company	Amount in arrear	Ages	Proportion to accounts receivable
No. 1	Related relationship	18,115,370.67	Within 1 year	24.82%
No. 2	Non-related relationship	17,593,990.28	Within 1 year	24.11%
No. 3	Related relationship	13,111,850.07	Within 1 year	17.97%
No. 4	Related relationship	7,836,857.06	Within 1 year	10.74%

No. 5	Related relationship	<u>4,909,760.46</u>	Within 1 year	<u>6.73%</u>
Total		<u>61,567,828.54</u>		<u>84.37%</u>

3. Long-term equity investment

Net amount of long-term equity investment as at 31 Dec. 2013 stands at RMB 909,743,887.15, which is detailed as follows according to types:

<u>Item</u>	<u>Opening amount</u>		<u>Increase in 2013</u>	<u>Decrease in 2013</u>	<u>Closing amount</u>	
	<u>Amount</u>	<u>Impairment reserve</u>			<u>Amount</u>	<u>Impairment reserve</u>
Investment to affiliated enterprises	365,677,000.00	5,193,462.77	87,412,939.76	35,500,000.00	417,589,939.76	-
Investment to joint venture	31,023,693.72	-	-	12,820,601.90	18,203,091.82	-
Other investments	497,818,643.04	9,148,904.81	-	14,718,882.66	483,099,760.38	9,148,904.81
Total	<u>894,519,336.76</u>	<u>14,342,367.58</u>	<u>87,412,939.76</u>	<u>63,039,484.56</u>	<u>918,892,791.96</u>	<u>9,148,904.81</u>

—Investment to subsidiaries

<u>Invested entity</u>	<u>Investment costs</u>	<u>Opening balance</u>	<u>Increase/decrease</u>	<u>Closing balance</u>	<u>Equity-holding ratio in invested entity (%)</u>	<u>Voting rights ratio in invested entity (%)</u>	<u>Explanation for equity-holding ratio and voting rights ratio in invested entity are not in accord</u>	<u>Impairment reserve</u>	<u>Impairment reserve for this period</u>	<u>Cash bonus for this period</u>
Foshan Chansheng Electronic Ballast Co., Ltd.	750,000.00	750,000.00	1,994,500.00	2,744,500.00	100.00%	100.00%	Accorded	-	-	-
Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	42,000,000.00	42,000,000.00	-	42,000,000.00	70.00%	70.00%	Accorded	-	-	-
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	350,000.00	350,000.00	-	350,000.00	70.00%	70.00%	Accorded	-	-	10,765,414.26
Foshan Lighting Appliance Co., Ltd.	15,000,000.00	-	15,000,000.00	15,000,000.00	100%	100%	Accorded	-	-	-
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	72,000,000.00	72,000,000.00	-	72,000,000.00	100.00%	100.00%	Accorded	-	-	-
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	10,000,000.00	10,000,000.00	25,418,439.76	35,418,439.76	100.00%	100.00%	Accorded	-	-	-

Foshan Electrical & Engineering Co., Ltd.	5,077,000.00	5,077,000.00	45,000,000.00	50,077,000.00	100.00%	100.00%	Accorded	-	-	-
Qinghai FSL Lithium Ion Battery Cathode Materials Co., Ltd	25,500,000.00	25,500,000.00	-25,500,000.00	-	-	-	Accorded	-	-	-
Guangdong Fozhao Financial Leasing Co., Ltd.	200,000,000.00	200,000,000.00	-	200,000,000.00	100.00%	100.00%	Accorded	-	-	-
Guangdong Fozhao New Light Sources Technology Co., Ltd.	10,000,000.00	10,000,000.00	-10,000,000.00	-	-	-	Accorded	-	-	-
Total	<u>380,677,000.00</u>	<u>365,677,000.00</u>	<u>51,912,939.76</u>	<u>417,589,939.76</u>						<u>10,765,414.26</u>

—Investment on joint ventures

<u>Invested entity</u>	<u>Accounting method</u>	<u>Initial investment cost</u>	<u>Opening balance</u>	<u>Increase/decrease</u>	<u>Closing balance</u>	<u>Equity-holding ratio in invested entity (%)</u>	<u>Voting rights ratio in invested entity (%)</u>	<u>Explanation on inconformity between equity-holding ratio and voting rights ratio in invested entity</u>	<u>Impairment reserve</u>	<u>Impairment reserve for this period</u>	<u>Cash bonus for this period</u>
Qinghai FSL Lithium Energy Exploitation Co.,	Equity method	38,000,000.00	25,351,617.99	-12,543,975.96	12,807,642.03	38.00%	38.00%	Accorded	-	-	-

Ltd.											
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	Equity method	12,600,000.00	5,672,075.73	-276,625.94	5,395,449.79	50.00%	50.00%	Accorded	-	-	-
Total		50,600,000.00	31,023,693.72	-12,820,601.90	18,203,091.82				-	-	-

—Other investment

Invested entity	Accounting method	Initial investment cost	Opening balance	Increase/decrease	Closing balance	Equity-holding ratio in invested entity (%)	Voting rights ratio in invested entity (%)	Explanation for equity-holding ratio and voting rights ratio in invested entity are not in accord	Impairment reserve	Impairment reserve for this period	Cash bonus for this period
Shenzhen Liangke Venture Capital Company Limited	Cost method	13,718,882.66	13,718,882.66	-13,718,882.66	-	-	-	Accorded	-		
Guangzhou Zhujiang Asset Management Company Limited	Cost method	10,000,000.00	10,000,000.00	-	10,000,000.00	15.38%	15.38%	Accorded	3,298,904.81		
Shenzhen Zhonghao (Group) Ltd.	Cost method	5,850,000.00	5,850,000.00	-	5,850,000.00	少于 5%	少于 5%	Accorded	5,850,000.00		
Chengdu Hongbo	Cost	6,000,000.00	6,000,000.00	-	6,000,000.00	6.94%	6.94%	Accorded	-		

Industrial Co., Ltd.	method										
Xiamen Bank	Cost method	292,574,133.00	292,574,133.00	-	292,574,133.00	7.99%	7.99%	Accorded	-		
Guangdong Development Bank, Foshan Branch	Cost method	500,000.00	500,000.00	-	500,000.00	少于 5%	少于 5%	Accorded	-		
Foshan Fochan Road Development Company Limited	Cost method	20,757,600.00	9,175,627.38	-1,000,000.00	8,175,627.38	7.66%	7.66%	Accorded	-		
Hefei Guoxuan High-tech Power Energy Co., Ltd.	Cost method	160,000,000.00	160,000,000.00	-	160,000,000.00	14.84%	14.84%	Accorded	-		
Total		<u>509,400,615.66</u>	<u>497,818,643.04</u>	<u>-14,718,882.66</u>	<u>483,099,760.38</u>				<u>9,148,904.81</u>		

4. Operating income and operating cost

— Category of operating income and operating cost is listed as follows:

Items	2013		2012	
	Revenue	Cost	Revenue	Cost
Main operation	2,486,962,211.23	1,923,694,963.65	2,106,072,502.48	1,599,051,580.98
Others	104,505,104.95	76,309,660.72	110,772,347.54	83,050,467.23
Total	<u>2,591,467,316.18</u>	<u>2,000,004,624.37</u>	<u>2,216,844,850.02</u>	<u>1,682,102,048.21</u>

—Breakdown of main operation according to industries:

Item	2013		2012	
	Revenue	Cost	Revenue	Cost
Lighting equipments and lamps	2,486,962,211.23	1,923,694,963.65	2,106,072,502.48	1,599,051,580.98
Total	<u>2,486,962,211.23</u>	<u>1,923,694,963.65</u>	<u>2,106,072,502.48</u>	<u>1,599,051,580.98</u>

—Breakdown of main operation from products according to regions:

Item	2013		2012	
	Revenue	Cost	Revenue	Cost
Domestic sales	1,666,429,014.78	1,341,497,916.76	1,495,335,443.67	1,151,349,512.25
Export sales	820,533,196.45	582,197,046.89	610,737,058.81	447,702,068.73
Total	<u>2,486,962,211.23</u>	<u>1,923,694,963.65</u>	<u>2,106,072,502.48</u>	<u>1,599,051,580.98</u>

—Top five customers in sales income:

Customer	Operating revenue	Proportion in total operating revenue (%)
Customer 1	164,909,812.52	6.36%
Customer 2	70,491,399.83	2.72%
Customer 3	53,945,797.44	2.08%
Customer 4	50,855,558.20	1.96%
Customer 5	44,226,390.04	1.71%
Total	<u>384,428,958.03</u>	<u>14.83%</u>

5. Investment income

Item	2013	2012
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Income from long-term equity investments calculated by cost method	9,765,414.26	22,999,125.92
Income from long-term equity investments calculated by equity method	-12,820,601.90	-10,330,609.99
Investment income obtained through disposal long-term equity investments	-3,186,892.40	183,748,957.77
Investment income obtained through disposal of available-for-sale financial assets	1,365,712.54	3,131,720.14
Other	1,981,349.56	-----
Total	<u>-2,895,017.94</u>	<u>199,549,193.84</u>

—Income from long-term equity investments calculated by cost method:

<u>Investor</u>	<u>2013</u>	<u>2012</u>
Xiamen Bank Co., Ltd.	-	14,571,414.00
Guangzhou Zhujiang Asset Management Company Limited	-	9,025,999.70
Foshan Taimei Times Lamps and Lanterns Co.	10,765,414.26	-
Foshan Chansheng Electronic Ballast Co., Ltd.	-	401,712.22
Foshan Fochan Road Development Company Limited	-1,000,000.00	-1,000,000.00
Total	<u>9,765,414.26</u>	<u>22,999,125.92</u>

—Long-term equity investment calculated by equity method

<u>Investor</u>	<u>2013</u>	<u>2012</u>
Qinghai FSL Lithium Energy Exploitation Co., Ltd.	-12,543,975.96	-3,359,139.69
Guangdong Fozhao Guoxuan Power Energy Co., Ltd.	-276,625.94	-6,971,470.30
Total	<u>-12,820,601.90</u>	<u>-10,330,609.99</u>

—Investment income obtained through disposal of long-term equity investment

<u>Investor</u>	<u>2013</u>	<u>2012</u>
Foshan Gaoming Fuwan Landscape Resort Co., Ltd.		183,748,957.77
Qinghai FSL Lithium Energy Exploitation Co., Ltd.	-10,288,737.23	
Guangdong Fozhao New Light Sources Technology Co., Ltd.	-1,379,272.51	
Shenzhen Liangke Venture Capital Company Limited	8,481,117.34	
Total	<u>-3,186,892.40</u>	<u>183,748,957.77</u>

—Investment income obtained through disposal of available-for-sale financial assets

<u>Investor</u>	<u>2013</u>	<u>2012</u>
China Everbright Bank	1,365,712.54	3,131,720.14

—Other

<u>Item</u>	<u>2013</u>	<u>2012</u>
Interest income from the entrustment loan to Qinghai Fozhao Lithium Energy Exploitation Co., Ltd.	1,981,349.56	-

6. Supplemental information of cash flow statement

<u>Supplemental information</u>	<u>2013</u>	<u>2012</u>
1. Reconciliation of net profit to net cash flows generated from operating activities		
Net profit	246,212,672.38	389,572,417.40
Add: Provision for impairment of assets	23,470,722.45	6,930,522.03
Depreciation of fixed assets	69,881,022.63	78,057,631.25
Amortization of intangible assets	4,510,496.85	4,960,309.92
Amortization of long-term deferred expense	-	-
Losses on disposal of property, plant and equipment, intangible assets and other long-term assets (gains: negative)	-7,397,140.33	284,727.27
Losses on retirement of fixed assets	-	1,335,549.92
Losses from variation of fair value	109,530.85	84,637.47
Financial cost	3,852,637.98	384,630.20
Investment loss (gains: negative)	2,895,017.94	-199,549,193.84
Decrease in deferred income tax assets (“+” means increase)	-5,378,485.65	662,685.21
Increase in deferred income tax liabilities (“-” means decrease)	-	-
Decrease in inventory (increase: negative)	-94,073,390.48	51,552,395.13
Decrease in accounts receivable from operating activities (increase: negative)	-20,895,180.86	-79,186,188.34

<u>Supplemental information</u>	<u>2013</u>	<u>2012</u>
Increase in payables from operating activities (decrease: negative)	-32,883,156.08	162,280,600.65
Net cash flows generated from operating activities	<u>190,304,747.68</u>	<u>417,370,724.27</u>
2. Net increase in cash and cash equivalents		
Closing balance of cash	581,390,386.39	699,511,754.78
Less: opening balance of cash	699,511,754.78	412,626,723.50
Closing balance of cash equivalents	-	-
Less: Opening balance of cash equivalents	-	-
Net increase in cash and cash equivalents	-118,121,368.39	286,885,031.28

—Constitution of cash and cash equivalents

<u>Item</u>	<u>Closing balance</u>	<u>Opening balance</u>
I. Cash	581,390,386.39	699,511,754.78
Including: Cash on hand	2,001.08	3,240.45
Bank deposit on demand	574,927,789.17	694,433,918.55
Other monetary funds on demand	6,460,596.14	5,074,595.78
II. Cash equivalent	-	-
Including: Bond investment due in three months	-	-
III. Closing balance of cash and cash equivalents	581,390,386.39	699,511,754.78

XV. Supplementary Information**1. Extraordinary gains and losses**

Item of extraordinary gains and losses are calculated according to related provisions of China Securities Regulatory Commission, “Interpretation Notice for Information Disclosures by Companies that Offer Securities to the Public No. 1: Extraordinary Gains and Losses (revised in 2008)”

<u>Item</u>	<u>2013</u>	<u>2012</u>
Gains on disposal of non-current assets, including reversal of the impairment loss	9,418,476.76	182,392,244.82
Government grant recognized in profits and losses of the current year, except for those government subsidies closely related to the Company’s business, and received at national statutory standard and amount	1,031,790.96	1,633,073.56

<u>Item</u>	<u>2013</u>	<u>2012</u>
Gain/loss from change of fair value of transactional assets and liabilities, and investment gains from disposal of transactional financial assets and liabilities and available-for-sale financial assets, other than valid hedging related to the Company's common businesses	-109,530.85	-84,637.47
Included in current profit and loss against the non-financial enterprises occupation fee funds collected	1,981,349.56	553,325.09
Reversal of impairment provisions of receivables separately conducted for impairment test	-	-
Other non-business income and expenditures other than the above	-7,368,961.02	-3,022,341.29
Subtotal	4,953,125.41	181,471,664.71
Less: Influenced amount of income tax (“-” shows decrease)	901,071.70	21,172,951.60
Influenced amount of minor shareholders' gains and losses	-687,120.14	-111,586.72
Net extraordinary gains and losses attributable to common shareholders of the Company	<u>4,739,173.85</u>	<u>160,410,299.83</u>

2. Return on Equity and Earnings per Share in the Consolidated Financial Statement

According to the requirements of China Securities Regulatory Commission, “Compilation Rules for Information Disclosures by the Companies that Offer Securities to the Public No. 9: Calculation and Disclosure of Net Return of Equity and Earnings per Share (revised in 2010)”, net return on equity and earnings per share presented in the consolidated financial statement are calculated in the reporting period:

<u>Item</u>	<u>Return on equity (%)</u> <u>Weighted average</u>	<u>Earnings per share (RMB Yuan)</u>	
		<u>Basic EPS</u>	<u>Diluted EPS</u>
2013 Net profit attributable to the Company's common shareholders	8.69	0.26	0.26
	Net profit attributable to the Company's common shareholders after deducting extraordinary gains and losses	8.52	0.25
2012 Net profit attributable to the Company's common shareholders	14.06	0.41	0.41
	Net profit attributable to the Company's common shareholders	8.43	0.25

	after deducting extraordinary gains and losses		
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—The process of calculating return on equity weighted average is listed as followed:

<u>Item</u>	<u>Order</u>	<u>2013</u>	<u>2012</u>
Numerator			
Net profit attributable to the Company's common shareholders	1	251,831,356.38	400,466,745.11
Net profit attributable to the Parent Company's common shareholders after deducting income tax influence	2	4,739,173.85	160,410,299.83
Net profit attributable to the Company's common shareholders after deducting income tax influence	3=1-2	247,092,182.53	240,056,445.28
Denominator:			
Months from next month of the issuance of new shares or bonds converting to shares increased to the end of reporting period	4		
Months from next month of other transactions or events caused the increase or decrease in net assets to the end of reporting period	5		
Months in the reporting period	6	12	12
Opening net assets attributable to the Company's common shareholders	7	2,950,106,976.17	2,790,878,659.33
Net assets increased by the issuance of new shares or bonds converting to shares in the reporting period	8		
Net assets increase caused by other transactions events in the reporting period	9		
Net assets decreased by repurchase or cash dividends in the reporting period	10	303,354,760.95	244,640,936.25
Months from next month of distribution of cash dividends to the end of reporting period	11	7	7
Closing net assets attributable to the Company's common shareholders	12	2,890,581,921.74	2,950,106,976.17
The weighted average net assets attributable to the Company's common shareholders	$13=7+1*50\%+8*4/6-10*11/6\pm 9*5/6$	2,899,065,710.47	2,848,404,819.07
Return on equity weighted average(net profit attributable to the Company's common shareholders)	14=1/13	8.69%	14.06%

<u>Item</u>	<u>Order</u>	<u>2013</u>	<u>2012</u>
Return on equity weighted average(net profit attributable to the Company's common shareholders after deducting non-current profit or loss)	15=3/13	8.52%	8.43%

Section XI. Documents Available for Reference

Investors and relevant departments can refer to the following materials in office of secretary to the Board in office building of the Company:

1. Financial statements signed and sealed by legal representative, principal of accounting work, and manager of finance department;
2. Original document of audit report stamped by accountant firm, signed and sealed by certificated accountant;
3. In the reporting period, all originals of the Company's documents and public notices have been publicly disclosed in China Securities Journal, Securities Times, and Ta Kung Pao;
4. Original Annual Report 2013 signed by Chairman of the Board.

Board of Directors
Foshan Electrical and Lighting Co., Ltd.
23 April 2014