



**FOSHAN ELECTRICAL AND LIGHTING CO., LTD.**  
**INTERIM REPORT 2020**

**August 2020**

## **Part I Important Notes, Table of Contents and Definitions**

**The Board of Directors (or the “Board”), the Supervisory Committee as well as the directors, supervisors and senior management of Foshan Electrical and Lighting Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report and its summary, and shall be jointly and severally liable for any misrepresentations, misleading statements or material omissions therein.**

**Wu Shenghui, the Company’s legal representative, Lei Zihe, the Company’s General Manager, and Tang Qionglan, the Company’s Chief Financial Officer (CFO) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.**

**All the Company’s directors have attended the Board meeting for the review of this Report and its summary.**

**Any plans for the future and other forward-looking statements mentioned in this Report and its summary shall NOT be considered as absolute promises of the Company to investors. Therefore, investors are reminded to exercise caution when making investment decisions.**

**The Company has described in this Report the risks of Macro Economic Fluctuations and Market Competition, Raw Material Price Fluctuations, inventory valuation loss, exchange rate fluctuations and doubtful receivable accounts. Please refer to “X Risks Facing the Company and Countermeasures” under “Part IV Operating Performance Discussion and Analysis” of this Report.**

**This Report and its summary have been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese versions shall prevail.**

**The Company has no interim dividend plan, either in the form of cash or stock.**

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## Definitions

Term	Definition
The “Company”, “FSL” or “we”	Foshan Electrical and Lighting Co., Ltd. and its consolidated subsidiaries, except where the context otherwise requires
CSRC	The China Securities Regulatory Commission
SZSE	The Shenzhen Stock Exchange
General meeting	General meeting of Foshan Electrical and Lighting Co., Ltd.
Board of Directors	The board of directors of Foshan Electrical and Lighting Co., Ltd.
The Supervisory Committee	The supervisory committee of Foshan Electrical and Lighting Co., Ltd.
RMB, RMB’0,000	Expressed in the Chinese currency of Renminbi, expressed in ten thousand Renminbi
The “Reporting Period” or “Current Period”	The period from 1 January 2020 to 30 June 2020

## Part II Corporate Information and Key Financial Information

### I Corporate Information

Stock name	FSL, FSL-B	Stock code	000541, 200541
Stock exchange for stock listing	Shenzhen Stock Exchange		
Company name in Chinese	佛山电器照明股份有限公司		
Abbr. (if any)	佛山照明		
Company name in English (if any)	FOSHAN ELECTRICAL AND LIGHTING CO.,LTD		
Abbr. (if any)	FSL		
Legal representative	Wu Shenghui		

### II Contact Information

	Board Secretary	Securities Representative
Name	Wu Shenghui	Huang Yufen
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.	0757-82810239	0757-82966028
Fax	0757-82816276	0757-82816276
Email address	fsldsh@chinafsl.com	fslhyf@163.com

### III Other Information

#### 1. Contact Information of the Company

Indicate by tick mark whether any change occurred to the registered address, office address and their zip codes, website address and email address of the Company in the Reporting Period.

☐ Applicable ☒ Not applicable

No change occurred to the said information in the Reporting Period, which can be found in the 2019 Annual Report.

## 2. Media for Information Disclosure and Place where this Report is Kept

Indicate by tick mark whether any change occurred to the information disclosure media and the place for keeping the Company's periodic reports in the Reporting Period.

☐ Applicable ☒ Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing the Company's periodic reports and the place for keeping such reports did not change in the Reporting Period. The said information can be found in the 2019 Annual Report.

## IV Key Financial Information

Indicate by tick mark whether there is any retrospectively restated datum in the table below.

☐ Yes ☒ No

	H1 2020	H1 2019	Change (%)
Operating revenue (RMB)	1,522,884,127.04	1,687,184,660.86	-9.74%
Net profit attributable to the listed company's shareholders (RMB)	151,061,447.83	167,275,725.75	-9.69%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	150,434,836.00	154,517,987.66	-2.64%
Net cash generated from/used in operating activities (RMB)	201,077,703.45	190,681,833.48	5.45%
Basic earnings per share (RMB/share)	0.1080	0.1195	-9.62%
Diluted earnings per share (RMB/share)	0.1080	0.1195	-9.62%
Weighted average return on equity (%)	2.94%	3.77%	-0.83%
	30 June 2020	31 December 2019	Change (%)
Total assets (RMB)	6,517,507,782.65	6,175,200,008.24	5.54%
Equity attributable to the listed company's shareholders (RMB)	5,234,668,010.70	4,880,736,800.07	7.25%

## V Accounting Data Differences under China's Accounting Standards for Business Enterprises (CAS) and International Financial Reporting Standards (IFRS) and Foreign Accounting Standards

### 1. Net Profit and Equity Differences under CAS and IFRS

☐ Applicable ☒ Not applicable

No such differences for the Reporting Period.

## 2. Net Profit and Equity Differences under CAS and Foreign Accounting Standards

☐ Applicable ☒ Not applicable

No such differences for the Reporting Period.

## XI Exceptional Gains and Losses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Reporting Period	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-653,096.79	
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per the government's uniform standards)	2,920,648.00	
Gain or loss on fair-value changes in trading and derivative financial assets and liabilities & income from disposal of trading and derivative financial assets and liabilities and other investments in debt obligations (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	-1,532,350.00	
Non-operating income and expense other than the above	241,184.67	
Less: Income tax effects	336,596.67	
Non-controlling interests effects (net of tax)	13,177.38	
Total	626,611.83	--

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or listed in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gain/Loss Items:

☐ Applicable ☒ Not applicable

No such cases for the Reporting Period.

## Part III Business Summary

### I Principal Activity of the Company in the Reporting Period

#### 1. The Company's Principal Activities or Products

We design, manufacture and market high-quality, green and energy-efficient lighting products and electrical products, as well as provide comprehensive lighting and electrical solutions. Our products mainly include electrical products such as LED light sources and luminaries, automotive LED luminaries, traditional light sources switches and socket. Currently, we have three major operating divisions, namely, lighting, electrical products and vehicle lighting. Upon years of development, we have won quite many honors, and our “FSL” and “Fenjiang” brands have been certified as “Famous China Brands”.

#### 2. Main business models

##### (1) Procurement model

The Procurement Department is responsible for procuring raw materials such as lamp beads, lamp holders, electronic components, aluminum substrate, plastic parts, metal materials, quartz tubes and fuel. Major materials and materials of a large quantity are sourced by way of tender invitation. A review panel comprising personnel from the Procurement Department and other relevant departments will review the tender documents and make a decision. And the Audit Department, the Discipline Inspection Department and the Legal Department will supervise the whole process. For every kind of our main raw materials, we usually have a few suppliers to choose from in procurement so that the procurement prices would be fair, the supply of raw materials in time and the good quality of the raw materials ensured.

##### (2) Production models

###### ① Production of the conventional products

Concerning the conventional products, we analyze sales of every month and predict future market demand so as to formulate a production plan for the coming month. And our workshops produce according to the plan to avoid extra stock and at the same time ensure that there is enough for sale.

###### ② Production according to orders

Different from the conventional lighting products which are of little variation in specifications, LED lighting products are at a fast pace of renewal and different customers often have different requirements regarding the



products' appearances and performance indexes. Therefore, we have to organize individualized production for some orders for LED lighting products, export and engineering orders in particular. For this kind of orders, we formulate our production plans based on them and then make procurement plans according to the production plans, which will help effectively control the stock and the procurement prices of raw materials, reduce capital occupation and improve our operating efficiency to the maximum.

### ③ Combination of independent production and outsourcing

With a high production capacity, we produce most of our products and parts on our own. Only a small portion of parts and low-tech products is outsourced to sub-manufacturers, who will produce in strict accordance with our requirements. We will also tag along their production processes and examine carefully the quality of the products finished. In this way, our supply of products is guaranteed.

### (3) Sales model

Domestically, we mainly adopt a distributor model. In terms of channels, we have wholesale, franchised store, illumination engineering & commercial lighting, industrial and mining outdoor channels, e-commerce & retail sales and automotive lighting channels.

For overseas markets, we primarily adopt OEM/ODM models and also sell under our own brands (through distributor).

## 3. Main driving forces for growth

Despite declining demand at home and abroad due to the global COVID-19 pandemic during the Reporting Period, with the evolution of the industrial competition model, consumers are getting increasingly concerned with product quality and brand. As a result, companies with weak competitiveness will be gradually elbowed out of the market in competing for the weak demand while large enterprises or enterprises with core competitiveness will have more market opportunities. Meanwhile, key investment projects launched by local governments create new opportunities for the lighting industry. By virtue of its advantages in technology, brand, channel and scale, the Company has continued to promote the technical upgrading of main products, improve product quality, beef up market expansion and optimize and upgrade the product sales structure through sustained spending on R&D and technical innovation. Meanwhile, it has gained an advantageous position in the process of enhancing market concentration by increasing the level of production automation, effectively controlling purchase costs and ramping up production efficiency.

## II Significant Changes in Major Assets

### 1. Significant Changes in Major Assets

Major assets	Main reason for significant changes
Equity assets	The ending amount increased 33.37% compared to the beginning amount, primarily driven by the increased price of shares held in listed company in the current period.
Fixed assets	No significant change during the Reporting Period
Intangible assets	No significant change during the Reporting Period
Construction in progress	The ending amount was down 30.57% from the beginning amount, primarily driven by the transfer of certain plants in Gaoming District, Foshan City to fixed assets.

### 2. Major Assets Overseas

☐ Applicable ☒ Not applicable

## III Core Competitiveness Analysis

The core competitiveness of the Company mainly reflects on four aspects listed below:

#### Channel advantage

The Company has been sticking to the market strategy of deeply cultivating and refining channels. Over years of development and experience, the Company has been equipped with five major sales channels in domestic market (wholesale, franchised store, e-commerce & retail sales, illumination engineering & commercial lighting and industrial and mining outdoor channels), forming a marketing network covering the whole country; in foreign market, the Company has made active steps to develop international market business, sold products to more than 110 countries and regions in North America, Europe, Southeast Asia, Africa and Oceania, and kept improving overseas sales channel. By virtue of its powerful and comprehensive sales channels, the Company has enabled its products to enter market rapidly, substantially enhancing its market development abilities and competitiveness.

#### Brand advantage

The Company has accumulated more than 60 years' experience in the lighting industry and enjoyed continuously increasing influence and brand value for its "FSL". In recent years, with the enhancement of its development positioning, product design and user experience, the Company has initiated the strategy of brand upgrading and

carried out promotion by centering around the new “Professional, Intelligent, Healthy and Fashionable”. In addition, it has driven the transition of “FSL” from an industrial brand to a popular brand to maintain the brand vitality and competitiveness. Among the Company’s brands, both “FSL” and “Fenjiang” are China Famous Trademarks. The brand “FSL” has become one of the most influential and popular industrial brands in China, and the powerful brand influence has played a key role in driving the sustained growth of the Company’s sales.

#### Technical R&D advantage

The Company has been valuing the R&D of new products and the development of innovation and R&D teams. It has further increased spending on technology and independent product innovation. The Company is equipped with its own electric light source institute, National CNAS Lighting Laboratory, Guangdong Engineering Technology Development Center and Guangdong Industrial Design Center. It has won the title of “Provincial IP Advantaged Enterprise” and obtained 511 authorized national patents. In terms of the development of the R&D team, the Company keeps improving its R&D personnel management policy and appraisal system, intensifying the introduction of high calibre talents, and reinforcing cooperation with universities and research institutes in industry-university-research projects, which has created a smooth path for the development of R&D professionals and provided strong support for it to maintain a technology-leading position and to further carry out product innovation.

#### Scale advantage

As one of the enterprises to first step into the industry of producing and selling lighting products, the Company possesses the manufacture culture of refining production and the large-scale manufacturing capability by years of experience accumulation. In recent years, the Company has been promoting automation on its production equipment by introducing a great number of fully-automatic and semi-automatic equipment. This has greatly improved its product quality and production efficiency, representing further improvement of its manufacturing capability. The Company has production bases in Foshan, Nanjing and Xinxiang. The large-scale and centralized production brings obvious economic benefits to the Company, which not only shows in manufacture cost of products, but also shows in aspects such as raw material procurement and product pricing.

## Part IV Operating Performance Discussion and Analysis

### I Overview

The first half of 2020 saw a heavy hit by the COVID-19 pandemic to the global economy and consumer market. This, together with the fierce competition in the lighting industry, put companies under tremendous pressure. In face of the pressure and challenges, the Company forged ahead with great solidarity against headwinds. In addition to playing its part in the fight against the pandemic, the Company tapped potential internally and explored more markets externally. Through fully implementing the philosophy of “Focus on the Key Work, Improve Weak Links, Solve Bottlenecks, Increase Efficiency and Promote Growth”, as well as by paying more attention in various work, the Company has achieved a better level of production and operation. Due to the pandemic, for the Reporting Period, the Company achieved operating revenue of RMB1522.8841million, a year-on-year decrease of 9.74%; and a net profit attributable to the listed company’s shareholders of RMB151.0614million, a year-on-year decrease of 9.69%.

In the first half year of 2020, the Company has carried out work mainly in the following aspects:

#### 1. Stepping up effort in scientific and technological innovation to strengthen the momentum of development

The Company has continued to increase R&D spending since the beginning of the year. In the first half year, it spent RMB64.96million on R&D, accounting for 4.27% of the operating revenue of the period. It completed the development of 335 new products, applied for 53 new patents and was granted with 42 patents. To meet new market demands in the context of COVID-19, the Company quickly mobilized forces to develop, upgrade and release series of new functional products with anti-epidemic and disinfecting functions and new healthy lighting products to the market. In addition, it further stepped up effort in the development and promotion of intelligent lighting products.,accessed the IoT platforms such as Alibaba Cloud, and developed smart home lighting products jointly with Alibaba (artificial intelligent lab o f Tmall Genie), Huiwei (Hilink) and Baidu (Duer) so as to provide more abundant products and home application scenarios for users.The Company continued to promote industry-education-research collaboration with key colleges and universities and professional research institutes across the country, and extended business into new segments to produce stronger impetus for development.

#### 2. Focusing on marketing model innovation and market expansion to boost sales

First, the Company effectively enhanced market activity through new marketing models, such as “live streaming

and crowd funding”. By hosting large-scale live streaming targeting the whole country, the Company improved the operation efficiency of its online traffic, laying a solid foundation for raising sales revenue. Second, the Company focused on developing key accounts and projects and further developed the potentials of existing key accounts. While proactively entering into the centralized purchases of real estate companies, the Company continuously expanded cooperation with home decor companies, property management companies, large chain groups and other channel customers. On top of that, the Company actively developed the overseas market, increase the development of new customers. At the same time, the Company further developed the potentials of existing big accounts and provided quality services to them, so as to obtain more orders and develop more projects of intelligent products and new lamps.

### 3. Tightening effort in delicacy management to enhance corporate management efficacy

The Company worked hard to increase revenue and reduce expenditure to counter the impact of the epidemic on its production and operation. First, it controlled costs and cut expenses, analyzed and monitored budget execution, and made “belt-tightening” plans with strict control over non-operating expenses. It continued to advance the upgrading of production automation to cut labor costs and increase production efficiency. Second, it drove the collection of accounts receivable by establishing a warning mechanism for Accounts receivable. Through stronger effort in this aspect, the Company intended to prevent the risk of operating fund. Third, it improved its capacity for supply chain delivery. Through coordination and cooperation among different departments, the Company ensured timely receiving of materials and timely shipment of products.

### 4. Managing corporate culture and team building to enhance its cohesion

Guided by Party building, the Company set up multiple platforms, such as Key Party Members Pioneering Post, Key Party Members Responsibility Zone, and Key Party Members Fortification Team, gave play to the leading role of Party members. It published reports on meritorious deeds in lighting and the battle against the virus, and commended 31 “Lighting Pioneers”. By doing this, the Company aimed to create a favorable atmosphere for business development, make all staff pull together towards production and operation.

## II Analysis of Core Businesses

See “I Overview” above.

Year-on-year changes in key financial data:

Unit: RMB

	H1 2020	H1 2019	Change (%)	Main reason for change
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Operating revenue	1,522,884,127.04	1,687,184,660.86	-9.74%	
Cost of sales	1,161,598,236.11	1,297,336,713.77	-10.46%	
Selling expense	95,277,602.70	123,410,566.38	-22.80%	
Administrative expense	64,215,895.53	67,537,179.69	-4.92%	
Finance costs	-19,333,964.12	-9,908,037.67	-95.13%	Increase in interest on deposits in the current period
Income tax expense	23,050,722.70	27,167,288.57	-15.15%	
R&D expense	64,960,847.79	64,853,637.12	0.17%	
Net cash generated from/used in operating activities	201,077,703.45	190,681,833.48	5.45%	
Net cash generated from/used in investing activities	236,432,656.11	650,017.32	36,273.29%	Increase in investments withdrawn from wealth management products of bank upon maturity in the current period
Net cash generated from/used in financing activities	-258,879,038.49	-218,298,000.02	-18.59%	
Net increase in cash and cash equivalents	178,527,737.31	-28,122,906.64	734.81%	Increase in net cash generated from investing activities in the current period
Other receivables	30,629,514.19	22,307,344.76	37.31%	Increase in export tax rebates receivable in the Current Period
Investments in other equity instruments	1,997,994,223.39	1,454,740,241.46	37.34%	Higher price of stock of listed company held in the Current Period
Construction in progress	82,647,609.80	119,030,610.16	-30.57%	Transfer of certain plants in Gaoming District, Foshan City to fixed assets in the Current Period
Notes payable	245,253,258.83	374,665,327.74	-34.54%	Decrease in procurement in the current period
Employee benefits payable	44,377,716.78	83,156,852.86	-46.63%	Payment in the Current Period of the year-end bonuses to employees of

				last year
Taxes payable	36,797,827.09	17,211,068.21	113.80%	Increase in VAT payable
Deferred income tax liabilities	218,474,381.48	137,216,136.70	59.22%	Higher price of stock of listed company held in the Current Period
Other comprehensive income	1,238,009,149.48	776,260,348.19	59.48%	Higher price of stock of listed company held in the Current Period
Other income	3,028,003.10	5,523,870.00	-45.18%	Decrease in government subsidies that arose in the ordinary course of business
Gain on changes in fair value	-1,532,350.00	-996,200.00	-53.82%	Transfer of gain on changes in the fair value of delivered forward forex settlement products that matured in the Current Period to return on investment
Credit impairment loss	-3,379,210.38	-1,036,971.94	-225.87%	Increase in allowances for doubtful accounts in the Current Period
Asset impairment loss	-3,200,793.69	-12,239,244.21	73.85%	Decrease in inventory valuation allowances in the Current Period
Non-operating income	662,887.00	1,941,872.57	-65.86%	Decrease in government subsidies that are not related to operating activities in the Current Period
Non-operating expense	1,024,568.14	478,391.97	114.17%	Increase in loss on disposal of fixed assets in the Current Period
Net profit attributable to non-controlling interests	2,769,419.42	222,917.21	1,142.35%	Increase in profits of non-wholly-owned subsidiaries
Other comprehensive income, net of tax	461,748,801.29	61,635,887.65	649.16%	Higher price of stock of listed company held in the Current Period
Other comprehensive income, net of tax	461,748,801.29	61,635,887.65	649.16%	Higher price of stock of listed company held in

attributable to owners of the Company as the parent				the Current Period
Changes in fair value of investments in other equity instruments	461,765,884.65	61,621,709.81	649.36%	Higher price of stock of listed company held in the Current Period
Differences arising from the translation of foreign currency-denominated financial statements	-17,083.36	14,177.84	-220.49%	Higher exchange rate of euro against the Chinese yuan
Total comprehensive income	615,579,668.54	229,134,530.61	168.65%	Higher price of stock of listed company held in the Current Period

Material changes to the profit structure or sources of the Company in the Reporting Period:

☐ Applicable ☒ Not applicable

No such changes in the Reporting Period.

Breakdown of operating revenue:

Unit: RMB

	H1 2020		H1 2019		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	1,522,884,127.04	100%	1,687,184,660.86	100%	-9.74%
By operating division					
Lighting products and luminaries	1,522,884,127.04	100.00%	1,687,184,660.86	100.00%	-9.74%
By product category					
LED lighting products	1,165,303,011.92	76.52%	1,286,519,112.49	76.25%	-9.42%
Traditional lighting products	300,738,547.81	19.75%	347,779,504.28	20.61%	-13.53%
Electrical products	38,883,211.69	2.55%	36,590,028.16	2.17%	6.27%
Other	17,959,355.62	1.18%	16,296,015.93	0.97%	10.21%
By operating segment					
Domestic	944,602,854.41	62.03%	1,006,873,998.40	59.68%	-6.18%
Overseas	578,281,272.63	37.97%	680,310,662.46	40.32%	-15.00%



Operating Division, Product Category or Operating Segment Contributing over 10% of Operating Revenue or Operating Profit

√ Applicable □ Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Lighting products and luminaries	1,522,884,127.04	1,161,598,236.11	23.72%	-9.74%	-10.46%	0.62%
By product category						
LED lighting products	1,165,303,011.92	913,759,805.79	21.59%	-9.42%	-9.51%	0.07%
Traditional lighting products	300,738,547.81	210,078,453.30	30.15%	-13.53%	-15.59%	1.71%
Electrical products	38,883,211.69	24,297,314.99	37.51%	6.27%	-4.26%	6.87%
Other	17,959,355.62	13,462,662.03	25.04%	10.21%	0.81%	6.98%
By operating segment						
Domestic	944,602,854.41	682,630,079.86	27.73%	-6.18%	-9.79%	2.89%
Overseas	578,281,272.63	478,968,156.25	17.17%	-15.00%	-11.40%	-3.36%

Core business data of the prior year restated according to the changed statistical caliber for the Reporting Period:

□ Applicable √ Not applicable

Any over 30% YoY movements in the data above and why:

□ Applicable √ Not applicable

### III Analysis of Non-Core Businesses

√ Applicable □ Not applicable

Unit: RMB

	Amount	As % of profit before tax	Source/Reason	Recurrent or not
Return on investment	36,143,255.71	20.43%	Income from investments in low-risk wealth management products of bank, and dividends received during the period of holding investments in other	Not

			equity instruments	
Gain/loss on changes in fair value	-1,532,350.00	-0.87%	Gain/loss on changes in fair value of derivative financial instruments	Not
Asset impairments	-3,200,793.69	-1.81%	Inventory valuation allowances	Not
Non-operating income	662,887.00	0.37%	Government subsidies and the like received	Not
Non-operating expense	1,024,568.14	0.58%	Loss on disposal of fixed assets	Not
Other income	3,028,003.10	1.71%	Receipt of government subsidies that arose in the ordinary course of business	Not
Credit impairment loss	-3,379,210.38	-1.91%	Allowances for doubtful accounts	Not

## IV Analysis of Assets and Liabilities

### 1. Significant Changes in Asset Composition

Unit: RMB

	30 June 2020		30 June 2019		Change in percentage (%)	Reason for significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	1,270,922,790.30	19.50%	829,509,716.65	14.26%	5.24%	
Accounts receivable	754,565,733.58	11.58%	765,827,365.76	13.16%	-1.58%	
Inventories	524,621,286.70	8.05%	644,986,460.94	11.08%	-3.03%	
Long-term equity investments	183,738,416.82	2.82%	180,122,685.92	3.10%	-0.28%	
Fixed assets	654,479,073.26	10.04%	586,093,658.59	10.07%	-0.03%	
Construction in progress	82,647,609.80	1.27%	158,184,271.59	2.72%	-1.45%	
Investments in other equity instruments	1,997,994,223.39	30.66%	1,304,626,468.20	22.42%	8.24%	Higher price of stock of listed company held in the Current Period

### 2. Assets and Liabilities at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets								
4. Investments in other equity instruments	1,454,740,241.46		543,253,981.93					1,997,994,223.39
Subtotal of financial assets	1,454,740,241.46		543,253,981.93					1,997,994,223.39
Total of the above	1,454,740,241.46		543,253,981.93					1,997,994,223.39
Financial liabilities	0.00							0.00

Contents of other changes:

Investments in wealth management products and structured deposits are not included in the item of “other changes”. For further information, see “Note 2 Held-for-Trading Financial Assets” in “VII Notes to the Consolidated Financial Statements” of Part XI of this Report.

Significant changes to the measurement attributes of the major assets in the Reporting Period:

☐ Yes ☒ No

### 3. Restricted Asset Rights as at the Period-End

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary assets	42,561,497.97	Security deposits for notes and forward forex settlement
Notes receivable	54,362,766.89	In pledge for notes pool
Total	96,924,264.86	

## V Investments Made

### 1. Total Investment Amount

☐ Applicable ☒ Not applicable

### 2. Major Equity Investments Made in the Reporting Period

☐ Applicable ☒ Not applicable

### 3. Major Non-Equity Investments Ongoing in the Reporting Period

☐ Applicable ☒ Not applicable

### 4. Financial Assets at Fair Value

☒ Applicable ☐ Not applicable

Unit: RMB

Type of assets	Initial investment cost	Gain/loss on fair value changes in the Reporting Period	Accumulated fair value changes recorded in equity	Purchased in the Reporting Period	Sold in the Reporting Period	Accumulated return on investment	Ending amount	Funding source
Stock	536,959,020.46	543,253,981.93	1,456,481,026.53			14,940,422.96	1,993,440,046.99	Self-funded
Total	536,959,020.46	543,253,981.93	1,456,481,026.53	0.00	0.00	14,940,422.96	1,993,440,046.99	--

## 5. Financial Investments

### (1) Securities Investments

☒ Applicable ☐ Not applicable

Unit: RMB

Security type	Security code	Security name	Initial investment cost	Measurement method	Beginning carrying value	Gain/Loss on fair-value changes in Reporting Period	Accumulated fair-value changes charged to equity	Purchased in Reporting Period	Sold in Reporting Period	Gain/loss in Reporting Period	Ending carrying value	Accounting title	Funding source
Domestically/Overseas listed	002074	Guoxuan High-tech	160,000,000.00	Fair value method	661,377,161.25	558,647,787.75	999,789,809.36				1,220,024,949.00	Investments in other equity	Self-funded

stock												instrum ents	
Domesti cally/Ov erseas listed stock	601818	China Everbrig ht Bank	30,828, 816.00	Fair value method	81,791, 185.14	-15,393, 805.82	42,747, 631.50			3,969,0 05.36	66,397, 379.32	Investm ents in other equity instrum ents	Self-fun ded
Domesti cally/Ov erseas listed stock	N/A	Xiamen Bank	292,574 ,133.00	Fair value method	706,517 ,718.67		413,943 ,585.67			10,971, 417.60	706,517 ,718.67	Investm ents in other equity instrum ents	Self-fun ded
Domesti cally/Ov erseas listed stock	N/A	Foshan branch of Guangd ong Develop ment Bank	500,000 .00	Fair value method	500,000 .00						500,000 .00	Investm ents in other equity instrum ents	Self-fun ded
Total			483,902 ,949.00	--	1,450,1 86,065. 06	543,253 ,981.93	1,456,4 81,026. 53	0.00	0.00	14,940, 422.96	1,993,4 40,046. 99	--	--
Disclosure date of announcement on Board's consent for securities investments													
Disclosure date of announcement on general meeting's consent for securities investments (if any)													

**(2) Investments in Derivative Financial Instruments**

√ Applicable □ Not applicable

Unit: US\$'0,000

Operating party	Relation ship with the	Related -party transact	Type of derivat	Initial investment amount	Beginni ng date	Ending date	Beginni ng investm	Purchas ed in Reporti	Sold in Reporti ng	Impairm ent allowan	Ending investm ent	Ending investm ent as %	Actual gain/loss in Reporting Period
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	Company	ion or not	ive				ent	ng Period	Period	ce (if any)		of the Company's ending net assets	
Foshan branch of Bank of China	Not related	Not	General forward forex settlement	400	4 November 2019	7 January 2020	400		400				6.14
Foshan branch of the Agricultural Bank of China	Not related	Not	General forward forex settlement	1,200	4 December 2019	15 April 2020	1,200		1,200				4.43
Foshan branch of Guangzhou Rural Commercial Bank	Not related	Not	General forward forex settlement	100	17 March 2020	27 March 2020		100	100				0.23
Foshan branch of Guangzhou Rural Commercial Bank	Not related	Not	General forward forex settlement	450	28 April 2020	28 July 2020		450	300		150	0.20%	3.78
Total				2,150	--	--	1,600	550	2,000		150	0.20%	14.58
Funding source				All self-funded									
Legal matters involved (if applicable)				N/A									
Disclosure date of board announcement approving derivative investment (if any)				10 April 2020									
Disclosure date of general meeting announcement approving derivative				7 May 2020									

investment (if any)	
Analysis of risks and control measures associated with derivative investments held in Reporting Period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>Risk Analysis of Forward Exchange Settlement Business: 1. Risk of exchange rate fluctuations. In the case of large fluctuations in the exchange rate, the quoted price of the bank's forward exchange rate may be lower than the Company's quoted exchange rate to the customer, which will make the Company unable to lock the quoted exchange rate to the customer or the bank's forward exchange rate may deviate from the exchange rate at the time of the Company's actual receipt and payment, and causes exchange losses. 2. Risk of customer default. The customer's accounts receivable may be overdue, and the payment for goods cannot be recovered within the predictable payback period, which will result in the loss of the Company due to the delayed forward settlement. 3. Risk of payback prediction. The marketing department shall made corresponding payback prediction based on customer orders and expected orders. However, during the actual implementation process, customers may adjust their orders and predictions, which will result in the Company's incorrect payback prediction and cause the risk of delayed delivery of forward exchange settlement.</p> <p>Adopted Risk Control Measures: 1. The Company will strengthen the research and analysis of the exchange rate. When the exchange rate fluctuates greatly, it will adjust the business strategy in a timely manner to stabilize the export business and avoid exchange losses to the utmost. 2. The Management System for Forward Settlement and Sales of Foreign Exchanges reviewed and approved by the board of directors of the Company stipulates that all forward foreign exchange settlement businesses of the Company shall be based on the normal production and operation, and relied on specific business operations to avoid and prevent various exchange rate risks. However, speculative transaction and interest arbitrage are not allowed. At the same time, the system clearly defines the operating principles, approval authority, responsible department and responsible person, internal operation procedures, information isolation measures, internal risk reporting system, risk management procedures, and information disclosure related to the forward settlement business as well. In fact, the system is conducive to strengthen the management of the Company's forward foreign exchange settlement business and prevent investment risks. 3. In order to prevent any delay in the forward exchange settlement, the Company will strengthen the management of accounts receivable, actively collect receivables, and avoid any overdue receivables. In the meantime, the Company plans to increase the export purchases and purchase corresponding credit insurance so as to reduce the risk of default and customer default. 4. The Company's forward foreign exchange settlement transactions must be based on the Company's foreign exchange earnings prediction. Besides, the Company shall strictly control the scale of its forward foreign exchange settlement business, and manage all risks that the Company may face within a controllable range. 5. The internal audit department of the Company shall check the actual signing and execution situation of all trading contracts on a regular or irregular basis.</p>
Changes in market prices or fair value of derivative investments in Reporting Period (fair value analysis should include measurement method and related assumptions and parameters)	<p>The Company carries out recognition and measurement in accordance with the Accounting Standard for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments, the Accounting Standard for Business Enterprises No. 24—Hedges, the Accounting Standard for Business Enterprises No. 37—Presentation of Financial Instrument and other applicable regulations. Fair value is arrived at based on the price provided by pricing service providers such as banks or the price obtained. Fair value measurement and recognition are carried out on a monthly basis. Changes in the fair value of forward exchange settlement contracts entered into by the Company are mainly attributable to difference arising from exchange rate fluctuations.</p>
Major changes in accounting policies and specific accounting principles	N/A

adopted for derivative investments in Reporting Period compared to last reporting period	
Opinion of independent directors on derivative investments and risk control	The independent directors of the Company are of the opinion that during the Reporting Period, the Company carried out forward forex settlement in strict compliance with the Company Law, the Regulations of the People's Bank of China on Foreign Exchange Settlement, Sale and Payment and the Company's Management Rules for Forward Foreign Exchange Settlement and Sale, among others, as well as within the Board's authorization. Such trading is primarily aimed to prevent exchange rate fluctuations from impacting the Company's export business and operating earnings, with no speculative trading involved. It is a necessity, and the risk is well under control.

## VI Sale of Major Assets and Equity Interests

### 1. Sale of Major Assets

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### 2. Sale of Major Equity Interests

☐ Applicable ☒ Not applicable

## VII Major Subsidiaries

☒ Applicable ☐ Not applicable

Major fully/majority-owned subsidiaries and those minority-owned subsidiaries with an over 10% effect on the Company's net profit:

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Foshan Chansheng Electronic Ballast Co., Ltd.	Subsidiary	Manufacturing	1,000,000.00	46,114,739.89	45,680,362.15	1,930,161.98	-118,435.82	-317,557.57
FSL Chanchang Optoelectronics Co., Ltd.	Subsidiary	Manufacturing	72,782,944.00	191,016,493.18	135,687,339.78	107,741,681.05	11,147,135.79	8,372,820.47
Foshan	Subsidiary	Manufacturing	500,000.00	80,745,868.8	34,129,431.3	62,409,344.3	4,542,546.	3,419,713.42



Taimei Times Lamps Co., Ltd.				1	5	5	26	
FSL New Light Source Technology Co., Ltd.	Subsidiary	Manufacturing	50,000,000.00	58,652,024.69	57,353,743.92	6,651,338.71	381,285.95	324,618.76
FSL (Xinxiang) Lighting Co., Ltd.	Subsidiary	Manufacturing	35,418,439.76	59,564,169.16	51,374,904.34	18,158,362.61	1,338,038.56	1,003,690.92
FSL Lighting Equipment Co., Ltd.	Subsidiary	Manufacturing	15,000,000.00	63,406,515.27	54,510,661.58	25,013,877.23	-1,822,667.07	-1,399,796.81
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	Subsidiary	Manufacturing	41,683,200.00	85,011,029.23	65,081,443.38	18,468,347.04	5,964,030.79	3,898,983.34
FSL Zhida Electric Technology Co., Ltd.	Subsidiary	Manufacturing	50,000,000.00	92,791,163.82	51,839,832.82	45,607,598.07	4,141,934.12	3,558,174.26
FSL Lighting GmbH	Subsidiary	Manufacturing	195,812.50	767,240.58	-46,047.30	914,233.21	-11,090.48	-11,090.48

Subsidiaries obtained or disposed in the Reporting Period:

☐ Applicable ☒ Not applicable

Information about major majority- and minority-owned subsidiaries:

—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 August 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 the date of foundation.

On 24 December 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.

—FSL Chanchang Optoelectronics Co., Ltd. (renamed on 19 June 2018 from “Foshan Chanchang Electric Appliances (Gaoming) Co., Ltd.”), which is a Sino-foreign joint venture invested and established by the Company and Prosperity Lamps and Components Ltd, had obtained license for business corporation on 23 August 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 the date of foundation.

On 23 August 2016, the Company and Prosperity Lamps and Components Ltd signed the equity transfer agreement. The Company purchased 30% equity of Foshan Chanchang Electric Appliances (Gaoming) Co., Ltd. held by Prosperity Lamps and Components Ltd. After the purchasing, the Company held 100% equity of Foshan Chanchang Electric Appliances (Gaoming) Co., Ltd.

—Foshan Taimei Times Lamps Co., Ltd., which is a Sino-foreign joint venture invested and established by the Company and Reback North America Investment Limited, had obtained license for Business Corporation on 5 December 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 the date of foundation.

—FSL New Light Source Technology Co., Ltd. (its predecessor was “Foshan Lighting Lamps and Lanterns Co., Ltd.” and it changed its name to “FSL New Light Source Technology Co., Ltd.” on 17 December 2014), 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 Hongbang Electrical & Lighting Co., Ltd., Hebei Jinfen Trading Co., Ltd., obtaining its license for Business Corporation on 27 September 2009. The Company holds 60% equities of this company. Therefore the said subsidiary was included into the scope of the consolidated financial statements since the date of foundation.

On 25 September 2009 and 19 November 2010, the equity transfer agreement was signed between the Company and the minority shareholders, in which the minority shareholders respectively transferred their equities of Foshan Lighting Lamps and Lanterns Co., Ltd. to the Company. After transfer, the Company holds 100% equities of Foshan Lighting Lamps and Lanterns Co., Ltd.

—FSL (Xinxiang) Lighting Co., Ltd. is a limited liability company which is invested and established by the Company, obtaining its license for Business Corporation on 17 April 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 August 2013, the 3rd Meeting of the 7th Board of Directors reviewed and approved to invest another RMB2 million (land in an industrial park in Xinxiang, Henan Province and monetary funds) in FSL (Xinxiang) Lighting, increasing the registered capital of FSL (Xinxiang) Lighting to RMB35,418,439.76.

—Foshan Lighting Lamps and Lanterns Co., Ltd. is a limited liability company invested and established by the Company with the registered capital of RMB15 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 the date of foundation.

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

—FSL Zhida Electric Technology Co., Ltd. (FSL Zhida) was incorporated by the Company, Foshan Zhibida Enterprise Management Co., Ltd. and Dongguan Baida Semiconductor Material Co., Ltd. on a joint investment basis. FSL Zhida obtained its business license on 21 October 2016. Holding a stake of 51% in it, the Company has included FSL Zhida in its consolidated financial statements since the date of FSL Zhida’s incorporation.

—FSL Lighting GmbH is a Limited Liability company invested and set up in German with registered capital Euro25,000. It got the business license on 30 November 2017 whose 100% stock equity is held by the Company, and it is included into the scope of consolidated financial statement from the date of establishment.

## **VIII Structured Bodies Controlled by the Company**

☐ Applicable ☒ Not applicable

## **IX Performance Forecast for January-September 2020**

Warning of possible loss or considerable YoY change in the accumulative net profit made during the period-beginning to the end of the next reporting period, as well as the reasons:

☐ Applicable ☒ Not applicable

## **X Risks Facing the Company and Countermeasures**

### **1. Risks of Macro Economic Fluctuations and Market Competition**

Shock to the global macro economy from COVID-19 pandemic, the rising deglobalization and local protectionism, as well as the impact of COVID-19 epidemic, the countries around the world have enforced strict entry and exit restrictions and quarantine measures, which brings about more uncertainty to export of lighting business of China. If the global economic situation further deteriorates, market demand will be impacted and competition will become fiercer, which may eventually affect the Company's operating performance.

Countermeasures: The Company will continue to increase R&D investments in a bid to develop new products and enter new segment markets. It will also accelerate the introduction of new manufacturing processes, technologies and products to the market for more market share and higher added value on its products. Meanwhile, it will continue to give play to the cost advantages in product manufacturing and improve supply ability of high-quality products. At the same time, by optimizing marketing network and strengthening the business focus and expansion on domestic and foreign major customers, the Company will improve service quality, increase core competitive capacity of the Company constantly.

### **2. Risk of Raw Material Price Fluctuations**

Raw materials of the Company's products account for a high proportion of its cost of sales. Therefore, fluctuations in their prices will have an impact on the Company's profitability. As some raw material prices are associated with uncontrollable factors such as global market conditions and national macroeconomic policies, there is a risk of price fluctuation of raw materials.

Countermeasures: Paying attention to market dynamics, collecting information, analyzing and pre-judging supply of main raw materials and price trend, by increasing quantity of qualified suppliers, expanding bidding range, perfecting supply chain management, and establishing a long-term and mutually beneficiary cooperation model with suppliers, the Company is able to ensure the procurement quality and decrease procurement costs.

### **3. Risk of inventory valuation loss**

As of the end of the Reporting Period, the inventory mainly includes raw materials, semi-finished products and finished products. Due to the large number of product types and models, the raw materials and inventories that are stored to meet production and sales will increase simultaneously. It will lead to a higher inventory maintained in the

Company. In case changes occur to product prices or demand in the future market, the Company may experience a risk of inventory depreciation.

Countermeasures: Intensify the analysis of sales and change in future market demand, on the basis of assuring production and sales, the Company can control inventory scale reasonably.

#### 4. Risk of exchange rate fluctuations

The RMB exchange rate in China is based on market supply and demand, with reference to a basket of currencies for regulation and a managed floating exchange rate system. Exchange rate fluctuations will happen with the fluctuations of global economy, simmering tension of some regions and the monetary policies of various countries. Export accounts for around 40% of the Company's business, and is mostly settled in the U.S. dollar. If the exchange rate fluctuates significantly, business performance of the Company will be affected.

Countermeasures: By knowing exchange rate policies and fluctuation trend of settlement currencies in time, intensifying settlement currency management, and carrying out forward forex settlement when the timing is right, the Company can relatively lock in exchange rates and minimize the risks brought by exchange rate fluctuations.

#### 5. Risk of doubtful accounts receivable

Owing to the business operational characteristics, with the expansion of sales volume of Company, accounts receivable represent a great amount for the Company. If major adverse changes in the financial status of major debtors may result in the risk of uncollectible accounts receivable.

Countermeasures: The Company will be highly alert and aware in respect of the safety and completeness of accounts receivable. By perfecting credit file of customers, evaluating credit status of customers regularly, adopting method of pledge of customers' assets, and purchasing insurance on certain export sales, the Company can reduce risks from doubtful accounts receivable. The Company can organize human and other resources to reinforce the management and collection efforts of accounts receivable, implement pre-warning treatment for accounts receivable, analyze and report accounts receivable regularly, and enhance appraisal in respect of recovery of accounts receivable as means to ensure that the risk regarding accounts receivable is under effective control.

## Part V Significant Events

### I Annual and Extraordinary General Meeting Convened during the Reporting Period

#### 1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
The 2019 Annual General Meeting	Annual General Meeting	38.22%	7 May 2020	8 May 2020	Announcement on Resolutions of the 2019 Annual General Meeting (Announcement No.: 2020-020) disclosed on www.cninfo.com.cn

#### 2. Extraordinary General Meetings Convened at the Request of Preference Shareholders with Resumed Voting Rights

☐ Applicable ☒ Not applicable

### II Interim Dividend Plan

☐ Applicable ☒ Not applicable

The Company has no interim dividend plan, either in the form of cash or stock.

### III Commitments of the Company's De Facto Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Entities Fulfilled in the Reporting Period or Ongoing at the Period-End

☒ Applicable ☐ Not applicable

Commitment	Promisor	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment
Commitments made in acquisition documents or shareholding alteration documents	Controlling shareholder and acting-in-concert parties	About avoidance of horizontal competition	Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made a commitment that they shall eliminate the horizontal competition	3 December 2019	Six months	Completed

			between Foshan NationStar Optoelectronics Co., Ltd. and the Company through business integration or other ways or arrangements before 4 June 2020.			
Executed on time or not	Yes					

#### IV Engagement and Disengagement of Independent Auditor

Are the interim financial statements audited?

☐ Yes ☒ No

These interim financial statements are unaudited.

#### V Explanations Given by the Board of Directors and the Supervisory Committee Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Reporting Period

☐ Applicable ☒ Not applicable

#### VI Explanations Given by the Board of Directors Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of Last Year

☐ Applicable ☒ Not applicable

#### VII Insolvency and Reorganization

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

#### VIII Legal Matters

Significant lawsuits and arbitrations

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Other legal matters

☒ Applicable ☐ Not applicable

Basic situation of lawsuit	Lawsuit amount (RMB '0,000)	Whether form into	Process of lawsuit	Trial results and influences of lawsuit	Situation of execution of	Disclosure date	Disclosure index
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(arbitration)		estimated liabilities	(arbitration)	(arbitration)	judgment of lawsuit (arbitration)		
Suit and counter-suit between FSL and Dongguan Fozhao Linton Energy-Saving Technologies Co., Ltd. (hereinafter referred to as "Linton") on a sales and purchase contract	The amount involved in the suit filed by FSL against Linton is RMB10.5158 million, while the amount of the counter-suite is RMB13.2791 million	None	The judgment of the second instance has come into effect	The Company received the written order of the second instance from the court in June 2020, and the trial results are as follows: 1. Withdraw the Part II and Part IV of the civil judgment (2016) Y1971MCNo.6481; 2. Linton shall pay RMB9,159,800 to FSL for product sales within five days from the effective date of the judgment; 3. FSL shall pay the liquidated damages of RMB1,552,200 to Linton within five days from the effective date of the judgment; 4. Other claims of FSL and Linton are rejected.	The Company has applied for property preservation during the period of lawsuit and now is waiting for execution.		
Suit filed by FSL against Shenzhen Kaichuang Industrial Co., Ltd. on a sales and purchase contract	112.89	None (FSL is the plaintiff)	First trial underway	No verdict has been reached	N/A		
Suit filed by FSL Chanchang Optoelectronics Co., Ltd. against Shenzhen Kaichuang Industrial Co., Ltd.	90.21	None (the wholly-owned subsidiary of FSL is the plaintiff)	The defendant was ordered to pay RMB902,100 for product	Second trial underway	N/A		



on a sales and purchase contract			sales and interests to FSL. The defendant has applied for an appeal.				
Suit filed by Guangdong Cobra Industry Co., Ltd. against FSL on infringement of fancies design	500	None (uncertain before the court decision comes out)	First trial underway	No verdict has been reached	N/A		
Suit filed by FSL against Beijing Zhongao Zhengshi Lighting Co., Ltd. on a sales and purchase contract	1,927.64	None (FSL is the plaintiff)	The defendant was ordered to pay RMB14.2208 million and the liquidated damages to FSL for product sales, with Jiang Zhenghao bearing the joint responsibility. The defendant has applied for an appeal.	Second trial underway	N/A		
Suit filed by Shanghai Tolight Technology Co., Ltd against FSL on a sales and purchase contract	608.49	None (uncertain before the court decision comes out)	First trial underway	No verdict has been reached	N/A		
Suit filed by FSL against Shanghai	840.82	None (FSL is the	The defendants	Second trial underway	N/A		

Feilo Investment Co., Ltd. and Shanghai Feilo Acoustics Co., Ltd. on a sales and purchase contract		plaintiff)	were ordered to pay RMB2.4379 million and interests to FSL. The Company has applied for an appeal.				
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## IX Doubts from Media

☐ Applicable ☒ Not applicable

The Company had no issues about which media generally raised doubts in the Reporting Period.

## X Punishments and Rectifications

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## XI Credit Quality of the Company as well as its Controlling Shareholder and De Facto Controller

☒ Applicable ☐ Not applicable

In the Reporting Period, the Company and its controlling shareholder and de facto controller were not involved in any unsatisfied court judgments, large-amount overdue liabilities or the like.

## XII Equity Incentive Plans, Employee Stock Ownership Plans or Other Incentive Measures for Employees

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## XIII Major Related-Party Transactions

### 1. Continuing Related-Party Transactions

☒ Applicable ☐ Not applicable

Related party	Relationship with the Company	Type of transaction	Specific transaction	Pricing principle	Transaction price(RMB'0,000)	Total value (RMB'0,000)	As % of total value of all	Approved transaction line	Over the approved line or	Method of settlement	Obtainable market price for	Disclosure date	Index to disclosed
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	y				00)	,000)	same-ty pe transacti ons	(RMB'0 ,000)	not	nt	same-ty pe transacti ons(RM B'0,000 )		inform ation
Foshan NationS tar Optoele ctronics Co., Ltd.	Under same actual controll er	Purchasi ng products and receivin g labor service from related party	Purchas e of material s	Market price	1,573.13	1,573.13	1.85%	20,000	Not	Remitta nce	1,573.13	10 April 2020	www.c ninfo.c om.cn
Guangd ong Fenghua Advanc ed Technol ogy Holding Co., Ltd.	Under same actual controll er	Purchasi ng products and receivin g labor service from related party	Purchas e of material s	Market price	275.40	275.4	0.32%	1,100	Not	Remitta nce	275.40	10 April 2020	www.c ninfo.c om.cn
Prosperi ty Lamps & Compon ents Limited	Shareho lder that holds over 5% shares of the Compan y	Purchasi ng products and receivin g labor service from related party	Purchas e of material s	Market price	107.09	107.09	0.13%	650	Not	Remitta nce	107.09	10 April 2020	www.c ninfo.c om.cn
Hangzh ou Times Lighting and Electric al Co.,	Enterpri se controll ed by related natural person	Purchasi ng products and receivin g labor service	Purchas e of material s	Market price	16.20	16.2	0.02%	200	Not	Remitta nce	16.20	10 April 2020	www.c ninfo.c om.cn

Ltd.		from related party											
Prosperity Electric al (China) Co., Ltd.	Enterprise controlled by related natural person	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	11.84	11.84	0.01%	100	Not	Remittance	11.84	10 April 2020	www.cninfo.com.cn
Guangdong Electronic Technology Research Institute	Under same actual controller	Purchasing products and receiving labor service from related party	Purchase of equipment	Market price	27.88	27.88	2.19%	100	Not	Remittance	27.88	10 April 2020	www.cninfo.com.cn
Foshan Fulong Environmental Technology Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	receiving labor service	Market price	4.25	4.25	12.39%		Not	Remittance	4.25		N/A
Jiangmen Dongjia Environmental Technology Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	receiving labor service	Market price	3.33	3.33	9.72%		Not	Remittance	3.33		N/A

Zhuhai Doumen District Yongxin gsheng Environ mental Industri al Wastes Recycli ng Compre hensive Treatme nt Co., Ltd.	Under same actual controll er	Purchasi ng products and receivin g labor service from related party	receivin g labor service	Market price	1.33	1.33	3.87%		Not	Remitta nce	1.33		N/A
Guangd ong Electron ic Technol ogy Researc h Institute	Under same actual controll er	Purchasi ng products and receivin g labor service from related party	receivin g labor service	Market price	0.30	0.30	0.88%		Not	Remitta nce	0.30		N/A
Prosperi ty Lamps & Compon ents Limited	Under same actual controll er	Selling products and providin g labor service to related party	Selling products	Market price	933.27	933.27	0.61%	3,500	Not	Remitta nce	933.27	10 April 2020	www.c ninfo.c om.cn
Prosperi ty Electric al (China) Co., Ltd.	Enterpri se controll ed by related natural person	Selling products and providin g labor service to	Selling products	Market price	1.13	1.13	0.00%	100	Not	Remitta nce	1.13	10 April 2020	www.c ninfo.c om.cn

		related party											
Guangzhou Huajian Engineering Construction Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	12.79	12.79	0.01%		Not	Remittance	12.79		N/A
Guangdong Rising Assets Management Co., Ltd.	Actual controller	Selling products and providing labor service to related party	Selling products	Market price	3.43	3.43	0.00%		Not	Remittance	3.43		N/A
Guangdong Guangsheng Communication Technology Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	2.36	2.36	0.00%		Not	Remittance	2.36		N/A
Guangdong Electronics Information Industry Group Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	0.80	0.8	0.00%		Not	Remittance	0.80		N/A
Total				--	--	2,974.53	--	25,750	--	--	--	--	--
Large-amount sales return in detail				N/A									
Give the actual situation in the Reporting Period (if any) where an				In April 2020, the Company estimated the total value of its continuing transactions with related parties Foshan NationStar Optoelectronics Co., Ltd., Guangdong Fenghua Advanced									

estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period	Technology Holding Co., Ltd., Prosperity Lamps & Components Limited, Prosperity Electrical (China) Co., Ltd., Guangdong Electronic Technology Research Institute and Hangzhou Times Lighting and Electrical Co., Ltd. Concerning the purchases from its related parties, the actual amount in 2020 so far was RMB20.2074million, accounting for 9.12% of the estimate in 2020. As for the sales to its related parties, the actual amount in 2020 so far was RMB9.5379million, accounting for 26.49% of the estimate in 2020.
Reason for any significant difference between the transaction price and the market reference price (if applicable)	N/A

## 2. Related-Party Transactions Regarding Purchase or Disposal of Assets or Equity Investments

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## 3. Related-Party Transactions Regarding Joint Investments in Third Parties

☒ Applicable ☐ Not applicable

Joint investor	Relationship with the Company	Name of the investee	Principal activity of the investee	Registered capital of the investee	Total assets of the investee (RMB'0,000)	Net asset of the investee (RMB'0,000)	Net profit of the investee (RMB'0,000)
Foshan NationStar Optoelectronics Co., Ltd.	Under same actual controller	Foshan HortiLite Optoelectronics Co., Ltd.	Developing, manufacturing and selling: lighting products, lighting equipment, lighting fittings and raw materials, traffic lights, decorative lighting and fittings, automobile fittings; undertaking light projects; providing services regarding development and consultancy of lighting engineering technology and making investments in projects; import & export of goods and technologies	RMB17.158 million			

			(excluding those prohibited by state or involved in administrative approval)				
Progress on significant construction in progress of the investee (if any)		N/A					

#### 4. Amounts Due to and from Related Parties

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

#### 5. Other Major Related-Party Transactions

☒ Applicable ☐ Not applicable

On 21 June 2019, the Company held the 31<sup>st</sup> Meeting of the 8<sup>th</sup> Board of Directors, and the Proposal on Signing the Financial Services Agreement with Guangdong Rising Finance Co., Ltd. was examined and approved at the meeting. On the same day, the Company signed the Financial Services Agreement with Guangdong Rising Finance Co., Ltd. (hereinafter referred to as “Rising Finance”), and Rising Finance would provide deposit and settlement services for the Company for a term of one year. During the term of validity of the Agreement, the daily deposit balance of the Company in Rising Finance Company shall not exceed RMB150 million. On 20 June 2020, the said Financial Services Agreement expired and all balance of the Company deposited in Rising Finance has been withdrawn.

Index to the current announcement about the said related-party transaction disclosed:

Title of announcement	Disclosure date	Disclosure website
Announcement on Signing Financial Services Agreement with Guangdong Rising Finance Co., Ltd.	22 June 2019	www.cninfo.com.cn

#### XIV Occupation of the Company's Capital by the Controlling Shareholder or any of Its Related Parties for Non-Operating Purposes

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.



## XV Major Contracts and Execution thereof

### 1. Entrustment, Contracting and Leases

#### (1) Entrustment

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

#### (2) Contracting

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

#### (3) Leases

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### 2. Major Guarantees

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### 3. Cash Entrusted for Wealth Management

☒ Applicable ☐ Not applicable

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount
Bank financial products	Self-owned funds	43,000	34,000	0
Others	Self-owned funds	47,000	21,000	0
Total		90,000	55,000	0

High-risk wealth management transactions with a significant single amount, or with low security, low liquidity or no principal protection:

☒ Applicable ☐ Not applicable

Unit: RMB'0,000

Trustee	Type of trustee	Type of wealth management	Principal	Source of principal	Beginning date	Ending date	Use of principal	Determination of yield	Annualized yield rate for	Expected yield (if any)	Actual gain/loss in Reporting	Receipt/payment of such gain/loss	Allowance for impairment	Prescribed procedure executed	Plan for more transaction	Index to transaction summ
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		product							refere nce		Period	ss	(if any)	ed or not	or not	ary and other infor matio n (if any)
China Guang fa Bank, Guang zhou develo pment area sub-br anch	Bank	Princip al-prot ected with floatin g yield	4,000	The Comp any's own idle funds	19 May 2020	17 August 2020	Invest ment	Repay ment of princi pal with yield	3.45%	34.03	15.88	To be receiv ed		Yes	Yes	<a href="http://www.cninfo.com.cn">www. cninfo .com.c n</a>
Huaxi a Bank, Fosha n branch	Bank	Princip al-prot ected with floatin g yield	8,000	The Comp any's own idle funds	2 June 2020	2 Septem ber 2020	Invest ment	Repay ment of princi pal with yield	3.53%	71.18	21.66	To be receiv ed		Yes	Yes	<a href="http://www.cninfo.com.cn">www. cninfo .com.c n</a>
China Guang fa Bank, Guang zhou develo pment area sub-br anch	Bank	Princip al-prot ected with floatin g yield	5,000	The Comp any's own idle funds	2 June 2020	31 August 2020	Invest ment	Repay ment of princi pal with yield	3.40%	41.92	13.04	To be receiv ed		Yes	Yes	<a href="http://www.cninfo.com.cn">www. cninfo .com.c n</a>
China Minsh eng Bank Fosha n sub-br	Bank	Not princip al-prot ected with floatin g yield	5,000	The Comp any's own idle funds	4 June 2020	6 August 2020	Invest ment	Repay ment of princi pal with yield	3.60%	31.07	12.82	To be receiv ed		Yes	Yes	<a href="http://www.cninfo.com.cn">www. cninfo .com.c n</a>

anch																
Industrial Bank Guangzhou Baiyun Sub-branch	Bank	Not principal-protected with floating yield	12,000	The Company's own idle funds	15 June 2020	14 September 2020	Investment	Repayment of principal with yield	3.40%	101.72	16.77	To be received		Yes	Yes	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
China Minsheng Bank Foshan sub-branch	Bank	Principal-protected with floating yield	16,000	The Company's own idle funds	20 March 2020	1 July 2020	Investment	Repayment of principal with yield	3.85%	173.83	172.14	To be received		Yes	Yes	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
China Everbright Bank Guangzhou Sub-branch	Bank	Principal-protected with floating yield	5,000	The Company's own idle funds	13 April 2020	13 July 2020	Investment	Repayment of principal with yield	3.85%	48.13	41.71	To be received		Yes	Yes	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Total			55,000	--	--	--	--	--	--	501.88	294.02	--		--	--	--

Situation where the principal is expectedly irrecoverable or an impairment may be incurred:

☐ Applicable ☒ Not applicable

#### 4. Other Significant Contracts

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### XVI Corporate Social Responsibility (CSR)

#### 1. Major Environmental Issues

Indicate by tick mark whether the Company or any of its subsidiaries is identified as a major polluter by the environmental protection authorities.

No

In strict accordance with the government's requirements, the Company has been conscientiously carrying out

environment-related work, including establishing and improving various related systems, and continuously increasing related expenditure. These environment improvement efforts have helped build a good image of the Company in relation to environmental protection. Meanwhile, the Company's environmental protecting facilities have been running stably, with the discharge of waste gas and water in compliance with the relevant standards. No pollution incidents have occurred.

In addition to the environmental protection authorities' quarterly examination and supervision, the Company has also entrusted, on a yearly basis, an independent institution to exam the Company's waste gas treatment systems, as well as waste water and noise discharges, so as to minimize environment risk. All the examinations and tests have been documented and released to the employees on the environmental protection and safety bulletin boards at every workshop. Employees at all levels, with a strong awareness of environment protection, have been cooperating closely with each other to implement the policy of "Save Energy, Reduce Consumption, Lower Pollution and Increase Efficiency". In all, the Company's environment risk is controllable and its environment management keeps improving.

## 2. Measures Taken for Targeted Poverty Alleviation

Indicator	Measurement unit	Number/Progress
I. General condition	——	——
Of which: 1. Funds	Ten thousand	3
2. Discount on supplies	Ten thousand	0.5
3. Number of people out of poverty being helped to establish archival cards	Person	
II. Itemized investment	——	——
8. Social poverty alleviation	——	——
Of which: 8.1 Input amount of cooperation of the eastern and western poverty alleviation	Ten thousand	3.5
8.2 Input amount of fixed-point poverty alleviation	Ten thousand	
8.3 Input amount of public welfare fund for poverty alleviation	Ten thousand	

Since 2018, the Company has responded actively to the call of Foshan Poverty Relief Office, and signed the contract of social forces and pairing system with Luohong Jiagu Village in Kuyi County, Zhaojue Town, Liangshan Prefecture, Sichuan Province. According to the contract, the Company has donated industrial support funds every year for three consecutive years, and launched the activities including "purchase instead of donation", students assistance and love assistance, etc., actively fulfilled the social responsibility of targeted poverty alleviation.

## XVII Other Significant Events

√ Applicable □ Not applicable

On 1 June 2020, the Company held the 40<sup>th</sup> Meeting of the 8<sup>th</sup> Board of Directors, on which the Proposal on

Reducing Some Stocks of Guoxuan High-tech was reviewed and approved and the Board agreed to reduce some stocks of Guoxuan High-tech adopting centralized bidding trading method or block trading method in accordance with laws and regulations and at an appropriate time within 90 days since the date that the proposal was approved. The amount of stocks reduced shall not exceed 33,880,580 shares, accounting for 3% of current total shares of Guoxuan High-tech, and the price for reduction shall be determined by the market price when the reduction is carried out. As of the disclosure date of this report, the Company has not reduced any shares of Guoxuan High-tech.

## **XVIII Significant Events of Subsidiaries**

☐ Applicable ☒ Not applicable

## Part VI Share Changes and Shareholder Information

### I Share Changes

#### 1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
1. Restricted shares	13,653,051	0.98%				161,285	161,285	13,814,336	0.99%
1.2 Shares held by state-owned legal persons	1	0.00%						1	0.00%
1.3 Shares held by other domestic investors	4,725,418	0.34%				161,285	161,285	4,886,703	0.35%
Among which: Shares held by domestic legal persons	3,753,972	0.27%						3,753,972	0.27%
Shares held by domestic natural persons	971,446	0.07%				161,285	161,285	1,132,731	0.08%
1.4 Shares held by foreign investors	8,927,632	0.64%						8,927,632	0.64%
Shares held by foreign natural persons	8,927,632	0.64%						8,927,632	0.64%
2. Unrestricted shares	1,385,693,103	99.02%				-161,285	-161,285	1,385,531,818	99.01%
2.1 RMB-denominated ordinary shares	1,072,554,652	76.65%				-161,285	-161,285	1,072,393,367	76.63%
2.2 Domestically listed foreign shares	313,138,451	22.38%						313,138,451	22.38%
3. Total shares	1,399,346,154	100.00%						1,399,346,154	100.00%

Reasons for share changes:

☒ Applicable ☐ Not applicable

During the Reporting Period, the restricted shares increased 161,285 shares due to the lock-in of shares in the Company held by those outgoing directors and senior management.

Approval of share changes:

☐ Applicable ☒ Not applicable

Transfer of share ownership:

☐ Applicable ☒ Not applicable

Progress on any share repurchases:

☐ Applicable ☒ Not applicable

Progress on reducing the repurchased shares by means of centralized bidding:

☐ Applicable ☒ Not applicable

Effects of share changes on the basic and diluted earnings per share, equity per share attributable to the Company's ordinary shareholders and other financial indicators of the prior year and the prior accounting period, respectively:

☐ Applicable ☒ Not applicable

Other information that the Company considers necessary or is required by the securities regulator to be disclosed:

☐ Applicable ☒ Not applicable

## 2. Changes in Restricted Shares

☒ Applicable ☐ Not applicable

Unit: share

Shareholder	Beginning restricted shares	Released in Reporting Period	Increase in Reporting Period	Ending restricted shares	Reason for restriction/release from restriction	Date of release
Liu Xingming	483,855	0	161,285	645,140	Lock-up of senior management's shares	25 October 2020
Total	483,855	0	161,285	645,140	--	--

## II Issuance and Listing of Securities

☐ Applicable ☒ Not applicable

## III Shareholders and Their Holdings as at the Period-End

Unit: share

Number of ordinary shareholders	87,618	Number of preference shareholders with resumed voting rights (if any) (see note 8)	0
5% or greater ordinary shareholders or the top 10 ordinary shareholders			

Name of shareholder	Nature of shareholder	Shareholding percentage	Ordinary shares held	Increase/decrease in the Reporting Period	Restricted ordinary shares held	Unrestricted ordinary shares held	Shares in pledge or frozen	
							Status	Shares
Hong Kong Wah Shing Holding Company Limited	Foreign legal person	13.47%	188,496,430	0	0	188,496,430	In pledge	92,363,251
Prosperity Lamps & Components Limited	Foreign legal person	10.50%	146,934,857	0	0	146,934,857		
Shenzhen Rising Investment Development Co., Ltd.	State-owned legal person	5.12%	71,696,136	0	0	71,696,136	In pledge	35,800,000
Guangdong Electronics Information Industry Group Ltd.	State-owned legal person	4.85%	67,876,801	1,483,300	0	67,876,801	In pledge	32,532,815
Central Huijin Asset Management Co., Ltd.	State-owned legal person	2.42%	33,878,900	0	0	33,878,900		
Essence International Securities (Hong Kong) Co., Ltd.	Foreign legal person	2.22%	31,059,913	51,000	0	31,059,913		
Hong Kong Rising Investment Development Co., Ltd.	Foreign legal person	1.82%	25,482,252	0	0	25,482,252		
DBS Vickers(Hong Kong) Ltd A/C Clients	Foreign legal person	1.50%	20,929,637	-1,072,500	0	20,929,637		



China Merchants Securities (Hong Kong) Co., Ltd	Foreign legal person	0.89%	12,494,704	334468	0	12,494,704		
Zhuang Jianyi	Foreign natural person	0.85%	11,903,509	0	8,927,632	2,975,877		
Strategic investors or general corporations becoming top-ten ordinary shareholders due to placing of new shares (if any) (see Note 3)		Naught						
Related or acting-in-concert parties among the shareholders above		Among the top 10 shareholders, Hong Kong Wah Shing Holding Company Limited, Shenzhen Rising Investment Development Co., Ltd., Guangdong Electronics Information Industry Group Ltd. and Hong Kong Rising Investment Development Co., Ltd. are acting-in-concert parties; and Prosperity Lamps & Components Limited and Zhuang Jianyi are acting-in-concert parties. Apart from that, it is unknown whether there is among the top 10 shareholders any other related parties or acting-in-concert parties as defined in the Administrative Measures for the Acquisition of Listed Companies.						
Top 10 unrestricted ordinary shareholders								
Name of shareholder	Unrestricted ordinary shares held					Type of shares		
						Type	Shares	
Hong Kong Wah Shing Holding Company Limited	188,496,430					RMB-denominated ordinary stock	188,496,430	
Prosperity Lamps & Components Limited	146,934,857					RMB-denominated ordinary stock	146,934,857	
Shenzhen Rising Investment Development Co., Ltd.	71,696,136					RMB-denominated ordinary stock	71,696,136	
Guangdong Electronics Information Industry Group Ltd.	67,876,801					RMB-denominated ordinary stock	67,876,801	
Central Huijin Asset Management Co., Ltd.	33,878,900					RMB-denominated ordinary stock	33,878,900	
Essence International Securities (Hong Kong) Co., Ltd.	31,059,913					Domestically listed foreign stock	31,059,913	
Hong Kong Rising Investment Development Co., Ltd.	25,482,252					Domestically listed foreign stock	25,482,252	
DBS Vickers(Hong Kong) Ltd A/C Clients	20,929,637					Domestically listed foreign stock	20,929,637	

China Merchants Securities (Hong Kong) Co., Ltd	12,494,704	Domestically listed foreign stock	12,494,704
Guangdong Rising Finance Holding Co., Ltd.	11,434,762	RMB-denominated ordinary stock	11,434,762
Related or acting-in-concert parties among the top 10 unrestricted ordinary shareholders, as well as between the top 10 unrestricted ordinary shareholders and the top 10 ordinary shareholders	Among the top 10 unrestricted ordinary shareholders, Hong Kong Wah Shing Holding Company Limited, Shenzhen Rising Investment Development Co., Ltd., Guangdong Electronics Information Industry Group Ltd., Guangdong Rising Finance Holding Co., Ltd. and Hong Kong Rising Investment Development Co., Ltd. are acting-in-concert parties; Apart from that, it is unknown whether there is among the top 10 shareholders any other related parties or acting-in-concert parties as defined in the Administrative Measures for the Acquisition of Listed Companies.		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	None		

Indicate by tick mark whether any of the top 10 ordinary shareholders or the top 10 unrestricted ordinary shareholders of the Company conducted any promissory repo during the Reporting Period.

☐ Yes ☒ No

No such cases in the Reporting Period.

#### IV Change of the Controlling Shareholder or the De Facto Controller

Change of the controlling shareholder in the Reporting Period

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Change of the de facto controller in the Reporting Period

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## Part VII Preference Shares

☐ Applicable ☒ Not applicable

No preference shares in the Reporting Period.

## Part VIII Convertible Corporate Bonds

☐ Applicable ☒ Not applicable

No convertible corporate bonds in the Reporting Period.

## Part IX Directors, Supervisors and Senior Management

### I Change in Shareholdings of Directors, Supervisors and Senior Management

☐ Applicable ☒ Not applicable

No changes occurred to the shareholdings of the directors, supervisors and senior management in the Reporting Period. See the 2019 Annual Report for more details.

### II Change of Directors, Supervisors and Senior Management

☒ Applicable ☐ Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Wu Shenghui	Chairman of the Board	Elected	7 May 2020	Elected as the Chairman of the Board
Lei Zihe	Director & General Manager	Elected	7 July 2020	Elected as the director of the 8 <sup>th</sup> Board of Directors and hired as the general manager of the Company
He Yong	Chairman of the Board	Left	24 April 2020	Resign the post for job turnover
Liu Xingming	Director & General Manager	Left	24 April 2020	Resign the posts for age

## Part X Corporate Bonds

Does the Company have any corporate bonds publicly offered on the stock exchange, which were outstanding before the date of this Report's approval or were due but could not be redeemed in full?

No.

## Part XI Financial Statements

### I Auditor's Report

Whether the interim report has been audited?

☐ Yes ☒ No

The interim report of the Company has not been audited.

### II Financial Statements

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

#### 1. Consolidated Balance Sheet

Prepared by Foshan Electrical and Lighting Co., Ltd.

30 June 2020

Unit: RMB

Item	30 June 2020	31 December 2019
Current assets:		
Monetary assets	1,270,922,790.30	1,125,456,662.64
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets	657,796,459.38	901,166,682.64
Derivative financial assets		
Notes receivable	96,328,610.62	109,444,480.94
Accounts receivable	754,565,733.58	712,175,266.51
Accounts receivable financing		
Prepayments	6,588,282.64	7,851,390.78
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	30,629,514.19	22,307,344.76
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		

Inventories	524,621,286.70	637,336,584.06
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	46,195,101.66	52,502,863.59
Total current assets	3,387,647,779.07	3,568,241,275.92
Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	183,738,416.82	181,093,725.43
Investments in other equity instruments	1,997,994,223.39	1,454,740,241.46
Other non-current financial assets		
Investment property		
Fixed assets	654,479,073.26	629,832,098.35
Construction in progress	82,647,609.80	119,030,610.16
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	165,612,140.26	167,826,499.74
Development costs		
Goodwill		
Long-term prepaid expense	6,241,458.24	7,727,394.74
Deferred income tax assets	31,706,831.27	36,847,064.36
Other non-current assets	7,440,250.54	9,861,098.08
Total non-current assets	3,129,860,003.58	2,606,958,732.32
Total assets	6,517,507,782.65	6,175,200,008.24
Current liabilities:		
Short-term borrowings		
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities		



Derivative financial liabilities		
Notes payable	245,253,258.83	374,665,327.74
Accounts payable	610,696,483.53	559,016,692.70
Advances from customers		50,449,357.17
Contract liabilities	41,949,069.17	
Financial assets sold under repurchase agreements		
Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	44,377,716.78	83,156,852.86
Taxes payable	36,797,827.09	17,211,068.21
Other payables	55,847,187.57	46,073,344.71
Including: Interest payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	1,034,921,542.97	1,130,572,643.39
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		

Deferred income		
Deferred income tax liabilities	218,474,381.48	137,216,136.70
Other non-current liabilities		
Total non-current liabilities	218,474,381.48	137,216,136.70
Total liabilities	1,253,395,924.45	1,267,788,780.09
Owners' equity:		
Share capital	1,399,346,154.00	1,399,346,154.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	158,608,173.07	158,608,173.07
Less: Treasury stock		
Other comprehensive income	1,238,009,149.48	776,260,348.19
Specific reserve		
Surplus reserves	836,559,645.36	836,559,645.36
General reserve		
Retained earnings	1,602,144,888.79	1,709,962,479.45
Total equity attributable to owners of the Company as the parent	5,234,668,010.70	4,880,736,800.07
Non-controlling interests	29,443,847.50	26,674,428.08
Total owners' equity	5,264,111,858.20	4,907,411,228.15
Total liabilities and owners' equity	6,517,507,782.65	6,175,200,008.24

Legal representative: Wu Shenghui

General Manager: Lei Zihe

Chief Financial Officer: Tang Qionglan

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

Unit: RMB

Item	30 June 2020	31 December 2019
Current assets:		
Monetary assets	1,203,728,130.09	1,059,001,233.28
Held-for-trading financial assets	657,796,459.38	901,166,682.64
Derivative financial assets		
Notes receivable	86,684,688.94	107,567,164.99
Accounts receivable	695,350,047.31	666,106,832.53
Accounts receivable financing		

Prepayments	4,437,435.40	6,614,791.10
Other receivables	46,389,136.26	37,934,614.96
Including: Interest receivable		
Dividends receivable		
Inventories	451,996,367.75	553,557,529.00
Contract assets		
Assets held for sale		
Current portion of non-current assets		
Other current assets	38,810,467.31	43,118,385.01
Total current assets	3,185,192,732.44	3,375,067,233.51
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	467,531,519.08	464,886,827.69
Investments in other equity instruments	1,997,994,223.39	1,454,740,241.46
Other non-current financial assets		
Investment property		
Fixed assets	600,171,929.04	573,844,707.66
Construction in progress	82,477,792.67	116,240,559.37
Productive living assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	123,833,564.79	125,673,065.66
Development costs		
Goodwill		
Long-term prepaid expense	4,118,018.95	4,891,398.93
Deferred income tax assets	28,591,147.92	34,205,213.27
Other non-current assets	6,121,450.54	8,440,448.08
Total non-current assets	3,310,839,646.38	2,782,922,462.12
Total assets	6,496,032,378.82	6,157,989,695.63
Current liabilities:		
Short-term borrowings		

Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	245,253,258.83	376,265,327.74
Accounts payable	742,443,210.84	689,846,497.35
Advances from customers		46,758,714.00
Contract liabilities	38,638,644.92	
Employee benefits payable	31,813,426.00	68,658,329.30
Taxes payable	27,472,927.96	12,374,430.19
Other payables	152,464,042.95	125,001,875.83
Including: Interest payable		
Dividends payable		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	1,238,085,511.50	1,318,905,174.41
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities	218,474,381.48	137,216,136.70
Other non-current liabilities		
Total non-current liabilities	218,474,381.48	137,216,136.70
Total liabilities	1,456,559,892.98	1,456,121,311.11
Owners' equity:		
Share capital	1,399,346,154.00	1,399,346,154.00
Other equity instruments		

Including: Preferred shares		
Perpetual bonds		
Capital reserves	166,211,779.15	166,211,779.15
Less: Treasury stock		
Other comprehensive income	1,238,008,872.55	776,242,987.90
Specific reserve		
Surplus reserves	836,559,645.36	836,559,645.36
Retained earnings	1,399,346,034.78	1,523,507,818.11
Total owners' equity	5,039,472,485.84	4,701,868,384.52
Total liabilities and owners' equity	6,496,032,378.82	6,157,989,695.63

Legal representative: Wu Shenghui

General Manager: Lei Zihe

Chief Financial Officer: Tang Qionglan

### 3. Consolidated Income Statement

Unit: RMB

Item	H1 2020	H1 2019
1. Revenue	1,522,884,127.04	1,687,184,660.86
Including: Operating revenue	1,522,884,127.04	1,687,184,660.86
Interest income		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	1,376,707,249.71	1,529,073,323.52
Including: Cost of sales	1,161,598,236.11	1,297,336,713.77
Interest expense		
Handling charge and commission expense		
Surrenders		
Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	15,851,397.76	20,836,268.74

Selling expense	95,277,602.70	123,410,566.38
Administrative expense	64,215,895.53	67,537,179.69
R&D expense	59,098,081.73	29,860,632.61
Finance costs	-19,333,964.12	-9,908,037.67
Including: Interest expense		
Interest income	17,488,125.06	10,378,329.29
Add: Other income	3,028,003.10	5,523,870.00
Return on investment (“-” for loss)	36,143,255.71	43,839,659.74
Including: Share of profit or loss of joint ventures and associates	4,725,081.89	784,711.98
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	-1,532,350.00	-996,200.00
Credit impairment loss (“-” for loss)	-3,379,210.38	-1,036,971.94
Asset impairment loss (“-” for loss)	-3,200,793.69	-12,239,244.21
Asset disposal income (“-” for loss)	7,489.02	
3. Operating profit (“-” for loss)	177,243,271.09	193,202,450.93
Add: Non-operating income	662,887.00	1,941,872.57
Less: Non-operating expense	1,024,568.14	478,391.97
4. Profit before tax (“-” for loss)	176,881,589.95	194,665,931.53
Less: Income tax expense	23,050,722.70	27,167,288.57
5. Net profit (“-” for net loss)	153,830,867.25	167,498,642.96
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	153,830,867.25	167,498,642.96
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to	151,061,447.83	167,275,725.75

owners of the Company as the parent		
5.2.1 Net profit attributable to non-controlling interests	2,769,419.42	222,917.21
6. Other comprehensive income, net of tax	461,748,801.29	61,635,887.65
Attributable to owners of the Company as the parent	461,748,801.29	61,635,887.65
6.1 Items that will not be reclassified to profit or loss	461,765,884.65	61,621,709.81
6.1.1 Changes caused by remeasurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments	461,765,884.65	61,621,709.81
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss	-17,083.36	14,177.84
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Credit impairment allowance for investments in other debt obligations		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements	-17,083.36	14,177.84
6.2.7 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	615,579,668.54	229,134,530.61

Attributable to owners of the Company as the parent	612,810,249.12	228,911,613.40
Attributable to non-controlling interests	2,769,419.42	222,917.21
8. Earnings per share		
8.1 Basic earnings per share	0.1080	0.1195
8.2 Diluted earnings per share	0.1080	0.1195

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

Legal representative: Wu Shenghui

General Manager: Lei Zihe

Chief Financial Officer: Tang Qionglan

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

Unit: RMB

Item	H1 2020	H1 2019
1. Operating revenue	1,422,984,075.84	1,635,659,167.96
Less: Cost of sales	1,114,257,858.54	1,284,411,581.81
Taxes and surcharges	12,796,090.44	17,949,984.61
Selling expense	87,141,728.10	114,023,284.09
Administrative expense	56,438,900.74	58,470,337.78
R&D expense	53,411,931.20	28,129,639.08
Finance costs	-19,059,613.45	-9,671,203.12
Including: Interest expense		
Interest income	17,198,883.00	10,124,433.97
Add: Other income	2,807,028.00	5,323,870.00
Return on investment ("-" for loss)	36,143,255.71	44,169,887.94
Including: Share of profit or loss of joint ventures and associates	4,725,081.89	784,711.98
Income from the derecognition of financial assets at amortized cost ("-" for loss)		
Net gain on exposure hedges ("-" for loss)		
Gain on changes in fair value ("-" for loss)	-1,532,350.00	-996,200.00
Credit impairment loss ("-" for	-1,548,956.28	-99,161.29



loss)		
Asset impairment loss (“-” for loss)	-2,500,432.51	-11,804,419.91
Asset disposal income (“-” for loss)	7,489.02	
2. Operating profit (“-” for loss)	151,373,214.21	178,939,520.45
Add: Non-operating income	527,849.42	1,748,491.88
Less: Non-operating expense	268,377.64	387,894.46
3. Profit before tax (“-” for loss)	151,632,685.99	180,300,117.87
Less: Income tax expense	16,915,430.83	22,896,024.86
4. Net profit (“-” for net loss)	134,717,255.16	157,404,093.01
4.1 Net profit from continuing operations (“-” for net loss)	134,717,255.16	157,404,093.01
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	461,765,884.65	61,621,709.81
5.1 Items that will not be reclassified to profit or loss	461,765,884.65	61,621,709.81
5.1.1 Changes caused by remeasurements on defined benefit schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
5.1.3 Changes in the fair value of investments in other equity instruments	461,765,884.65	61,621,709.81
5.1.4 Changes in the fair value arising from changes in own credit risk		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss		
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Credit impairment allowance		

for investments in other debt obligations		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.7 Other		
6. Total comprehensive income	596,483,139.81	219,025,802.82
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

Legal representative: Wu Shenghui

General Manager: Lei Zihe

Chief Financial Officer: Tang Qionglan

## 5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2020	H1 2019
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	1,515,624,335.16	1,751,423,769.24
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		

Tax rebates	41,505,723.58	48,922,234.35
Cash generated from other operating activities	43,607,475.27	45,162,461.57
Subtotal of cash generated from operating activities	1,600,737,534.01	1,845,508,465.16
Payments for commodities and services	939,689,423.66	1,126,149,726.07
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Net increase in interbank loans granted		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	310,458,004.56	322,785,746.27
Taxes paid	58,197,306.93	94,770,787.34
Cash used in other operating activities	91,315,095.41	111,120,372.00
Subtotal of cash used in operating activities	1,399,659,830.56	1,654,826,631.68
Net cash generated from/used in operating activities	201,077,703.45	190,681,833.48
2. Cash flows from investing activities:		
Proceeds from disinvestment	245,000,000.00	6,000,000.00
Return on investment	35,020,943.18	48,172,890.30
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	131,978.12	40,834.00
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	280,152,921.30	54,213,724.30
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	43,720,265.19	18,563,706.98

Payments for investments		35,000,000.00
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	43,720,265.19	53,563,706.98
Net cash generated from/used in investing activities	236,432,656.11	650,017.32
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings raised		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayment of borrowings		
Interest and dividends paid	258,879,038.49	218,298,000.02
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities		
Subtotal of cash used in financing activities	258,879,038.49	218,298,000.02
Net cash generated from/used in financing activities	-258,879,038.49	-218,298,000.02
4. Effect of foreign exchange rates changes on cash and cash equivalents	-103,583.76	-1,156,757.42
5. Net increase in cash and cash equivalents	178,527,737.31	-28,122,906.64
Add: Cash and cash equivalents, beginning of the period	1,049,833,555.02	795,285,756.38
6. Cash and cash equivalents, end of the period	1,228,361,292.33	767,162,849.74

Legal representative: Wu Shenghui

General Manager: Lei Zihe

Chief Financial Officer: Tang Qionglan

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

Unit: RMB

Item	H1 2020	H1 2019
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	1,439,542,964.28	1,691,951,258.99
Tax rebates	41,500,167.87	48,910,795.69
Cash generated from other operating activities	36,847,098.74	34,052,232.29
Subtotal of cash generated from operating activities	1,517,890,230.89	1,774,914,286.97
Payments for commodities and services	958,739,460.46	1,178,508,853.41
Cash paid to and for employees	237,328,269.38	244,677,337.79
Taxes paid	37,998,771.62	65,955,849.88
Cash used in other operating activities	84,878,540.95	100,456,711.55
Subtotal of cash used in operating activities	1,318,945,042.41	1,589,598,752.63
Net cash generated from/used in operating activities	198,945,188.48	185,315,534.34
2. Cash flows from investing activities:		
Proceeds from disinvestment	245,000,000.00	6,000,000.00
Return on investment	35,020,943.18	48,503,118.50
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	125,361.02	40,330.00
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	280,146,304.20	54,543,448.50
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	42,331,728.97	17,446,155.95
Payments for investments		35,000,000.00
Net payments for the acquisition of subsidiaries and other business units		

Cash used in other investing activities		
Subtotal of cash used in investing activities	42,331,728.97	52,446,155.95
Net cash generated from/used in investing activities	237,814,575.23	2,097,292.55
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayment of borrowings		
Interest and dividends paid	258,879,038.49	218,298,000.02
Cash used in other financing activities		
Subtotal of cash used in financing activities	258,879,038.49	218,298,000.02
Net cash generated from/used in financing activities	-258,879,038.49	-218,298,000.02
4. Effect of foreign exchange rates changes on cash and cash equivalents	-92,218.76	-1,176,711.33
5. Net increase in cash and cash equivalents	177,788,506.46	-32,061,884.46
Add: Cash and cash equivalents, beginning of the period	983,378,125.66	747,588,730.42
6. Cash and cash equivalents, end of the period	1,161,166,632.12	715,526,845.96

Legal representative: Wu Shenghui

General Manager: Lei Zihe

Chief Financial Officer: Tang Qionglan

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

H1 2020

Unit: RMB

Item	H1 2020														
	Equity attributable to owners of the Company as the parent											Non-c	Total		
	Share capita l	Other equity instruments			Capital reserve s	Less: Treasu ry	Other compr ehensi	Specifi c reserve	Surplu s reserve	Genera l reserve	Retain ed earnin	Other	Subtot al	ontroll ing interes	owners , equity
		Prefe	Perpe	Other											

		red share s	tual bond s			stock	ve incom e		s		gs			ts	
1. Balance as at the end of the prior year	1,399,346,154.00				158,608,173.07		776,260,348.19		836,559,645.36		1,709,962,479.45		4,880,736,800.07	26,674,428.08	4,907,411,228.15
Add:															
Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Adjustment for business combination under common control															
Other adjustments															
2. Balance as at the beginning of the year	1,399,346,154.00				158,608,173.07		776,260,348.19		836,559,645.36		1,709,962,479.45		4,880,736,800.07	26,674,428.08	4,907,411,228.15
3. Increase/decrease in the period ("-" for decrease)							461,748,801.29				-107,817,590.66		353,931,210.63	2,769,419.42	356,700,630.05
3.1 Total comprehensive income							461,748,801.29				151,061,447.83		612,810,249.12	2,769,419.42	615,579,668.54
3.2 Capital increased and reduced by owners															
3.2.1 Ordinary shares increased by owners															
3.2.2 Capital															

increased by holders of other equity instruments															
3.2.3 Share-based payments included in owners' equity															
3.2.4 Other															
3.3 Profit distribution										-258,879,038.49		-258,879,038.49		-258,879,038.49	
3.3.1 Appropriation to surplus reserves															
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)										-258,879,038.49		-258,879,038.49		-258,879,038.49	
3.3.4 Other															
3.4 Transfers within owners' equity															
3.4.1 Increase in capital (or share capital) from capital reserves															
3.4.2 Increase in capital (or share capital) from surplus reserves															
3.4.3 Loss offset by surplus reserves															
3.4.4															



Changes in defined benefit schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to retained earnings															
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other															
4. Balance as at the end of the period	1,399,346,154.00				158,608,173.07		1,238,009,149.48		836,559,645.36		1,602,144,888.79		5,234,668,010.70	29,443,847.50	5,264,111,858.20

H1 2019

Unit: RMB

Item	H1 2019														
	Equity attributable to owners of the Company as the parent												Non-co ntrollin g interest s	Total owners' equity	
	Share capita l	Other equity instruments			Capital reserve s	Less: Treasu ry stock	Other compr ehensi ve incom e	Specifi c reserve	Surplu s reserve s	Genera l reserve	Retain ed earnin gs	Other			Subtot al
		Prefe rred share s	Perp etual bond s	Other											
1. Balance as at the end of the prior year	1,399 ,346, 154.0 0				158,60 8,173. 07		297,66 7,872. 80		809,45 6,186. 20		1,654, 181,03 2.39		4,319, 259,41 8.46	22,054, 862.93	4,341,3 14,281. 39
Add: Adjustment for change in							289,35 1,686.						289,35 1,686.		289,351 ,686.49

accounting policy							49						49		
Adjustment for correction of previous error															
Adjustment for business combination under common control															
Other adjustments															
2. Balance as at the beginning of the year	1,399,346,154.00				158,608,173.07		587,019,559.29		809,456,186.20		1,654,181,032.39		4,608,611,104.95	22,054,862.93	4,630,665,967.88
3. Increase/decrease in the period (“-” for decrease)							61,635,887.65				-51,022,274.27		10,613,613.38	222,917.21	10,836,530.59
3.1 Total comprehensive income							61,635,887.65				167,275,725.75		228,911,613.40	222,917.21	229,134,530.61
3.2 Capital increased and reduced by owners															
3.2.1 Ordinary shares increased by owners															
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share-based payments included in owners' equity															

3.2.4 Other														
3.3 Profit distribution										-218,2 98,000 .02		-218,2 98,000 .02		-218,29 8,000.0 2
3.3.1 Appropriation to surplus reserves														
3.3.2 Appropriation to general reserve														
3.3.3 Appropriation to owners (or shareholders)										-218,2 98,000 .02		-218,2 98,000 .02		-218,29 8,000.0 2
3.3.4 Other														
3.4 Transfers within owners' equity														
3.4.1 Increase in capital (or share capital) from capital reserves														
3.4.2 Increase in capital (or share capital) from surplus reserves														
3.4.3 Loss offset by surplus reserves														
3.4.4 Changes in defined benefit schemes transferred to retained earnings														

3.4.5 Other comprehensive income transferred to retained earnings															
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the period															
3.5.2 Used in the period															
3.6 Other															
4. Balance as at the end of the period	1,399,346,154.00				158,608,173.07	648,655,446.94	809,456,186.20		1,603,158,758.12		4,619,224,718.33	22,277,780.14	4,641,502,498.47		

Legal representative: Wu Shenghui

General Manager: Lei Zihe

Chief Financial Officer: Tang Qionglan

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

H1 2020

Unit: RMB

Item	H1 2020											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferr ed shares	Perpet ual bonds	Other								
1. Balance as at the end of the prior year	1,399,346,154.00				166,211,779.15		776,242,987.90		836,559,645.36	1,523,507,818.11		4,701,868,384.52
Add: Adjustment for change in accounting policy												
Adjustment												

for correction of previous error												
Other adjustments												
2. Balance as at the beginning of the year	1,399,346,154.00				166,211,779.15		776,242,987.90		836,559,645.36	1,523,507,818.11		4,701,868,384.52
3. Increase/decrease in the period (“-” for decrease)							461,765,884.65			-124,161,783.33		337,604,101.32
3.1 Total comprehensive income							461,765,884.65			134,717,255.16		596,483,139.81
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners’ equity												
3.2.4 Other												
3.3 Profit distribution										-258,879,038.49		-258,879,038.49
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-258,879,038.49		-258,879,038.49

3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the period	1,399,346,154.00				166,211,779.15		1,238,008,872.55		836,559,645.36	1,399,346,034.78		5,039,472,485.84

H1 2019

Unit: RMB

Item	H1 2019											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance as at the end of the prior year	1,399,346,154.00				166,211,779.15		297,672,884.34		809,456,186.20	1,482,164,706.92		4,154,851,710.61
Add: Adjustment for change in accounting policy							289,351,686.49					289,351,686.49
Adjustment for correction of previous error												
Other adjustments												
2. Balance as at the beginning of the year	1,399,346,154.00				166,211,779.15		587,024,570.83		809,456,186.20	1,482,164,706.92		4,444,203,397.10
3. Increase/decrease in the period (“-” for decrease)							61,621,709.81			-60,893,907.01		727,802.80
3.1 Total comprehensive income							61,621,709.81			157,404,093.01		219,025,802.82
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
3.2.2 Capital increased by holders of other equity												

instruments												
3.2.3 Share-based payments included in owners' equity												
3.2.4 Other												
3.3 Profit distribution										-218,298, 000.02		-218,298,00 0.02
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-218,298, 000.02		-218,298,00 0.02
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive												



income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the period	1,399,346,154.00				166,211,779.15		648,646,280.64		809,456,186.20	1,421,270,799.91		4,444,931,199.90

Legal representative: Wu Shenghui

General Manager: Lei Zihe

Chief Financial Officer: Tang Qionglan

### III Company profile

Foshan Electrical and Lighting Co., Ltd. (hereinafter referred to as “the Company”), a joint-stock limited company jointly founded by Foshan Electrical and Lighting Company, Nanhai Wuzhuang Color Glazed Brick Field, and Foshan Poyang Printing Industrial Co. on 20 October 1992 by raising funds under the approval of YGS (1992) No. 63 Document issued by the Joint Examination Group for Experimental Enterprises in Stock System of Guangdong Province and the Economic System Reform Commission of Guangdong Province, is an enterprise with its shares held by both the corporate and the natural persons. As approved by China Securities Regulatory Commission with Document (1993) No. 33, the Company publicly issued 19.3 million shares of social public shares (A shares) to the public in October 1993, and was listed in Shenzhen Stock Exchange for trade on 23 November 1993. The Company was approved to issue 50,000,000 B shares on 23 July 1995. And, as approved to change into a foreign-invested stock limited company on 26 August 1996 by (1996) WJMZEHZ No. 466 Document issued by the Ministry of Foreign Trade and Economic Cooperation of the People’s Republic of China. On 11 December 2000, as approved by China Securities Regulatory Commission with ZJGS Zi [2000] No. 175 Document, the Company additionally issued 55,000,000 A shares. At approved by the Shareholders’ General Meeting 2006, 2007, 2008, 2014 and 2017 the Company implemented the plan of capitalization of capital reserve, after the transfer, the registered capital of the Company has increased to RMB1,399,346,154.00.

Credibility code of the Company: 91440000190352575W.

Legal representative: Mr. Wu Shenghui

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

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

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

The Financial Report was approved and authorized for issue by the Board of Directors on 27 August 2020.

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

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

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

### **1. Preparation Basis**

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

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

### **2. Continuation**

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

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

Reminders of the specific accounting policies and accounting estimations:

The Company confirmed the specific accounting policies and estimations according to production and operation features, mainly reflecting in the method of provision for accounts receivables bad debt (Note 12. Accounts Receivable), depreciation of fixed assets and amortization of intangible assets (Note 24. Fixed Assets and Note 30. Intangible Assets), and recognized time point of income (Note 39. Revenue), etc.

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

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

## **2. Fiscal Year**

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

## **3. Operating Cycle**

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

## **4. Recording Currency**

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

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

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

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

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

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

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

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

As for the assets other than intangible assets acquired from the acquiree in a business combination (not limited to the assets which have been recognized by the acquiree), if the economic benefits brought by them are likely to flow into the Company and their fair values can be measured reliably, they shall be separately recognized and measured in light of their fair values; intangible asset whose fair value can be measured reliably shall be

separately recognized as an intangible asset and shall be measured in light of its fair value; As for the liabilities other than contingent liabilities acquired from the acquiree, if the performance of the relevant obligations is likely to result in any out-flow of economic benefits from the Company, and their fair values can be measured reliably, they shall be separately recognized and measured in light of their fair values; As for the contingent liabilities of the acquiree, if their fair values can be measured reliably, they shall be separately recognized as liabilities and shall be measured in light of their fair values.

## 6. Methods for Preparing Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

During the Reporting Period, if the Company disposed the subsidiaries, then the income, expenses, and profits of

subsidiaries from period-begin to the disposal date need to be included into consolidated income statement; the cash flow of subsidiaries from period-begin to the disposal date need to be included into consolidated cash flow statement.

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

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

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

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

When the Company is the joint operation party of the joint ventures, should recognize the investment of the joint ventures as the long-term equity investment and be measured according to the said methods of the notes of the long-term equity investment of the financial statement.

## **8. Recognition Standard for Cash and Cash Equivalents**

In the Company's understanding, cash and cash equivalents include cash on hand, any deposit that can be used for cover, and short-term (usually due within 3 months since the day of purchase) and high circulating investments, which are easily convertible into known amount of cash and whose risks in change of value are minimal.

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

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

Foreign currency shall be recognized by employing systematic and reasonable methods, and shall be translated into the amount in the functional currency at the exchange rate which is approximate to the spot exchange rate of the transaction date. On the balance sheet date, the foreign currency monetary items shall be translated at the spot exchange rate. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior to the balance sheet date shall be recorded into the profits and losses at the current period except that the balance of exchange arising from foreign currency borrowings for the purchase and construction or production of qualified assets shall be capitalized. The foreign currency non-monetary items measured at the historical cost shall still be translated at the spot exchange rate on the transaction date.

### **2. Translation of Foreign Currency Financial Statements**

The asset and liability items in the balance sheets shall be translated at a spot exchange rate on the balance sheet

date. Among the owner's equity items, except for the items as "undistributed profits", other items shall be translated at the spot exchange rate at the time when they are incurred. The revenues and the expenses items of the income statement should be translated according to the spot rate on the exchange date.

The difference of the foreign currency financial statements occurred from the above translation should be listed under the "other comprehensive income" item of the owners' equity of the consolidated financial statement. As for the foreign currency items which actually form into the net investment of the foreign operation, the exchange difference occurred from the exchange rate changes should be listed under the "other comprehensive income" of the owners' equity among the consolidated financial statement when compile the consolidated financial statement. When disposing the foreign operation, as for the discounted difference of the foreign financial statement related to the foreign operation should be transferred in the current gains and losses according to the proportion. The foreign cash flow adopts the spot exchange rate on the occurring date of the cash flow. And the influenced amount of the exchange rate changes should be individually listed among the cash flow statement.

## 10. Financial Instruments

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

### 1. Recognition and derecognition of financial instruments

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

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

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

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

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

### 2. Classification and measurement of financial assets

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

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

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

(1) Debt instrument investments measured at amortized cost

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

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

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

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

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

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

contracts are excluded.

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

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

#### 3. Classification and measurement of financial liabilities

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

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

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

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

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

##### (2) Other financial liabilities

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

#### 4. Impairment of financial instruments

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

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

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

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



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

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

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

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

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

#### 5. Financial instruments offset

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

#### 6. Financial guarantee contract

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

#### 7. Derivative financial instruments

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

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

#### 8. Transfer of financial assets

As for the Company transferred nearly all of the risks and rewards related to the ownership of a financial asset to the transferee, should derecognize the financial assets; as for maintained nearly all of the risks and rewards related to the ownership of a financial asset, should continue to recognize the transferred financial assets.

Where the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, it shall deal with it according to the circumstances as follows, respectively: (1) If it gives up its control over the financial asset, it shall stop recognizing the financial asset and recognize the assets and liabilities generated; (2) If it does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly.

### 11. Notes Receivable

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

### 12. Accounts Receivable

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

#### 1. Accounts Receivable with Significant Single Amount for which the Bad Debt Provision is Made Individually

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

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

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

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

Aging	Withdrawal proportion of accounts receivable
-------	----------------------------------------------

Within 1 year (including 1 year)	3%
1 to 2 years	10%
2 to 3 years	30%
3 to 4 years	50%
4 to 5 years	80%
Over 5 years	100%

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

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

## 13. Accounts Receivable Financing

Not applicable

## 14. Other Receivables

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

Refer to Note 12 Accounts Receivable for details about the recognition method and accounting treatment for expected credit losses of other receivables which is the same as that of accounts receivable since 1 January 2019.

## 15. Inventories

### 1. Classification of Inventory

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

### 2. Pricing Method of Inventory Sent Out

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

### 3. Basis for Determining the Net Realizable Value of Inventory and the Method of Withdrawal for Inventory Impairment

Net realizable value refers to the estimated selling price of the inventory minus the estimated cost to be incurred at

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

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

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

#### 4. Inventory System

The inventory system of the Company is perpetual inventory.

#### 5. Amortization Method of Turnover Materials

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

The packaging is amortized in one-off method.

### 16. Contract Assets

The Company presents the right possessed to collect consideration from customers unconditionally (only depending on the passing of time) as accounts receivable, and the right to charge the consideration through transferring any commodity to clients which depends on other factors except the passing of time as contract assets.

As for the recognition method and accounting treatment for expected losses of contract assets, please refer to Note V-12. Accounts Receivable.

### 17. Contract Cost

Not applicable

### 18. Assets Held for Sale

#### 1. Assets Held for Sale

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

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

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

is expected to will be completed within one year, and the sale has been approved if relevant regulations require relevant authority or regulatory authority of the Company to approve it.

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

If one of the following circumstances cannot be controlled by the Company and the transaction between non-related parties fails to be completed within one year, and there is sufficient evidence that the Company still promises to sell the non-current assets or disposal groups, the Company should continue to classify the non-current assets or disposal groups as held-for-sale: ①The purchaser or other party unexpectedly sets conditions that lead to extension of the sale. The Company has already acted on these conditions in a timely manner and it is expected to be able to successfully deal with the conditions that led to the extension of the sale within one year after the conditions were set. ②Due to unusual circumstances, the non-current assets or disposal groups held for sale failed to be sold within one year. In the first year, the Company has taken necessary measures for these new conditions and the assets or disposal groups meet the conditions of held-for-sale again.

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

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

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

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

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

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

## 2. Termination of Operation

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

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

### 3. Presentation

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

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

## 19. Investments in Debt Obligations

Not applicable

## 20. Other Investments in Debt Obligations

Not applicable

## 21. Long-term Receivables

Not applicable

## 22. Long-term Equity Investments

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

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

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

- (1) For the merger of enterprises under the same control, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment,

and the direct relevant expenses occurred for the merger of enterprises shall be included into the profits and losses of the current period.

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

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

(4) The cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued.

(5) The cost of a long-term investment obtained by the exchange of non-monetary assets (having commercial nature) shall be recognized base on taking the fair value and relevant payable taxes as the cost of the assets received.

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

## 2. Subsequent Measurement of Long-term Equity Investment and Recognized Method of Profit/Loss

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

### (1) Long-term Equity Investment Accounted by Cost Method

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

### (2) Long-term Equity Investment Accounted by Equity Method

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

When the equity method is used for accounting, the investment income and other comprehensive income shall be recognized separately according to the net profit or loss and other comprehensive income realized by the investee, and the book value of the long-term equity investment shall be adjusted at the same time. The part entitled shall be calculated according to the profits or cash dividends declared by the investee, and the book value of the long-term equity investment shall be reduced accordingly. For other changes in the owner's equity other than the net profit or loss, other comprehensive income and profit distribution of the investee, the book value of the long-term equity investment shall be adjusted and included in the capital reserve. When the share of the net profit or loss of the investee is recognized, the net profit of the investee shall be adjusted and recognized according to the fair value of the identifiable assets of the investee when the investment is made. If the accounting policies and accounting periods adopted by the investee are inconsistent with the Company, the financial statements of the investee shall

be adjusted according to the accounting policies and accounting periods of the Company and the investment income and other comprehensive income shall be recognized accordingly. For the transactions between the Company and associates and joint ventures, if the assets made or sold don't constitute business, the unrealized gains and losses of the internal transactions are offset by the proportion attributable to the Company, and the investment gains and losses are recognized accordingly. However, the loss of unrealized internal transactions incurred by the Company and the investee attributable to the impairment loss of the transferred assets shall not be offset. If the assets made to associates or joint ventures constitute business, and the investor makes long-term equity investment but does not obtain the control, the fair value of the investment shall be taken as the initial investment cost of the new long-term equity investment, and the difference between initial investment and the book value of the investment is fully recognized in profit or loss for the current period. If the assets sold by the Company to joint ventures or associates constitute business, the difference between the consideration and the book value of the business shall be fully credited to the current profits and losses. If the assets purchased by Company from joint ventures or associates constitute business, conduct accounting treatment in accordance with the provisions of Accounting Standard for Business Enterprises No. 20 - Business combination, and the profits or losses related to the transaction shall be recognized in full.

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

### (3) Acquisition of Minority Interests

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

### (4) Disposal of Long-term Equity Investment

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

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

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

For long-term equity investment accounted by the cost method and residual equity after disposal still accounted by



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

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

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

## 23. Investment Property

Measurement model for investment property

Not applicable

## 24. Fixed Assets

### (1) Recognition Conditions

Fixed assets of the Company refers to the tangible assets that simultaneously possess the features as follows: they are held for the sake of producing commodities, rendering labor service, renting or business management; and their useful life is in excess of one accounting year and unit price is higher. No fixed assets may be recognized unless it simultaneously meets the conditions as follows: ① The economic benefits pertinent to the fixed asset are likely to flow into the Company; and ② The cost of the fixed asset can be measured reliably.

### (2) Depreciation Method

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

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

Not applicable

## 25. Construction in Progress

### 1. Pricing of Construction in Progress

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

## 2. Standard and Time of Construction in Progress Carrying Forward into Fixed Assets

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

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

## 3. Provision for Impairment of Construction in Progress

Please refer to Note 31: Long-term Asset Impairment under Note V for the impairment test method and provision for impairment of construction in progress.

## 26. Borrowing Costs

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

### 1. Principle of capitalization of borrowing costs

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

### 2. Capitalization period of borrowing costs

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

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

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

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

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

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

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

## **27. Living Assets**

Not applicable

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

Not applicable

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

Not applicable

## **30. Intangible Assets**

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

#### **1. Recognition Criteria of Intangible Assets**

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

#### **2. Initial Measurement of Intangible Assets**

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

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

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

#### **3. Subsequent Measurement of Intangible Assets**

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

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

#### 4. Recognition Criteria and Withdrawal Method of Intangible Asset Impairment Provision

The impairment test method and withdrawal method for impairment provision of intangible assets are detailed in Note 31: Long-term asset impairment under Note V.

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

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

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

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

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

### 31. Impairment of Long-term Assets

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

shall be tested for impairment every year, whether or not there is any indication of impairment.

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

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

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

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

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

### **33. Contract Liabilities**

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

## **34. Payroll**

### **(1) Accounting Treatment of Short-term Compensation**

Short-term compensation mainly including salary, bonus, allowances and subsidies, employee services and benefits, medical insurance premiums, birth insurance premium, industrial injury insurance premium, housing fund, labor union expenditure and personnel education fund, non-monetary benefits etc. The short-term compensation actually happened during the accounting period when the active staff offering the service for the Group should be recognized as liabilities and is included in the current gains and losses or relevant assets cost. Of which the non-monetary benefits should be measured according to the fair value.

### **(2) Accounting Treatment of the Welfare after Demission**

Welfare after demission mainly includes defined contribution plans and defined benefit plans. Of which defined contribution plans mainly include basic endowment insurance, unemployment insurance, annuity funds, etc., and the corresponding payable and deposit amount should be included into the relevant assets cost or the current gains and losses when happen.

### **(3) Accounting Treatment of the Demission Welfare**

If an enterprise cancels the labor relationship with any employee prior to the expiration of the relevant labor contract or brings forward any compensation proposal for the purpose of encouraging the employee to accept a layoff, and should recognize the payroll liabilities occurred from the demission welfare base on the earlier date between the time when the Group could not one-sided withdraw the demission welfare which offered by the plan or layoff proposal owning to relieve the labor relationship and the date the Group recognizes the cost related to the reorganization of the payment of the demission welfare and at the same time includes which into the current gains and losses. But if the demission welfare is estimated that could not totally pay after the end of the annual report within 12 months, should be disposed according to other long-term payroll payment.

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

The inside employee retirement plan is treated by adopting the same principle with the above dismiss ion welfare. The group would recorded the salary and the social security insurance fees paid and so on from the employee's service terminative date to normal retirement date into current profits and losses (dismiss ion welfare) under the condition that they meet the recognition conditions of estimated liabilities.

The other long-term welfare that the Group offers to the staffs, if met with the setting drawing plan, should be accounting disposed according to the setting drawing plan, while the rest should be disposed according to the setting revenue plan.

## **35. Lease Liabilities**

Not applicable

## **36. Provisions**

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

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

## 2. Measurement of Provisions

The provisions shall be initially measured in accordance with the best estimate of the necessary expenses for the performance of the current obligation. If there is a sequent range for the necessary expenses and if all the outcomes within this range are equally likely to occur, the best estimate shall be determined in accordance with the middle estimate within the range. In other cases, the best estimate shall be conducted in accordance with the following situations, respectively: ① If the Contingencies concern a single item, it shall be determined in the light of the most likely outcome. ② If the Contingencies concern two or more items, the best estimate should be calculated and determined in accordance with all possible outcomes and the relevant probabilities. ③ When all or some of the expenses necessary for the liquidation of an provisions of an enterprise is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. The Company shall check the book value of the provisions on the balance sheet date. The amount of compensation is not exceeding the book value of the recognized provisions.

## 37. Share-based Payment

Not applicable

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

Not applicable

## 39. Revenue

### The Accounting Policy Adopted for Recognition and Measurement of Revenue

Revenue is the total inflow of economic interests formed by the Company in its routine activities that increase owners' equity and are irrelevant to the capital contributed by the owners.

The Company recognizes revenue when it has fulfilled the obligation of contract performance, namely, when it has acquired the control of the related commodity. The acquisition of control over a commodity refers to the capacity to control the use of the commodity and to gain almost all economic interests thereof. The Company recognizes revenue based on the net of consideration payable to customers upon the delivery of products to customers as agreed in the contract. The Company recognizes the amount of contract consideration collected from customers as contract liabilities when signing contracts with customers and receiving orders but without delivery of products to customers.

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

Not applicable.

## 40. Government Subsidies

### 1. Category of Government Subsidies

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

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

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

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

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

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

### 3. Measurement of Government Subsidies

If a government subsidy is a monetary asset, it shall be measured according to the amount received or receivable.

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

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

### 4. Accounting Treatment for Government Subsidies

The Company adopts the gross method to confirm government subsidies.

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

Government subsidies related to income shall be treated as follows:

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

(2) government subsidies used to compensate the relevant costs, expenses or losses incurred by the Company



shall be directly included in the current profits and losses (subsidies related to the daily activities of the Company are included in other income; while subsidies unrelated to the daily activities of the Company are included in non-operating income).

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

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

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

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

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

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

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

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

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

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

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

## 42. Lease

### (1) Accounting Treatment of Operating Lease

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

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

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

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

### (2) Accounting Treatments of Financial Lease

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

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

## 43. Other Significant Accounting Policies and Estimates

Not applicable

## 44. Changes in Main Accounting Policies and Estimates

### (1) Change of Accounting Policies

☒ Applicable ☐ Not applicable

Changes in accounting policy	Approval procedure	Remark
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On 5 July 2017, the Ministry of Finance issued the Notice on Revising and Issuing the Accounting Standards for Business Enterprises No.14-Revenue (CK(2017)No.22 and required those enterprises both listed in domestic and abroad and those enterprises overseas listed with International Financial Reporting Standards or Accounting Standards for Business Enterprises for preparation of financial statements to implement it since 1 January 2018, required other domestically listed enterprises to implement it since 1 January 2020 and required non-listed enterprises carrying out the Accounting Standards for Business Enterprises to implement it since 1 January 2021. Thus, the Company starts to implement the new standards governing revenue since 1 January 2020 and has made the treatment in accordance with governing connection regulation.	Approved by the 35 <sup>th</sup> Meeting of the 8 <sup>th</sup> Board of Directors	For details, refer to the Announcement on Changes in Accounting Policies (Announcement No.: 2020-011) disclosed on cninfo.com.cn.
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## (2) Changes in Accounting Estimates

☐ Applicable ☒ Not applicable

## (3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Revenue or Leases since 2020

Applicable

Whether items of balance sheets at the beginning of the year need adjustment

☒ Yes ☐ No

Consolidated Balance Sheet

Unit: RMB

Item	31 December 2019	1 January 2020	Adjusted
Current assets:			
Monetary assets	1,125,456,662.64	1,125,456,662.64	
Settlement reserve			
Interbank loans granted			
Held-for-trading financial assets	901,166,682.64	901,166,682.64	
Derivative financial assets			
Notes receivable	109,444,480.94	109,444,480.94	
Accounts receivable	712,175,266.51	712,175,266.51	
Accounts receivable financing			

Prepayments	7,851,390.78	7,851,390.78	
Premiums receivable			
Reinsurance receivables			
Receivable reinsurance contract reserve			
Other receivables	22,307,344.76	22,307,344.76	
Including: Interest receivable			
Dividends receivable			
Financial assets purchased under resale agreements			
Inventories	637,336,584.06	637,336,584.06	
Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets	52,502,863.59	52,502,863.59	
Total current assets	3,568,241,275.92	3,568,241,275.92	
Non-current assets:			
Loans and advances to customers			
Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments	181,093,725.43	181,093,725.43	
Investments in other equity instruments	1,454,740,241.46	1,454,740,241.46	
Other non-current financial assets			
Investment property			
Fixed assets	629,832,098.35	629,832,098.35	
Construction in progress	119,030,610.16	119,030,610.16	
Productive living assets			
Oil and gas assets			

Right-of-use assets			
Intangible assets	167,826,499.74	167,826,499.74	
Development costs			
Goodwill			
Long-term prepaid expense	7,727,394.74	7,727,394.74	
Deferred income tax assets	36,847,064.36	36,847,064.36	
Other non-current assets	9,861,098.08	9,861,098.08	
Total non-current assets	2,606,958,732.32	2,606,958,732.32	
Total assets	6,175,200,008.24	6,175,200,008.24	
Current liabilities:			
Short-term borrowings			
Borrowings from the central bank			
Interbank loans obtained			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	374,665,327.74	374,665,327.74	
Accounts payable	559,016,692.70	559,016,692.70	
Advances from customers	50,449,357.17		-50,449,357.17
Contract liabilities		50,449,357.17	50,449,357.17
Financial assets sold under repurchase agreements			
Customer deposits and interbank deposits			
Payables for acting trading of securities			
Payables for underwriting of securities			
Employee benefits payable	83,156,852.86	83,156,852.86	
Taxes payable	17,211,068.21	17,211,068.21	
Other payables	46,073,344.71	46,073,344.71	
Including: Interest payable			
Dividends payable			

Handling charges and commissions payable			
Reinsurance payables			
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities			
Other current liabilities			
Total current liabilities	1,130,572,643.39	1,130,572,643.39	
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred income tax liabilities	137,216,136.70	137,216,136.70	
Other non-current liabilities			
Total non-current liabilities	137,216,136.70	137,216,136.70	
Total liabilities	1,267,788,780.09	1,267,788,780.09	
Owners' equity:			
Share capital	1,399,346,154.00	1,399,346,154.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	158,608,173.07	158,608,173.07	
Less: Treasury stock			

Other comprehensive income	776,260,348.19	776,260,348.19	
Specific reserve			
Surplus reserves	836,559,645.36	836,559,645.36	
General reserve			
Retained earnings	1,709,962,479.45	1,709,962,479.45	
Total equity attributable to owners of the Company as the parent	4,880,736,800.07	4,880,736,800.07	
Non-controlling interests	26,674,428.08	26,674,428.08	
Total owners' equity	4,907,411,228.15	4,907,411,228.15	
Total liabilities and owners' equity	6,175,200,008.24	6,175,200,008.24	

## Notes to adjustment

In accordance with the new standards governing revenue, “contract liabilities” refer to the Company’s obligations in transferring commodities or services to the client for the received or predicted consideration. The “advances from customers” of the Company received in advance due to performance of contract obligations by customers shall be adjusted into “contract liabilities”.

## Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2019	1 January 2020	Adjusted
Current assets:			
Monetary assets	1,059,001,233.28	1,059,001,233.28	
Held-for-trading financial assets	901,166,682.64	901,166,682.64	
Derivative financial assets			
Notes receivable	107,567,164.99	107,567,164.99	
Accounts receivable	666,106,832.53	666,106,832.53	
Accounts receivable financing			
Prepayments	6,614,791.10	6,614,791.10	
Other receivables	37,934,614.96	37,934,614.96	
Including: Interest receivable			
Dividends receivable			
Inventories	553,557,529.00	553,557,529.00	
Contract assets			

Assets held for sale			
Current portion of non-current assets			
Other current assets	43,118,385.01	43,118,385.01	
Total current assets	3,375,067,233.51	3,375,067,233.51	
Non-current assets:			
Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments	464,886,827.69	464,886,827.69	
Investments in other equity instruments	1,454,740,241.46	1,454,740,241.46	
Other non-current financial assets			
Investment property			
Fixed assets	573,844,707.66	573,844,707.66	
Construction in progress	116,240,559.37	116,240,559.37	
Productive living assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets	125,673,065.66	125,673,065.66	
Development costs			
Goodwill			
Long-term prepaid expense	4,891,398.93	4,891,398.93	
Deferred income tax assets	34,205,213.27	34,205,213.27	
Other non-current assets	8,440,448.08	8,440,448.08	
Total non-current assets	2,782,922,462.12	2,782,922,462.12	
Total assets	6,157,989,695.63	6,157,989,695.63	
Current liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial			



liabilities			
Notes payable	376,265,327.74	376,265,327.74	
Accounts payable	689,846,497.35	689,846,497.35	
Advances from customers	46,758,714.00		-46,758,714.00
Contract liabilities		46,758,714.00	46,758,714.00
Employee benefits payable	68,658,329.30	68,658,329.30	
Taxes payable	12,374,430.19	12,374,430.19	
Other payables	125,001,875.83	125,001,875.83	
Including: Interest payable			
Dividends payable			
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities			
Other current liabilities			
Total current liabilities	1,318,905,174.41	1,318,905,174.41	
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred income tax liabilities	137,216,136.70	137,216,136.70	
Other non-current liabilities			
Total non-current liabilities	137,216,136.70	137,216,136.70	
Total liabilities	1,456,121,311.11	1,456,121,311.11	

Owners' equity:			
Share capital	1,399,346,154.00	1,399,346,154.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	166,211,779.15	166,211,779.15	
Less: Treasury stock			
Other comprehensive income	776,242,987.90	776,242,987.90	
Specific reserve			
Surplus reserves	836,559,645.36	836,559,645.36	
Retained earnings	1,523,507,818.11	1,523,507,818.11	
Total owners' equity	4,701,868,384.52	4,701,868,384.52	
Total liabilities and owners' equity	6,157,989,695.63	6,157,989,695.63	

## Notes to adjustment

In accordance with the new standards governing revenue, “contract liabilities” refer to the Company’s obligations in transferring commodities or services to the client for the received or predicted consideration. The “advances from customers” of the Company received in advance due to performance of contract obligations by customers shall be adjusted into “contract liabilities”.

#### (4) Retroactive Adjustments to Comparative Data of Prior Years when First Execution of any New Standards Governing Revenue or Leases since 2020

☐ Applicable ☒ Not applicable

#### 45. Other

Naught

### VI. Taxes

#### 1. Main Taxes and Tax Rates

Category of taxes	Tax basis	Tax rate
VAT	Sales volume from goods selling or taxable service	6%, 9%, 13%
Urban maintenance and construction tax	Turnover tax payable	7%, 5%

Enterprise income tax	Taxable income	15%, 20%, 25%
Educational surtax	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%

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

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

## 2. Tax Preference

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

FSL Zhida Electric Technology Co., Ltd. passed the examination for High-tech Enterprises in December 2019, and thus FSL Zhida Electric Technology Co., Ltd. paid the corporate income tax based on a tax rate of 15% within three years since 1 January 2019 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.

According to Notice of Implementation of Inclusive Tax Reduction Policy to Small and Micro Enterprises by Ministry of Finance and State Administration of Taxation (CS [2019] No. 13), Foshan Chansheng Electronic Ballast Co., Ltd. is applicable to the preferential tax policy for small low-profit enterprises in 2019: the portion of annual taxable income less than RMB1 million shall be included in the taxable income based on a tax rate of 25% and 20% of preferential tax rate paid for the corporate income tax; the portion of annual taxable income more than RMB1 million but less than RMB3 million shall be included in the taxable income based on a tax rate of 50% and 20% of preferential tax rate paid for the corporate income tax.

### 3. Other

Paid according to the relevant regulation of the tax law.

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

### 1. Monetary Assets

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	10,454.25	18,281.85
Bank deposits	1,222,758,444.44	1,048,694,037.32
Other monetary assets (note 1)	48,153,891.61	70,079,965.12
Unexpired interest (note 2)		6,664,378.35
Total	1,270,922,790.30	1,125,456,662.64
Of which: Total amount deposited overseas	736,020.72	1,232,977.34

Other notes

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

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

### 2. Trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	657,781,609.38	899,619,482.64
Including:		
Wealth management products (note)	340,801,731.51	467,869,852.09
Structural deposits (note)	316,979,877.87	431,749,630.55
Financial assets designated to be measured at fair value through profit or loss	14,850.00	1,547,200.00
Including:		
Total	657,796,459.38	901,166,682.64

Other notes:

They are the low-risk wealth management products of banks with maturity date over three months and investment cycle less than one year and the structural deposits cannot be terminated in advance.

### 3. Derivative Financial Assets

Not applicable

### 4. Notes Receivable

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

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	96,328,610.62	109,444,480.94
Total	96,328,610.62	109,444,480.94

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

☐ Applicable ☒ Not applicable

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

Naught

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

☐ Applicable ☒ Not applicable

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

Unit: RMB

Item	Amount pledged at the period-end
Bank acceptance bill	54,362,766.89
Total	54,362,766.89

#### (4) Notes Receivable which Had Endorsed by the Company or Had Discounted and Had not Due on the Balance Sheet Date at the Period-end

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not recognition termination at the period-end
Bank acceptance bill	56,625,210.50	
Total	56,625,210.50	

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

Naught

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

Naught

## 5. Accounts Receivable

### (1) Accounts Receivable Disclosed by Category

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable withdrawn bad debt provision separately	23,377,223.66	2.89%	16,266,810.09	69.58%	7,110,413.57	23,377,223.66	3.06%	16,266,810.09	69.58%	7,110,413.57
Of which:										
Accounts receivable withdrawn bad debt provision by group	786,091,306.24	97.11%	38,635,986.23	4.91%	747,455,320.01	740,781,145.60	96.94%	35,716,292.66	4.82%	705,064,852.94
Of which:										
Total	809,468,529.90	100.00%	54,902,796.32	6.78%	754,565,733.58	764,158,369.26	100.00%	51,983,102.75	6.80%	712,175,266.51

Individual withdrawal of bad debt provision:

Unit: RMB

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

				side has appealed.
Customer B	9,156,396.52	9,156,396.52	100.00%	Involving lawsuit and having a long account age
Total	23,377,223.66	16,266,810.09	--	--

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Credit risk group	786,091,306.24	38,635,986.23	4.91%
Total	786,091,306.24	38,635,986.23	--

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

☐ Applicable ☒ Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	700,846,872.84
1 to 2 years	62,859,913.68
2 to 3 years	15,654,090.71
Over 3 years	30,107,652.67
3 to 4 years	15,515,563.07
4 to 5 years	1,781,966.16
Over 5 years	12,810,123.44
Total	809,468,529.90

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

Information of withdrawal of bad debt provision:

Unit: RMB

Category	Beginning amount	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	
Accounts receivable	51,983,102.75	2,919,831.52		137.95		54,902,796.32
Total	51,983,102.75	2,919,831.52		137.95		54,902,796.32

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

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

Unit: RMB

Item	Amount
Other retails accounts	137.95
Total	137.95

Of which the verification of accounts receivable with significant amount: naught

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

Unit: RMB

Name of units	Ending balance of accounts receivable	Proportion to total ending balance of accounts receivable (%)	Ending balance of bad debt provision
No. 1	71,743,804.40	8.86%	2,152,314.13
No. 2	38,317,669.82	4.73%	1,149,530.09
No. 3	32,005,878.73	3.95%	960,176.36
No. 4	17,114,271.39	2.11%	2,187,526.58
No. 5	15,400,628.68	1.90%	462,018.86
Total	174,582,253.02	21.55%	

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

Naught

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

Naught

**6. Accounts Receivable Financing**

Naught

**7. Prepayment****(1) Listed by Aging**

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion



Within 1 year	2,958,264.98	44.90%	4,151,087.73	52.87%
1 to 2 years	323,788.69	4.91%	1,687,169.78	21.49%
2 to 3 years	1,402,335.30	21.29%	710,290.79	9.05%
Over 3 years	1,903,893.67	28.90%	1,302,842.48	16.59%
Total	6,588,282.64	--	7,851,390.78	--

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

Unit: RMB

Name of units	Relationship with the Company	Ending balance	Proportion to total prepayments (%)	Aging
No. 1	Non-related supplier	601,013.10	9.12%	Within 3 years
No. 2	Non-related supplier	461,054.68	7.00%	Within 1 year
No. 3	Non-related supplier	381,392.84	5.79%	Within 1 year
No. 4	Non-related supplier	307,514.01	4.67%	Within 3 years
No. 5	Non-related supplier	300,000.00	4.55%	Over 3 years
Total		2,050,974.63	31.13%	

**8. Other Receivables**

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	30,629,514.19	22,307,344.76
Total	30,629,514.19	22,307,344.76

**(1) Interest Receivable**

Naught

**(2) Dividends Receivable**

Naught

**(3) Other Receivables****1) Other Receivables Classified by Account Nature**

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
VAT export tax refunds	12,598,007.93	8,154,485.23

Performance bond	3,984,660.80	3,236,931.10
Staff borrow and deposit	7,253,044.50	5,991,107.91
Rent, water & electricity fees	2,573,758.87	1,686,102.59
Other	6,627,837.16	5,187,134.14
Total	33,037,309.26	24,255,760.97

## 2) Information of Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020	593,749.50	1,354,666.71		1,948,416.21
Balance of 1 January 2020 in the Current Period	—	—	—	—
Withdrawal of the Current Period	196,706.57	262,672.29		459,378.86
Balance of 30 June 2020	790,456.07	1,617,339.00		2,407,795.07

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

☐Applicable ☒Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	26,348,537.05
1 to 2 years	3,629,105.42
2 to 3 years	2,220,271.55
Over 3 years	839,395.24
3 to 4 years	482,096.55
4 to 5 years	50,000.00
Over 5 years	307,298.69
Total	33,037,309.26

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

Information of withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	
Other receivables	1,948,416.21	459,378.86				2,407,795.07
Total	1,948,416.21	459,378.86				2,407,795.07

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

Naught

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

Naught

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

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables (%)	Ending balance of bad debt provision
No. 1	Export rebates	12,598,007.93	Within 1 year	38.13%	377,940.24
No. 2	Other	1,888,515.60	Within 4 years	5.72%	534,299.21
No. 3	Social insurance	1,597,440.13	Within 1 year	4.84%	47,923.20
No. 4	Petty cash	938,266.21	Within 4 years	2.84%	83,256.53
No. 5	Petty cash	917,554.10	Within 5 years	2.78%	227,270.83
Total	--	17,939,783.97	--	54.31%	1,270,690.01

**6) Accounts Receivable Involving Government Grants**

Naught

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

Naught

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

Naught

## 9. Inventory

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

No

### (1) Category of Inventory

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves of inventory or depreciation reserves of contract performance cost	Carrying value	Carrying amount	Falling price reserves of inventory or depreciation reserves of contract performance cost	Carrying value
Raw materials	103,889,353.01	2,093,585.84	101,795,767.17	124,826,657.81	2,426,340.03	122,400,317.78
Goods in process	36,350,773.87		36,350,773.87	32,861,535.80		32,861,535.80
Inventory goods	310,383,717.01	25,231,188.47	285,152,528.54	380,880,872.40	25,335,631.67	355,545,240.73
Semi-finished goods	100,259,311.07	1,388,360.36	98,870,950.71	125,058,072.72	1,658,579.31	123,399,493.41
Low priced and easily worn articles	2,451,266.41		2,451,266.41	3,129,996.34		3,129,996.34
Total	553,334,421.37	28,713,134.67	524,621,286.70	666,757,135.07	29,420,551.01	637,336,584.06

### (2) Falling Price Reserves of Inventory and Depreciation Reserves of Contract Performance Cost

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal	Other	Reversal or write-off	Other	
Raw materials	2,426,340.03	121,610.26		454,364.45		2,093,585.84
Inventory goods	25,335,631.67	3,009,515.62		3,113,958.82		25,231,188.47
Semi-finished goods	1,658,579.31	69,667.81		339,886.76		1,388,360.36
Total	29,420,551.01	3,200,793.69		3,908,210.03		28,713,134.67

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

Naught

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

Naught

**10. Contract Assets**

Naught

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

Naught

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

Naught

**13. Other Current Assets**

Unit: RMB

Item	Ending balance	Beginning balance
Deductible input tax of VAT	46,195,101.66	49,860,530.03
Advance payment of enterprise income tax		2,642,333.56
Total	46,195,101.66	52,502,863.59

**14. Creditor's Rights Investment**

Naught

**15. Other Creditor's Rights Investment**

Naught

**16. Long-term Accounts Receivable**

Naught

**17. Long-term Equity Investment**

Unit: RMB

Investees	Beginnin g balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciat ion reserves
		Additional investmen t	Reduced investmen t	Gains and losses recognize d under the equity method	Adjustme nt of other comprehe nsive income	Changes of other equity	Cash bonus or profits announce d to issue	Withdraw al of impairme nt provision	Other		
I. Joint ventures											
II. Associated enterprises											
Shenzhen Primatron ix (Nanho) Electronic s Ltd.	181,093,7 25.43			4,725,081 .89			2,080,390 .50			183,738,4 16.82	
Subtotal	181,093,7 25.43			4,725,081 .89			2,080,390 .50			183,738,4 16.82	
Total	181,093,7 25.43			4,725,081 .89			2,080,390 .50			183,738,4 16.82	

## 18. Other Equity Instrument Investment

Unit: RMB

Item	Ending balance	Beginning balance
Non-listed equity investment	711,571,895.07	711,571,895.07
Listed equity investment	1,286,422,328.32	743,168,346.39
Total	1,997,994,223.39	1,454,740,241.46

Disclosure of non-trading equity instrument investment by items

Unit: RMB

Item	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for assigning to measure in fair value and the changes included in the current gains and losses	Reason for other comprehensive income transferred to retained earnings
Stock of Guoxuan High-tech		999,789,809.36			Not satisfied with the condition of trading equity	

					instrument	
Stock of Everbright Bank	3,969,005.36	42,747,631.50			Not satisfied with the condition of trading equity instrument	
Xiamen Bank	10,971,417.60	413,943,585.67			Not satisfied with the condition of trading equity instrument	
Guangdong Development Bank Co.,Ltd					Not satisfied with the condition of trading equity instrument	
Foshan Fochan Road Development Company Limited					Not satisfied with the condition of trading equity instrument	
Shenzhen Zhonghao (Group) Ltd					Not satisfied with the condition of trading equity instrument	
Total	14,940,422.96	1,456,481,026.53				

## 19. Other Non-current Financial Assets

Naught

## 20. Investment Property

Naught

## 21. Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	654,479,073.26	629,832,098.35
Total	654,479,073.26	629,832,098.35

### (1) List of Fixed Assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Total
I. Original carrying value					
1. Beginning balance	871,680,760.24	735,281,251.39	21,672,517.21	29,297,960.13	1,657,932,488.97
2. Increased amount of the period	48,006,011.64	10,823,316.21	395,090.98	717,172.87	59,941,591.70
(1) Purchase		4,292,101.66	395,090.98	585,926.58	5,273,119.22
(2) Transfer from construction in progress	48,006,011.64	6,531,214.55		131,246.29	54,668,472.48
(3) Enterprise combination increase					
3. Decreased amount of the period	552,766.18	4,740,760.44	351,701.26	9,958.12	5,655,186.00
(1) Disposal or scrap	552,766.18	3,025,837.36	351,701.26	9,958.12	3,940,262.92
(2) Equipment transformation		1,714,923.08			1,714,923.08
4. Ending balance	919,134,005.70	741,363,807.16	21,715,906.93	30,005,174.88	1,712,218,894.67
II. Accumulative depreciation					
1. Beginning balance	453,670,579.13	529,997,835.69	16,159,650.82	24,199,951.63	1,024,028,017.27
2. Increased amount of the period	13,266,227.01	19,052,788.24	589,829.32	1,012,656.09	33,921,500.66
(1) Withdrawal	13,266,227.01	19,052,788.24	589,829.32	1,012,656.09	33,921,500.66
3. Decreased amount of the period	406,070.64	3,517,542.11	338,602.41	8,972.16	4,271,187.32
(1) Disposal or scrap	406,070.64	2,416,208.72	338,602.41	8,972.16	3,169,853.93
(2) Equipment transformation		1,101,333.39			1,101,333.39
4. Ending balance	466,530,735.50	545,533,081.82	16,410,877.73	25,203,635.56	1,053,678,330.61
III. Depreciation					



reserves					
1. Beginning balance		4,071,945.32		428.03	4,072,373.35
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period		10,882.55			10,882.55
(1) Disposal or scrap					
(2) Equipment transformation		10,882.55			10,882.55
4. Ending balance		4,061,062.77		428.03	4,061,490.80
IV. Carrying value					
1. Ending carrying value	452,603,270.20	191,769,662.57	5,305,029.20	4,801,111.29	654,479,073.26
2. Beginning carrying value	418,010,181.11	201,211,470.38	5,512,866.39	5,097,580.47	629,832,098.35

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

Unit: RMB

Item	Original carrying value	Accumulated depreciation	Depreciation reserves	Carrying value	Note
T5, T8, energy-saving lamp production line	7,940,325.52	5,945,024.07	1,943,741.93	51,559.52	
Total	7,940,325.52	5,945,024.07	1,943,741.93	51,559.52	

**(3) Fixed Assets Leased in by Financing Lease**

Naught

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

Naught

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

Naught

**(6) Disposal of Fixed Assets**

Naught

**22. Construction in Progress**

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	82,647,609.80	119,030,610.16
Total	82,647,609.80	119,030,610.16

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

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Construction in progress	82,647,609.80		82,647,609.80	119,030,610.16		119,030,610.16
Total	82,647,609.80		82,647,609.80	119,030,610.16		119,030,610.16

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

Unit: RMB

Item	Budget	Beginning balance	Increased amount	Transferred in fixed assets	Other decreased amount	Ending balance	Proportion of accumulative investment in constructions to budget	Job schedule	Accumulative amount of interest capitalization	Of which: amount of capitalized interests for the Reporting Period	Capitalization rate of interests for the Reporting Period	Capital resources
Gaoming Office Building	115,530,000.00		2,188,115.98			2,188,115.98	1.89%					Other

Reconstruction project of the main road from the west gate to the south gate of Gaoming Plant	3,880,000.00		2,943,816.51			2,943,816.51	75.87%	80.00%				Other
Section II of the upgrading and reconstruction project of the external façade of the factory next to the main road from the west gate to the south gate of Gaoming Plant (motor vehicle lamps, bidding B and bidding G)	3,394,200.00		2,491,155.98			2,491,155.98	77.65%	95.00%				Other
Upgradi	9,280,16		3,475,61			3,475,61	39.10%	30.00%				Other

ng and reconstru ction project of the road in Gaoming Plant	9.12		4.70			4.70						
Project of building the greening park for leisure and sport in Gaoming Branch Plant	2,820,75 2.94	1,982,05 3.85	287,716. 82			2,269,77 0.67	80.47%	95.00%				Other
Section I of the upgradin g and reconstru ction project of the external fa çade of the factory next to the main road from the west gate to the south gate of Gaoming Plant (luminari	2,377,80 0.00		1,745,17 4.30			1,745,17 4.30	73.39%	95.00%				Other

es, T8)												
Fuwan intellige nt worksho p H	49,070,0 00.00	46,708,0 62.10	1,947,48 9.96	48,655,5 52.06			99.16%	100.00%				Other
Gaoming R&D worksho p 11, 12, 13, 14 and 18	45,000,0 00.00	30,853,9 31.43	426,341. 57			31,280,2 73.00	69.51%	85.00%				Other
Automat ic system of intellige nt producti on worksho p (worksh op H)	21,920,0 00.00	11,117,8 40.76				11,117,8 40.76	50.72%	90.00%				Other
Upgradi ng project in Local roads and greening of Gaoming	6,500,00 0.00	5,408,81 5.09	606,635. 34			6,015,45 0.43	92.55%	95.00%				Other
Upgradi ng project of Standard C worksho p external facade	4,200,00 0.00	3,502,56 8.80				3,502,56 8.80	83.39%	95.00%				Other

48 tons electric melting furnace (18025) Gaoming tank furnace	7,766,000.00	4,295,520.36	165,703.06			4,461,223.42	57.45%	80.00%				Other
Total	271,738,922.06	103,868,792.39	16,277,764.22	48,655,552.06		71,491,004.55	--	--				--

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

Naught

### (4) Engineering Materials

Naught

## 23. Productive Living Assets

Naught

## 24. Oil and Gas Assets

☐ Applicable ☒ Not applicable

## 25. Right-of-use Assets

Naught

## 26. Intangible Assets

### (1) List of Intangible Assets

Unit: RMB

Item	Land use right	Patent	Non-patent technology	Using right of software	Total
I. Original carrying value					
1. Beginning balance	233,741,723.60	200,000.00		2,773,651.87	236,715,375.47
2. Increased					

amount of the period					
(1) Purchase					
(2) Internal R&D					
(3) Business combination increase					
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	233,741,723.60	200,000.00		2,773,651.87	236,715,375.47
II. Accumulated amortization					
1. Beginning balance	66,689,185.37	200,000.00		1,999,690.36	68,888,875.73
2. Increased amount of the period	2,157,510.14			56,849.34	2,214,359.48
(1) Withdrawal	2,157,510.14			56,849.34	2,214,359.48
3. Decreased amount of the period					
(1) Disposal					
4. Ending balance	68,846,695.51	200,000.00		2,056,539.70	71,103,235.21
III. Depreciation reserves					
1. Beginning balance					
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					

4. Ending balance					
IV. Carrying value					
1. Ending carrying value	164,895,028.09			717,112.17	165,612,140.26
2. Beginning carrying value	167,052,538.23			773,961.51	167,826,499.74

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

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

Naught

## 27. Development Costs

Naught

## 28. Goodwill

Naught

## 29. Long-term Prepaid Expense

Unit: RMB

Item	Beginning balance	Increased amount	Amortization amount of the period	Other decreased amount	Ending balance
Engineering decoration expense	5,917,401.48	1,123,699.90	2,144,188.20		4,896,913.18
Other	1,809,993.26		465,448.20		1,344,545.06
Total	7,727,394.74	1,123,699.90	2,609,636.40		6,241,458.24

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

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

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	95,935,216.86	14,925,270.31	93,274,443.32	14,388,688.12



Unrealized profit of internal transactions	1,597,638.67	239,645.80	1,885,791.90	282,868.80
Depreciation of fixed assets	75,345,045.92	11,801,874.19	76,057,614.11	11,908,759.43
Payroll payable	31,600,273.10	4,740,040.97	68,444,986.72	10,266,748.01
Total	204,478,174.55	31,706,831.27	239,662,836.05	36,847,064.36

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

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Changes in fair value of other equity instrument investment	1,456,481,026.53	218,472,153.98	913,227,044.60	136,984,056.70
Changes in fair value of trading financial assets	14,850.00	2,227.50	1,547,200.00	232,080.00
Total	1,456,495,876.53	218,474,381.48	914,774,244.60	137,216,136.70

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

Unit: RMB

Item	Mutual set-off amount of deferred income tax assets and liabilities at the period-end	Amount of deferred income tax assets or liabilities after off-set at the period-end	Mutual set-off amount of deferred income tax assets and liabilities at the period-begin	Amount of deferred income tax assets or liabilities after off-set at the period-begin
Deferred income tax assets		31,706,831.27		36,847,064.36
Deferred income tax liabilities		218,474,381.48		137,216,136.70

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

Naught

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

None

**31. Other Non-current Assets**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Prepayments for business facilities	7,440,250.54		7,440,250.54	9,861,098.08		9,861,098.08
Total	7,440,250.54		7,440,250.54	9,861,098.08		9,861,098.08

**32. Short-term Borrowings**

Naught

**33. Trading Financial Liabilities**

Naught

**34. Derivative Financial Liabilities**

Naught

**35. Notes Payable**

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	245,253,258.83	374,665,327.74
Total	245,253,258.83	374,665,327.74

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

**36. Accounts Payable****(1) List of Accounts Payable**

Unit: RMB

Item	Ending balance	Beginning balance
Accounts payable	610,696,483.53	559,016,692.70
Total	610,696,483.53	559,016,692.70

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

Naught

**37. Advances from Customer**

Naught

**38. Contract Liabilities**

Unit: RMB

Item	Ending balance	Beginning balance
Contract liabilities	41,949,069.17	50,449,357.17
Total	41,949,069.17	50,449,357.17

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

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	83,156,852.86	264,360,371.72	303,139,507.80	44,377,716.78
II. Post-employment benefit-defined contribution plans		7,318,496.76	7,318,496.76	
Total	83,156,852.86	271,678,868.48	310,458,004.56	44,377,716.78

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

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	82,843,966.12	240,873,217.05	279,647,267.73	44,069,915.44
2. Employee welfare		7,831,519.90	7,831,519.90	
3. Social insurance		7,393,860.99	7,393,860.99	
Of which: Medical insurance premiums		4,912,736.13	4,912,736.13	
Work-related injury insurance		158,444.30	158,444.30	
Maternity		2,322,680.56	2,322,680.56	

ty insurance				
4. Housing fund		6,443,415.90	6,443,415.90	
5.Labor union budget and employee education budget	312,886.74	1,818,357.88	1,823,443.28	307,801.34
Total	83,156,852.86	264,360,371.72	303,139,507.80	44,377,716.78

### (3) List of Defined Contribution Plans

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits		7,162,965.35	7,162,965.35	
2. Unemployment insurance		155,531.41	155,531.41	
Total		7,318,496.76	7,318,496.76	

Other notes:

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

### 40. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	17,663,202.53	2,848,860.13
Corporate income tax	11,806,372.90	12,419,827.14
Personal income tax	314,431.98	595,012.66
Urban maintenance and construction tax	1,201,573.35	385,734.01
Education surcharge	878,623.80	281,417.17
Property tax	2,911,388.90	264,468.41
Land use tax	1,814,012.67	187,752.00
Other	208,220.96	227,996.69
Total	36,797,827.09	17,211,068.21

### 41. Other Payables

Unit: RMB

Item	Ending balance	Beginning balance
Other payables	55,847,187.57	46,073,344.71
Total	55,847,187.57	46,073,344.71

**(1) Interest Payable**

Naught

**(2) Dividends Payable**

Naught

**(3) Other Payables****1) Other Payables Listed by Nature**

Unit: RMB

Item	Ending balance	Beginning balance
Compensation for lawsuit	1,126,231.95	1,126,231.95
Performance bond	36,709,870.57	29,641,485.45
Relevant expense of sales	3,143,931.43	3,323,583.65
Other	14,867,153.62	11,982,043.66
Total	55,847,187.57	46,073,344.71

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

Naught

**42. Liabilities Held for sale**

Naught

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

Naught

**44. Other Current Liabilities**

Naught

**45. Long-term Borrowings**

Naught

**46. Bonds Payable**

Naught

**47. Lease Liabilities**

Naught

**48. Long-term Payables**

Naught

**49. Long-term Payroll Payable**

Naught

**50. Provisions**

Naught

**51. Deferred Income**

Naught

**52. Other Non-current Liabilities**

Naught

**53. Share Capital**

Unit: RMB

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

**54. Other Equity Instruments**

Naught

**55. Capital Reserves**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium (premium on stock)	151,362,201.53			151,362,201.53
Other capital reserves	7,245,971.54			7,245,971.54
Total	158,608,173.07			158,608,173.07

**56. Treasury Shares**

Naught

**57. Other Comprehensive Income**

Unit: RMB

Item	Beginning balance	Reporting Period						Ending balance
		Income before taxation in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred to profit or loss in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred to retained earnings in the Current Period	Less: Income tax expense	Attributable to owners of the Company as the parent after tax	Attributable to non-controlling interests after tax	
I. Other comprehensive income that may not subsequently be reclassified to profit or loss	776,242,987.90	543,253,981.93			81,488,097.28	461,765,884.65		1,238,008,872.55
Changes in fair value of other equity instrument investment	776,242,987.90	543,253,981.93			81,488,097.28	461,765,884.65		1,238,008,872.55
II. Other comprehensive income that may subsequently be reclassified to profit or loss	17,360.29	-17,083.36				-17,083.36		276.93
Differences arising from	17,360.29	-17,083.36				-17,083.36		276.93

translation of foreign currency-denominated financial statements								
Total of other comprehensive income	776,260,348.19	543,236,898.57			81,488,097.28	461,748,801.29		1,238,009,149.48

## 58. Specific Reserve

Naught

## 59. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	699,673,077.00			699,673,077.00
Discretionary surplus reserves	136,886,568.36			136,886,568.36
Total	836,559,645.36			836,559,645.36

## 60. Retained Earnings

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	1,709,962,479.45	1,654,181,032.39
Beginning balance of retained earnings after adjustments	1,709,962,479.45	1,654,181,032.39
Add: Net profit attributable to owners of the Company as the parent	151,061,447.83	167,275,725.75
Dividend of ordinary shares payable	258,879,038.49	218,298,000.02
Ending retained earnings	1,602,144,888.79	1,603,158,758.12

List of adjustment of beginning retained earnings:

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



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

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	1,504,924,771.42	1,148,135,574.08	1,670,888,644.93	1,283,982,749.97
Other operations	17,959,355.62	13,462,662.03	16,296,015.93	13,353,963.80
Total	1,522,884,127.04	1,161,598,236.11	1,687,184,660.86	1,297,336,713.77

Relevant information of revenue:

Unit: RMB

Category of contracts	Segment 1	Segment 2		Total
Type of products	1,522,884,127.04			1,522,884,127.04
Of which:				
LED lighting products	1,165,303,011.92			1,165,303,011.92
Traditional lighting products	300,738,547.81			300,738,547.81
Electrical products	38,883,211.69			38,883,211.69
Other	17,959,355.62			17,959,355.62
By operating places	1,522,884,127.04			1,522,884,127.04
Of which:				
Domestic sales	944,602,854.41			944,602,854.41
Export sales	578,281,272.63			578,281,272.63
Total	1,522,884,127.04			1,522,884,127.04

Information related to transaction value assigned to residual performance obligations:

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

**62. Taxes and Surtaxes**

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	4,998,635.00	8,002,766.99
Education surcharge	3,577,428.55	5,716,249.15
Property tax	3,633,352.66	3,616,025.09
Land use tax	2,684,232.16	2,499,767.83
Vehicle and vessel use tax	8,527.08	4,952.48

Stamp duty	913,111.28	934,962.64
Environmental protection tax	36,111.03	61,544.56
Total	15,851,397.76	20,836,268.74

### 63. Selling Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	28,172,676.97	29,625,732.79
Freight	33,427,988.23	36,186,424.88
Business propagandize fees and advertizing fees	7,286,534.16	23,221,696.87
Sales promotion fees	4,462,291.48	10,918,490.31
Business travel charges	2,464,021.64	5,908,417.09
Dealer meeting expense	513,244.52	2,629,705.03
Other	18,950,845.70	14,920,099.41
Total	95,277,602.70	123,410,566.38

### 64. Administrative Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	35,721,650.78	41,310,326.31
Depreciation charge	8,106,951.60	7,701,119.24
Office expenses	5,964,403.64	5,056,903.17
Rent of land and management charge	2,862,186.81	2,757,197.21
Amortization of intangible assets	2,214,359.48	2,214,360.20
Other	9,346,343.22	8,497,273.56
Total	64,215,895.53	67,537,179.69

### 65. Development Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	35,672,528.60	23,210,591.76
Expense on equipment debugging	2,837,455.51	1,357,085.75
Certification and testing fee	4,847,341.24	2,197,635.38

Material consumption	3,242,624.38	1,955,730.02
Charges related to patents	2,724,900.93	187,908.12
Depreciation and long-term prepaid expense	5,814,964.29	303,946.75
Other	3,958,266.78	647,734.83
Total	59,098,081.73	29,860,632.61

Other information:

1. R&D expense stood at RMB29,237,449.12 in the current period, up 97.91% year-on-year, primarily driven by a considerable increase in labor cost, etc.
2. In respect of R&D expense incurred by the Company, expense other than that on bench-scale and pilot-scale production is included in R&D expense; and sales revenue of products from bench-scale and pilot-scale production is included in core business revenue and the relevant costs are included in cost of sales of core business.

## 66. Finance Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expense		
Less: Interest income	17,488,125.06	10,378,329.29
Foreign exchange gains or losses	-2,544,700.07	-303,552.28
Other	698,861.01	773,843.90
Total	-19,333,964.12	-9,908,037.67

## 67. Other Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Subsidy for stabilizing posts	39,075.10	
Supporting fund for import and export	126,000.00	4,494,490.00
Rewards of "Competition among Hundreds of Enterprises"		700,000.00
Other	2,862,928.00	329,380.00
Total	3,028,003.10	5,523,870.00

## 68. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	4,725,081.89	784,711.98
Investment income from holding of trading financial assets		1,750,000.00
Investment income from disposal of trading financial assets		13,550,000.00
Investment income from holding of other equity instrument investment	14,940,422.96	13,957,444.99
Income received from financial products and structural deposits	15,454,650.86	14,528,002.77
Other	1,023,100.00	-730,500.00
Total	36,143,255.71	43,839,659.74

## 69. Net Gain on Exposure Hedges

Naught

## 70. Gain on Changes in Fair Value

Unit: RMB

Sources	Reporting Period	Same period of last year
Trading financial assets	-1,532,350.00	
Trading financial liabilities		-996,200.00
Total	-1,532,350.00	-996,200.00

## 71. Credit Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
Bad debt loss of other receivables	-459,378.86	-340,621.91
Bad debt loss of accounts receivable	-2,919,831.52	-696,350.03
Total	-3,379,210.38	-1,036,971.94

## 72. Asset Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
II. Loss on inventory valuation and	-3,200,793.69	-12,239,244.21

contract performance cost		
Total	-3,200,793.69	-12,239,244.21

### 73. Assets Disposal Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Disposal income of fixed assets	7,489.02	
Total	7,489.02	

### 74. Non-operating Income

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Government grants	57,720.00	1,202,579.96	57,720.00
Total income from disposal of non-current assets	43,653.10		43,653.10
Of which: Income from disposal of fixed assets	43,653.10		43,653.10
Other	561,513.90	739,292.61	561,513.90
Total	662,887.00	1,941,872.57	662,887.00

Government grants recorded in current profit or loss:

Unit: RMB

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

			line with the law and the regulations of national policy)					
Other miscellaneous government grants		Reward	Subsidy from R&D technical updating and transformation, etc.	No	No	57,720.00	1,125,080.00	Related to income
Total						57,720.00	1,202,579.96	

## 75. Non-operating Expense

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Total losses from disposal of non-current assets	704,238.91	53,336.67	704,238.91
Of which: Losses from disposal of fixed assets	704,238.91	53,336.67	704,238.91
Losses on inventories	274,833.59	170,523.69	274,833.59
Penalty	45,447.00	4,995.00	45,447.00
Delaying payment	47.09	239,571.80	47.09
Other	1.55	9,964.81	1.55
Total	1,024,568.14	478,391.97	1,024,568.14

## 76. Income Tax Expense

### (1) List of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	18,140,342.11	23,839,915.08
Deferred income tax expense	4,910,380.59	3,327,373.49
Total	23,050,722.70	27,167,288.57

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

Unit: RMB

Item	Reporting Period
Profit before taxation	176,881,589.95
Current income tax expense accounted at statutory/applicable tax rate	26,532,238.49
Influence of applying different tax rates by subsidiaries	2,102,297.10
Influence of income tax before adjustment	-2,633,987.16
Investment income and final dividend	-2,949,825.73
Income tax expense	23,050,722.70

**77. Other Comprehensive Income**

Refer to Note 57 for details.

**78. Cash Flow Statement****(1) Cash Generated from Other Operating Activities**

Unit: RMB

Item	Reporting Period	Same period of last year
Margin income	5,143,890.04	14,070,620.26
Deposit interest	20,811,434.74	8,960,610.92
Subsidy income	3,001,473.10	6,634,379.76
Income from waste	6,810,795.49	6,413,317.83
Property and rental income	3,790,160.94	3,133,802.35
Income from insurance compensation	11,293.51	245,123.30
Other	4,038,427.45	5,704,607.15
Total	43,607,475.27	45,162,461.57

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

Unit: RMB

Item	Reporting Period	Same period of last year
Administrative expense paid in cash	22,211,979.63	15,681,410.19
Selling expense paid in cash	60,915,397.06	80,443,469.23
Finance costs paid in cash	516,972.81	237,571.61

Returned cash deposit	4,145,401.79	7,855,566.14
Other	3,525,344.12	6,902,354.83
Total	91,315,095.41	111,120,372.00

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

Naught

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

Naught

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

Naught

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

Naught

**79. Supplemental Information for Cash Flow Statement****(1) Supplemental Information for Cash Flow Statement**

Unit: RMB

Supplemental information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities:	--	--
Net profit	153,830,867.25	167,498,642.96
Add: Provision for impairment of assets	6,580,004.07	13,276,216.15
Depreciation of fixed assets, oil-gas assets, and productive living assets	33,921,500.66	31,885,398.98
Amortization of intangible assets	2,214,359.48	2,214,360.20
Amortization of long-term prepaid expenses	2,609,636.40	3,198,379.16
Loss from disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	-7,489.02	
Losses from scrapping of fixed assets (gains: negative)	660,585.81	53,336.67
Losses from changes in fair value (gains: negative)	1,532,350.00	996,200.00



Investment loss (gains: negative)	-36,143,255.71	-43,839,659.74
Decrease in deferred income tax assets (increase: negative)	5,140,233.09	3,327,373.49
Increase in deferred income tax liabilities ("—" for decrease)	-229,852.50	
Decrease in inventory ("—" for increase)	113,422,713.70	116,836,131.75
Decrease in operating receivables ("—" for increase)	-50,808,368.68	12,637,048.69
Increase in operating payables ("—" for decrease)	-31,645,581.10	-117,401,594.83
Net cash generated from/used in operating activities	201,077,703.45	190,681,833.48
2.Significant investing and financing activities without involvement of cash receipts and payments	--	--
3.Net increase/decrease of cash and cash equivalents:	--	--
Ending balance of cash	1,228,361,292.33	767,162,849.74
Less: Beginning balance of cash	1,049,833,555.02	795,285,756.38
Net increase in cash and cash equivalents	178,527,737.31	-28,122,906.64

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

Naught

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

Naught

## (4) Cash and Cash Equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	1,228,361,292.33	1,049,833,555.02
Including: Cash on hand	10,454.25	18,281.85
Bank deposit on demand	1,221,672,815.19	1,047,408,408.07
Other monetary assets on demand	6,678,022.89	2,406,865.10
III. Ending balance of cash and cash equivalents	1,228,361,292.33	1,049,833,555.02

**80. Notes to Items of the Statements of Changes in Owners' Equity**

Notes to the name of "Other" of ending balance of the same period of last year adjusted and the amount adjusted:  
Not applicable

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

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary assets	42,561,497.97	Security deposit of notes and security deposit of future foreign exchange settlement
Notes receivable	54,362,766.89	Pledged for notes pool
Total	96,924,264.86	--

**82. Foreign Currency Monetary Items****(1) Foreign Currency Monetary Items**

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets	--	--	1,376,612.78
Of which: USD	153,604.91	7.0795	1,087,445.93
EUR	36,322.93	7.9610	289,166.85
HKD			
Accounts receivable	--	--	266,741,301.46
Of which: USD	37,677,985.94	7.0795	266,741,301.46
EUR			
HKD			
Long-term borrowings	--	--	
Of which: USD			
EUR			
HKD			

Contract liabilities			15,818,117.57
Of which: USD	2,234,355.19	7.0795	15,818,117.57
Prepayments			1,061,246.78
Of which: USD	149,904.20	7.0795	1,061,246.78
Other payables			496,060.57
Of which: USD	70,070.00	7.0795	496,060.57

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

☐ Applicable ☒ Not applicable

### 83. Arbitrage

Naught

### 84. Government Grants

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

Unit: RMB

Type	Amount	Presented in	Charged to current profit or loss
Subsidy for stabilizing posts	39,075.10	Other income	39,075.10
Supporting fund for import and export	126,000.00	Other income	126,000.00
Other	2,862,928.00	Other income	2,862,928.00
Other miscellaneous government subsidies	57,720.00	Non-operating income	57,720.00
Total	3,085,723.10		3,085,723.10

#### (2) Return of Government Grants

Naught

### 85. Other

Naught

## VIII. Changes of Consolidation Scope

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

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

Naught

#### (2) Combination Cost and Goodwill

Naught

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

Naught

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

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

☐ Yes ☒ No

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

Naught

#### (6) Other Notes

Naught

### 2. Business Combination under the Same Control

Naught

### 3. Counter Purchase

Naught

### 4. Disposal of Subsidiary

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

☐ Yes ☒ No

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

☐ Yes ☒ No

## 5. Changes in Combination Scope for Other Reasons

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

## 6. Other

Naught

## IX. Equity in Other Entities

### 1. Equity in Subsidiary

#### (1) Subsidiaries

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Foshan Chansheng Electronic Ballast Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
Foshan Lighting Lamps & Components Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
Guangdong Fozhao New Light Sources Technology Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
FSL Chanchang Optoelectronics Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	Foshan	Foshan	Production and sales	70.00%		Newly established
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	Xinxiang	Xinxiang	Production and sales	100.00%		Newly established
Nanjing Fozhao Lighting	Nanjing	Nanjing	Production and sales	100.00%		Acquired

Components Manufacturing Co., Ltd.						
FSL Zhida Electric Technology Co., Ltd.	Foshan	Foshan	Production and sales	51.00%		Newly established
FSL LIGHTING GmbH	Germany	Germany	Production and sales	100.00%		Newly established

Notes: Holding proportion in subsidiary different from voting proportion:

Naught

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

Naught

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

Naught

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

Naught

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

Unit: RMB

Name	Shareholding proportion of non-controlling interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	30.00%	1,025,914.03		10,238,829.41
FSL Zhida Electric Technology Co., Ltd.	49.00%	1,743,505.39		19,205,018.09

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

Unit: RMB

Name	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Foshan Taimei Times	63,630,044.83	17,115,823.98	80,745,868.81	46,616,437.46		46,616,437.46	40,797,259.87	17,975,735.27	58,772,995.14	28,063,277.21		28,063,277.21

Lamps and Lanterns Co., Ltd.												
FSL Zhida Electric Technology Co., Ltd.	84,408,301.99	8,382,861.83	92,791,163.82	40,951,331.00		40,951,331.00	79,707,213.61	9,067,380.69	88,774,594.30	40,492,935.74		40,492,935.74

Unit: RMB

Name	Reporting Period				Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	62,409,344.35	3,419,713.42	3,419,713.42	-2,169,954.22	59,575,680.86	1,509,228.08	1,509,228.08	778,035.37
FSL Zhida Electric Technology Co., Ltd.	45,607,598.07	3,558,174.26	3,558,174.26	-2,023,109.53	38,271,963.92	-469,084.10	-469,084.10	6,129,306.92

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

Naught

#### (5) Financial Support or Other Supports Provided to Structural Entities Incorporated into the Scope of Consolidated Financial Statements

Naught

### 2. The Transaction of the Company with Its Owner's Equity Share Changed but Still Controlling the Subsidiary

Naught

**3. Equity in Joint Ventures or Associated Enterprises****(1) Significant Joint Ventures or Associated Enterprises**

Naught

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

Naught

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

Naught

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

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/Same period of last year
Joint ventures:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprises:	--	--
Total carrying value of investment	183,738,416.82	181,093,725.43
The total of following items according to the shareholding proportions	--	--
--Net profit	4,725,081.89	784,711.98
--Total comprehensive income	4,725,081.89	784,711.98

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

Naught

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

Naught

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

Naught



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

Naught

**4. Significant Common Operation**

Naught

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

Naught

**6. Other**

Naught

**X. The Risk Related to Financial Instruments**

The financial instruments of the Company included: monetary funds, notes receivable, accounts receivable, notes receivable, accounts payable, etc. The details of each financial instrument see relevant items of Note VII.

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

**(I) Credit risk**

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

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

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

**(II) Liquidity Risk**

Liquidity risk is referred to their risk of incurring capital shortage when performing settlement obligation in the way of cash payment or other financial assets. The policies of the Company are to ensure that there was sufficient cash to pay the due liabilities. The liquidity risk is centralized controlled by the Financial Department of the Company. The financial department through supervising the balance of the cash and securities can be convert to cash at any time and the rolling prediction of cash flow in future 12 months to ensure the Company have sufficient cash to pay the liabilities under the case of all reasonable prediction, Each financial liability of the Company was estimated due within 1 year.

**(III) Market risk**

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

**1. Exchange rate risk**

Exchange rate risk was referred to risk of possible losses due to changes of exchange rate. The exchange rate risk

undertaken by the Company was mainly generated from USD and EUR. On 30 June 2020, all assets and liabilities of the Company were balances in RMB except that the balances of assets and liabilities presented in the Note VII (82) Foreign Currency Monetary Items were in USD and EUR. The exchange rate risk generated from those balance of assets and liabilities in foreign currency might influence the running performance of the Company to some extent.

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

## 2. Interest rate risk

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

## 3. Other price risk

Naught

# XI. The Disclosure of Fair Value

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

Unit: RMB

Item	Ending fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(I) Trading financial assets	14,850.00	657,781,609.38		657,796,459.38
1. Financial assets at fair value through profit or loss		657,781,609.38		657,781,609.38
2. Specified as financial assets at fair value through profit or loss	14,850.00			14,850.00
(III) Other equity instrument investment	1,286,422,328.32		711,571,895.07	1,997,994,223.39
II. Inconsistent fair value measurement	--	--	--	--

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

In line with the market price of shares on the balance sheet date and forward foreign exchange rate.

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

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

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

(1) Because the invested company, Xiamen Bank planned IPO and to list, significant changes have been occurred to the business environment, operation conditions and financial conditions compared to the initial investment. Refer to prospectus declaration and relative proportion between the recent issue price of similar listed banks and net assets, as well as regard the period-end portion of net assets in Xiamen Bank enjoyed by the Company as the reasonable estimation of fair value to measure.

(2) Because the business environment, operation conditions and financial conditions of the invested companies, China Guangfa Bank and Foshan Fochan Expressway Development Co., Ltd. haven't changed significantly, the Company takes investment costs as the reasonable estimation of fair value to measure.

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

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

Naught

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

Naught

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

Naught

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

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

### **9. Other**

Naught

## XII. Related Party and Related-party Transactions

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

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the Company as the parent against the Company	Proportion of voting rights owned by the Company as the parent against the Company
Hong Kong Wah Shing Holding Company Limited	Hong Kong	Investment	HKD110,000	13.47%	13.47%
Shenzhen Rising Investment Development Co., Ltd.	Shenzhen	Investment	RMB135.409614 million	5.12%	5.12%
Guangdong Electronics Information Industry Group Ltd.	Guangzhou	Sales & Production	RMB462 million	4.85%	4.85%
Rising Investment Development Co., Ltd.	Hong Kong	Investment	RMB200 million and HKD1 million	1.82%	1.82%
Guangdong Rising Finance Holding Co., Ltd.	Zhuhai	Investment	RMB1,393 million	0.82%	0.82%
Total				26.08%	26.08%

Notes: Information on the Company as the parent

The largest shareholder of the Company, Hong Kong Wah Shing Holding Co., Ltd., was the wholly-owned subsidiary of Electronics Group, and Electronics Group, Shenzhen Rising Investment Development Co., Ltd. (hereinafter referred to as “Shenzhen Rising”), Guangdong Rising Finance Holding Co., Ltd. (hereinafter referred to as “GD Rising Finance”) and Rising Investment Development Co., Ltd. (hereinafter referred to as “Rising Investment”) were the wholly-owned subsidiaries of Guangdong Rising Assets Management Co., Ltd. (hereinafter referred to as “Rising Company”). In line with the relevant stipulation of Corporation Law and Rules on Listed Companies Acquisition, Electronics Group, Shenzhen Rising and Rising Investment were persons acting in concert, and the Rising Company was the actual controller of the Company. As of 30 June 2020, the aforesaid persons acting in concert holding total A, B share of the Company 364,986,381 shares, 26.083 % of total share equity of the Company.

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

## 2. Subsidiaries of the Company

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

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

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

## 4. Information on Other Related Parties

Name	Relationship with the Company
PROSPERITY LAMPS & COMPONENTS LTD	Shareholder owning over 5% shares
Foshan NationStar Optoelectronics Co. Ltd.	Under same actual controller
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Under same actual controller
Guangdong Vollsun Data Solid-state Storage Co., Ltd	Under same actual controller
Guangdong Rising Finance Limited	Under same actual controller
MTM Semiconductor Equipment Co., Ltd.	Under same actual controller
Guangdong Electronic Technology Research Institute	Under same actual controller
Guangzhou Diansheng Property Management Co., Ltd.	Under same actual controller
Zhuhai Doumen District Yongxingsheng Environmental Industrial Wastes Recycling Comprehensive Treatment Co., Ltd.	Under same actual controller
Jiangmen Dongjiang Environmental Protection Technology Co., Ltd.	Under same actual controller
Foshan Fulong Environmental Protection Technology Co., Ltd.	Under same actual controller
Guangdong Guangsheng Communications Technology Co., Ltd.	Under same actual controller
Guangzhou Huajian Engineering Construction Co., Ltd.	Under same actual controller
Hangzhou Times Lighting and Electrical Co., Ltd.	Company controlled by related natural person
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Company controlled by related natural person
Prosperity Electrical (China) Co., Ltd.	Company controlled by related natural person
OSRAM (China) Lighting Co., Ltd.	Company controlled by related natural person with significant influence

## 5. List of Related-party Transactions

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

Information on acquisition of goods and reception of labor service

Unit: RMB

Related party	Content	Reporting Period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
Foshan NationStar Optoelectronics Co., Ltd.	Purchase of materials	15,731,289.16	200,000,000.00	No	24,160,788.99
PROSPERITY LAMPS & COMPONENTS LTD	Purchase of materials	1,070,878.91	11,000,000.00	No	1,358,912.39
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Purchase of materials	2,753,999.58	6,500,000.00	No	1,919,036.93
Prosperity Electrical (China) Co., Ltd.	Purchase of materials	118,407.08	1,000,000.00	No	
Hangzhou Times Lighting and Electrical Co., Ltd.	Purchase of materials	161,975.60	2,000,000.00	No	317,153.35
MTM Semiconductor Equipment Co., Ltd.	Purchase of equipment				261,855.01
Guangdong Electronic Technology Research Institute	Purchase of equipment	278,761.06	1,000,000.00	No	46,551.72
Zhuhai Doumen District Yongxingsheng Environmental Industrial Wastes Recycling Comprehensive Treatment Co., Ltd.	Receiving labor service	13,274.34			54,676.52
Jiangmen Dongjiang Environmental Protection Technology Co., Ltd.	Receiving labor service	33,309.73			
Foshan Fulong Environmental Protection	Receiving labor service	42,477.88			

Technology Co., Ltd.					
Guangdong Electronic Technology Research Institute	Receiving labor service	3,033.63			
Total		20,207,406.97	221,500,000.00		28,118,974.91

## Information of sales of goods and provision of labor service

Unit: RMB

Related party	Content	Reporting Period	Same period of last year
PROSPERITY LAMPS & COMPONENTS LTD	Sale of products	9,332,663.68	11,773,638.34
Prosperity Electrical (China) Co., Ltd.	Sale of products	11,282.10	56,974.66
Guangzhou Diansheng Property Management Co., Ltd.	Sale of products		846.90
Guangdong Rising Assets Management Co., Ltd.	Sale of products	34,336.28	
Guangdong Electronics Information Industry Group Ltd.	Sale of products	8,004.42	
Guangdong Rising Communications Technology Co., Ltd.	Sale of products	23,628.32	
Guangzhou Huajian Engineering Construction Co., Ltd.	Sale of products	127,948.85	
Total		9,537,863.65	11,831,459.90

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

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

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

Naught

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

The Company was lessor:

Naught

The Company was lessee:

Unit: RMB

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

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

Naught

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

Naught

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

Naught

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

Unit: RMB

Item	Reporting period	Same period of last year
Chairman of the Board	197,370.00	
General Manager	548,526.00	707,777.02
Chairman of the Supervisory Committee	401,155.00	199,621.80
Secretary of the Board		66,667.00
Chief Financial Officer	401,155.00	407,777.02
Other	2,116,926.00	2,773,195.18
Total	3,665,132.00	4,155,038.02

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

Naught

### 6. Accounts Receivable and Payable of Related Party

#### (1) Accounts Receivable

Unit: RMB

Item	Related party	Ending balance	Beginning balance
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		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Monetary capital-Interest receivable	Guangdong Rising Finance Co., Ltd.			3,126,022.22	
Accounts receivable	PROSPERITY LAMPS & COMPONENTS LTD	2,082,583.52	62,477.51	3,158,126.65	94,743.80
Accounts receivable	Guangdong Vollsun Data Solid-state Storage Co., Ltd.	2,653,280.00	265,328.00	2,653,280.00	265,328.00
Accounts receivable	OSRAM (China) Lighting Co., Ltd.	117,554.16	58,777.08	117,554.16	58,777.08
Accounts receivable	Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	86,367.27	86,367.27	86,367.27	86,293.82
Accounts receivable	Guangzhou Huajian Engineering Construction Co., Ltd.	144,582.20	4,337.47		
Prepayments	Foshan NationStar Optoelectronics Co., Ltd.	17,742.86		4,866.76	
Prepayments	Prosperity Electrical (China) Co., Ltd.	39,428.00		7,521.37	
Total		5,141,538.01	477,287.33	9,153,738.43	505,142.70

## (2) Accounts Payable

Unit: RMB

Item	Related party	Ending carrying amount	Beginning carrying amount
Accounts payable	Foshan NationStar Optoelectronics Co., Ltd.	15,055,064.50	13,443,520.14
Accounts payable	PROSPERITY LAMPS & COMPONENTS LTD	728,943.97	
Accounts payable	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	2,621,004.33	384,036.84
Accounts payable	Hangzhou Times Lighting and Electrical Co., Ltd.	169,522.41	219,439.95

Accounts payable	Prosperity Electrical (China) Co., Ltd.		160,759.70
Other payables	PROSPERITY LAMPS & COMPONENTS LTD		488,822.33
Other payables	Guangdong Electronic Technology Research Institute	210,500.00	181,700.00
Other payables	Prosperity Electrical (China) Co., Ltd.	100,000.00	100,000.00
Contractual liabilities	Prosperity Electrical (China) Co., Ltd.	56,438.08	52,619.26
Total		18,941,473.29	15,030,898.22

## 7. Commitments of Related Party

(1)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

Type of commitment: About avoidance of horizontal competition

Contents: Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made a commitment that the elimination of the horizontal competition between Foshan Nation Star Optoelectronics Co., Ltd. and the Company through business integration or other ways or arrangements shall be completed before 4 June 2020.

Date of commitment making: 3 December 2019

Term of commitment: 6 months

Fulfillment: Fulfilled

(2)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

Type of commitment: About avoidance of horizontal competition

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

Date of commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

(3)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

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

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

Date of commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

(4)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

Type of commitment: About independence

In order to ensure the independence of the Company in business, personnel, asset, organization and finance, Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made the following commitments: 1. They will ensure the independence of the Company in business: (1) They promise that the Company will have the assets, personnel, qualifications and capabilities for it to operate independently as well as the ability of independent, sustainable operation in the market. (2) They promise not to intervene in the Company's business activities other than the execution of their rights as the Company's shareholders. (3) They promise that they and their related parties will not be engaged in business that is substantially in competition with the Company's business. And (4) They promise that they and their related parties will try their best to reduce related-party transactions between them and the Company; for necessary and unavoidable related-party transactions, they promise to operate fairly following the market-oriented principle and at fair prices, and execute the transaction procedure and the duty of information disclosure pursuant to the applicable laws, regulations and regulatory documents. 2. They will ensure the independence of the Company in personnel: (1) They promise that the Company's GM, deputy GMs, CFO, Company Secretary and other senior management personnel will work only for and receive remuneration from the Company, not holding any positions in them or their other controlled subsidiaries other than director and supervisor. (2) They promise the Company's absolute independence from their related parties in labor, human resource and salary management. And (3) They

promise to follow the legal procedure in their recommendation of directors, supervisors and senior management personnel to the Company and not to hire or dismiss employees beyond the Company's Board of Directors and General Meeting. 3. They will ensure the independence and completeness of the Company in asset: (1) They promise that the Company will have a production system, an auxiliary production system and supporting facilities for its operation; legally have the ownership or use rights of the land, plants, machines, trademarks, patents and non-patented technology in relation to its production and operation; and have independent systems for the procurement of raw materials and the sale of its products. (2) They promise that the Company will have independent and complete assets all under the Company's control and independently owned and operated by the Company. And (3) They promise that they and their other controlled subsidiaries will not illegally occupy the Company's funds and assets in any way, or use the Company's assets to provide guarantees for the debts of themselves or their other controlled subsidiaries with. 4. They will ensure the independence of the Company in organization: (1) They promise that the Company has a sound corporate governance structure as a joint-stock company with an independent and complete organization structure. (2) They promise that the operational and management organs within the Company will independently execute their functions according to laws, regulations and the Company's Articles of Association. 5. They will ensure the independence of the Company in finance: (1) They promise that the Company will have an independent financial department and financial accounting system with normative, independent financial accounting rules. (2) They promise that the Company will have independent bank accounts and not share bank accounts with its related parties. (3) They promise that the Company's financial personnel do not hold concurrent positions in its related parties. (4) They promise that the Company will independently pay its tax according to law. And (5) They promise that the Company can make financial decisions independently and that they will not illegally intervene in the Company's use of its funds.

Date of commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

## 8. Other

Naught

## XIII. Stock Payment

### 1. The Overall Situation of Stock Payment

☐Applicable ☒Not applicable

### 2. The Stock Payment Settled in Equity

☐Applicable ☒Not applicable

### 3. The Stock Payment Settled in Cash

☐Applicable ☒Not applicable

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

Naught

#### **5. Other**

Naught

### **XIV. Commitments and Contingency**

#### **1. Significant Commitments**

Significant commitments on the balance sheet date

Naught

#### **2. Contingency**

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

Naught

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

There was no significant contingency in the Company.

#### **3. Other**

Naught

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

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

Naught

#### **2. Profit Distribution**

Naught

#### **3. Sales Return**

Naught

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

Naught

**XVI. Other Significant Events****1. The Accounting Errors Correction in Previous Period**

Naught

**2. Debt Restructuring**

Naught

**3. Assets Replacement**

Naught

**4. Pension Plan**

Naught

**5. Discontinued Operations**

Naught

**6. Segment Information**

Naught

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

Naught

**8. Other**

Naught

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

Unit: RMB

Item	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable for which bad debt provision separately accrued	23,377,223.66	3.14%	16,266,810.09	69.58%	7,110,413.57	23,377,223.66	3.27%	16,266,810.09	69.58%	7,110,413.57
Of which:										
Accounts receivable for which bad debt provision accrued by group	721,482,087.55	96.86%	33,242,453.81	4.61%	688,239,633.74	691,130,612.31	96.73%	32,134,193.35	4.65%	658,996,418.96
Of which:										
Total	744,859,311.21	100.00%	49,509,263.90	6.65%	695,350,047.31	714,507,835.97	100.00%	48,401,003.44	6.77%	666,106,832.53

Individual withdrawal of bad debt provision by single item:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal
Customer A	14,220,827.14	7,110,413.57	50.00%	Involved in the lawsuit; the Company won in the first instance judgment and the other side had appealed
Customer B	9,156,396.52	9,156,396.52	100.00%	Involving lawsuit and having a long account age
Total	23,377,223.66	16,266,810.09	--	--

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Credit risk	721,482,087.55	33,242,453.81	4.61%
Total	721,482,087.55	33,242,453.81	--

Please refer to the relevant information of disclosure of bad debt provision of other accounts receivable if

adopting the general mode of expected credit loss to withdraw bad debt provision of accounts receivable.

☐ Applicable ☒ Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	654,876,679.26
1 to 2 years	48,408,562.02
2 to 3 years	12,364,264.57
Over 3 years	29,209,805.36
3 to 4 years	15,515,563.07
4 to 5 years	1,781,966.16
Over 5 years	11,912,276.13
Total	744,859,311.21

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

Information of withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	
Accounts receivable	48,401,003.44	1,108,377.31		116.85		49,509,263.90
Total	48,401,003.44	1,108,377.31		116.85		49,509,263.90

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

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

Unit: RMB

Item	Amount
Other driblet small amount	116.85
Total	116.85

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

Unit: RMB

Name	Ending balance of accounts	Proportion to total ending	Ending balance of bad debt
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	receivable	balance of accounts receivable	provision
No. 1	71,743,804.40	9.63%	2,152,314.13
No. 2	38,317,669.82	5.14%	1,149,530.09
No. 3	32,005,878.73	4.30%	960,176.36
No. 4	15,809,222.09	2.12%	2,071,199.65
No. 5	15,400,628.68	2.07%	462,018.86
Total	173,277,203.72	23.26%	

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

Naught

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

Naught

## 2. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	46,389,136.26	37,934,614.96
Total	46,389,136.26	37,934,614.96

### (1) Interest Receivable

Naught

### (2) Dividends Receivable

Naught

### (3) Other Receivables

#### 1) Other Receivables Classified by Accounts Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Internal business group	17,767,942.21	17,624,135.10
VAT export tax refunds	12,598,007.93	8,154,485.23

Performance bond	3,939,060.80	3,231,331.10
Borrowings and petty cash for employees	6,501,149.15	5,436,926.32
Rental fees and water & electricity fees	2,351,406.74	1,476,056.29
Other	5,556,622.77	3,896,155.29
Total	48,714,189.60	39,819,089.33

## 2) Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2020	532,610.02	1,351,864.35		1,884,474.37
Balance of 1 January 2020 in the Current Period	—	—	—	—
Withdrawal of the Current Period	199,335.37	241,243.60		440,578.97
Balance of 30 June 2020	731,945.39	1,593,107.95		2,325,053.34

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

☐ Applicable ☒ not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	39,613,560.27
1 to 2 years	5,405,928.44
2 to 3 years	2,879,206.93
Over 3 years	815,493.96
3 to 4 years	458,195.27
4 to 5 years	50,000.00
Over 5 years	307,298.69
Total	48,714,189.60

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

Information of withdrawal of bad debt provision

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	
Other accounts receivable	1,884,474.37	440,578.97				2,325,053.34
Total	1,884,474.37	440,578.97				2,325,053.34

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

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

Naught

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

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables%	Ending balance of bad debt provision
No. 1	Export rebates	12,598,007.93	Within 1 years	25.86%	377,940.24
No. 2	Internal business group	12,423,925.40	Within 3 year	25.50%	
No. 3	Internal business group	4,959,398.59	Within 1 year	10.18%	
No. 4	Other	1,888,515.60	Within 4 years	3.88%	534,299.21
No. 5	Social insurance	1,098,556.32	Within 1 years	2.26%	32,956.69
Total	--	32,968,403.84	--	67.68%	945,196.14

**6) Accounts Receivable Involving Government Grants**

Naught

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

Naught

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

Naught

### 3. Long-term Equity Investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment to subsidiaries	283,793,102.26		283,793,102.26	283,793,102.26		283,793,102.26
Investment to joint ventures and associated enterprises	183,738,416.82		183,738,416.82	181,093,725.43		181,093,725.43
Total	467,531,519.08		467,531,519.08	464,886,827.69		464,886,827.69

#### (1) Investment to Subsidiaries

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Depreciation reserves withdrawn	Other		
Foshan Chansheng Electronic Ballast Co., Ltd.	2,744,500.00					2,744,500.00	
FSL Chanchang Optoelectronics Co., Ltd.	82,507,350.00					82,507,350.00	
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	350,000.00					350,000.00	
Nanjing Fozhao Lighting Components Manufacturing	72,000,000.00					72,000,000.00	

Co., Ltd.							
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	35,418,439.76					35,418,439.76	
Guangdong Fozhao New Light Sources Technology Co., Ltd.	50,077,000.00					50,077,000.00	
Foshan Lighting Lamps & Components Co., Ltd.	15,000,000.00					15,000,000.00	
FSL Zhida Electric Technology Co., Ltd.	25,500,000.00					25,500,000.00	
FSL Lighting GMBH	195,812.50					195,812.50	
Total	283,793,102.26					283,793,102.26	

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

Unit: RMB

Investee	Beginnin g balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciat ion reserve
		Additional investmen t	Reduced investmen t	Gains and losses recognize d under the equity method	Adjustme nt of other comprehe nsive income	Changes of other equity	Cash bonus or profits announce d to issue	Withdraw al of impairme nt provision	Other		
I. Joint ventures											
II. Associated enterprises											
Shenzhen Primatron ix (Nanho) Electronic	181,093,7 25.43			4,725,081 .89			2,080,390 .50			183,738,4 16.82	

s Ltd.											
Subtotal	181,093,725.43			4,725,081.89			2,080,390.50			183,738,416.82	
Total	181,093,725.43			4,725,081.89			2,080,390.50			183,738,416.82	

### (3) Other Notes

Naught

## 4. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main business	1,364,657,069.47	1,068,734,161.29	1,587,821,567.72	1,245,016,649.64
Other business	58,327,006.37	45,523,697.25	47,837,600.24	39,394,932.17
Total	1,422,984,075.84	1,114,257,858.54	1,635,659,167.96	1,284,411,581.81

Information related to transaction value assigned to residual performance obligations:

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

## 5. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	4,725,081.89	784,711.98
Investment income from disposal of long-term equity investment		330,228.20
Investment income from holding of trading financial assets		1,750,000.00
Investment income from disposal of trading financial assets		13,550,000.00
Dividend income from holding of other equity instrument investment	14,940,422.96	13,957,444.99
Investment income from financial products and structural deposits	15,454,650.86	14,528,002.77
Other	1,023,100.00	-730,500.00

Total	36,143,255.71	44,169,887.94
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## 6. Other

Naught

## XVIII. Supplementary Materials

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

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Amount	Note
Gains/losses on the disposal of non-current assets	-653,096.79	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	2,920,648.00	
Gain/loss from change of fair value of trading financial assets and liabilities, derivative financial assets and liabilities, and investment gains from disposal of trading financial assets and liabilities, derivative financial assets and liabilities, and investment in other debt obligations, other than valid hedging related to the Company's common businesses	-1,532,350.00	
Other non-operating income and expenses other than the above	241,184.67	
Less: Income tax effects	336,596.67	
Non-controlling interests effects	13,177.38	
Total	626,611.83	--

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

☐ Applicable ☒ Not applicable

## 2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	2.94%	0.1080	0.1080
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	2.92%	0.1075	0.1075

## 3. Differences between Accounting Data under Domestic and Overseas Accounting Standards

### (1) Differences of Net Profit and Net Assets Disclosed in Financial Reports Prepared under International and Chinese Accounting Standards

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

Naught

## 4. Other

Naught



## Part XII Documents Available for Reference

1. The financial statements signed and stamped by the Company's legal representative, General Manager and Chief Financial Officer.
2. The originals of all the Company's announcements and documents disclosed to the public during the Reporting Period on the media designated by the CSRC for information disclosure.

The Board of Directors

Foshan Electrical and Lighting Co., Ltd.

27 August 2020