



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

**ANNUAL REPORT 2022**

**【April 2023】**

# ANNUAL REPORT 2022

## 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, Tang Qionglan, the Company’s Chief Financial Officer (CFO), and Liang Yuefei, the person-in-charge of the Company’s accounting organ (equivalent to accounting manager) 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.

The future plans and other forward-looking statements, as well as the cautionary statements mentioned in this Report shall NOT be considered as virtual promises of the Company to investors. And investors are kindly reminded to be well aware of possible risks.

The Company has described in detail in this Report the risk of macro-economic fluctuations and intensified market competition, the risk of rising raw material prices, the risk of exchange rate fluctuations, the risk of the recoverability of accounts receivable. Please refer to the section headed “Potential Risks” in Item XI of Part III of this Report.

The Board has approved a final dividend plan as follows: based on the share capital of 1,348,994,647 shares (the total share capital of 1,361,994,647 shares minus the remaining 13,000,000 A-shares repurchased in the share repurchase account at the disclosure date of the 2022 Annual Report, a cash dividend of RMB1 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves. Where any change occurs to the total shares entitled to the final dividend due to any new issue, grant of equity incentives, etc. when the final dividend plan is implemented, the dividend per share shall remain the same while the total payout amount shall be adjusted accordingly.

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

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## **Documents Available for Reference**

Investors and interested parties can get access to the following materials in the Board Secretary's Office in the Company's office building:

1. The financial statements signed and stamped by the Company's legal representative, Chief Financial Officer, and the person-in-charge of the Company's accounting organ.
2. The original copy of the Independent Auditor's Report signed and stamped by the certified public accountants and stamped by the CPA firm.
3. 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.

## Definitions

Term	Definition
The “Company”, “listed company”, “FSL” or “we”	Foshan Electrical and Lighting Co., Ltd. and its consolidated subsidiaries, except where the context otherwise requires
Rising Group	Guangdong Rising Holdings Group Co., Ltd.
Electronics Group	Guangdong Electronics Information Industry Group Ltd.
Hong Kong Rising Investment	Rising Investment Development Limited
Hongkong Wah Shing	Hongkong Wah Shing Holding Company Limited
Rising Capital	Guangdong Rising Capital Investment Co., Ltd. (formerly known as “Guangdong Rising Finance Holding Co., Ltd.”)
Shenzhen Rising Investment	Shenzhen Rising Investment Development Co., Ltd.
NationStar Optoelectronics	Foshan NationStar Optoelectronics Co., Ltd.
NationStar Semiconductor	Foshan NationStar Semiconductor Technology Co., Ltd.
Sigma	Foshan Sigma Venture Capital Co., Ltd.
Nanning Liaowang	Nanning Liaowang Auto Lamp Co., Ltd.
Fenghua Semiconductor	Guangdong Fenghua Semiconductor Technology Co., Ltd. (formerly known as “Guangdong Yuejing High-tech Co., Ltd.”)
CSRC	China Securities Regulatory Commission
SZSE	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.
Supervisory Committee	The supervisory committee of Foshan Electrical and Lighting Co., Ltd.
RMB, RMB’0,000, RMB’00,000,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi, expressed in hundreds of millions of Renminbi

## Part II Corporate Information and Key Financial Information

### I Corporate Information

Stock name	FSL, FSL-B	Stock code	000541/200541
Stock exchange for listing	Shenzhen Stock Exchange		
Company name in Chinese	佛山电器照明股份有限公司		
Abbr.	佛山照明		
Company name in English (if any)	FOSHAN ELECTRICAL AND LIGHTING CO.,LTD		
Abbr. (if any)	FSL		
Legal representative	Wu Shenghui		
Registered address	No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province, P.R.China		
Zip code	528000		
Changes of registered address	N/A		
Office address	No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province, P.R.China		
Zip code	528000		
Company website	www.chinafsl.com		
Email address	gzfsligh@pub.foshan.gd.cn		

### II Contact Information

	Board Secretary	Securities Representative
Name	Huang Zhenhuan	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	fslsh@chinafsl.com	fslhyf@163.com

### III Media for Information Disclosure and Place where this Report Is Lodged

Stock exchange website where this Report is disclosed	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
Media and website where this Report is disclosed	China Securities Journal, Securities Times, Ta Kung Pao (HK), and <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>

Place where this Report is lodged	Board Office, FSL Office Building, No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province, P.R.China
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#### IV Change to Company Registered Information

Unified social credit code	91440000190352575W
Change to principal activity of the Company since going public (if any)	Unchanged
Every change of controlling shareholder since incorporation (if any)	<p>In April 2006, the State-owned Assets Supervision and Administration Commission (SASAC) of Foshan Municipal People's Government, the former controlling shareholder of the Company, transferred 13.47% of shares it held in the Company to OSRAM Prosperity Holding Company Limited (later renamed as "OSRAM Holding Company Limited"), and at the same time, SASAC of Foshan Municipal People's Government transferred 10.50% of shares it held in the Company to Prosperity Lamps &amp; Components Limited. Upon completion of such transfer, the biggest shareholder of the Company was OSRAM Prosperity Holding Company Limited, and the Company had no any controlling shareholder or actual controller. In December 2015, OSRAM of Germany transferred 100% equity it held in OSRAM Holding Company Limited (OSRAM Holding Company Limited held 13.47% of shares of the Company, being the biggest shareholder of the Company and later renamed as "Hongkong Wah Shing Holding Company Limited") to Electronics Group. In addition, Electronics Group and its parties acting in concert (Rising Capital, Shenzhen Rising Investment and Hong Kong Rising Investment), held 23.144% of the shares of the Company through increasing their shareholding of the Company. Electronics Group and its parties acting in concert became the controlling shareholder of the Company and Electronics Group is a wholly-owned subsidiary of Rising Holdings Group. In December 2021, wholly-owned subsidiaries of Rising Holdings Group, Rising Capital and Shenzhen Rising Investment transferred 5.94% of shares they held in the Company to Rising Holdings Group through transfer by agreement for no compensation. Therefore, Rising Holdings Group and its parties acting in concert held 30% of shares in the Company. As of the date of this Report, due to the retirement of certain shares repurchased by the Company, Rising Holdings Group and its parties acting in concert hold 30.82% of shares in the Company.</p>

#### V Other Information

The independent audit firm hired by the Company:

Name	WUYIGE Certified Public Accountants LLP
Office address	Room 2206, 22/F, 1 Zhichun Road, Haidian District, Beijing
Accountants writing signatures	He Xiaojuan, and Xia Ling

The independent sponsor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable  Not applicable

The independent financial advisor hired by the Company to exercise constant supervision over the Company in the Reporting Period:

Applicable  Not applicable

Name of financial advisor	Office address	Name of representative	Period of supervision
China Industrial Securities Co., Ltd.	52/F, T2 Office Building, Shenye Shangcheng (South Zone), 5001 Huanggang Road, Futian District, Shenzhen	Qiu Kaijuan, and Du Qian	23 February 2022 - 31 December 2023

## VI Key Financial Information

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

Yes  No

Reason for retrospective restatement:

Business combination involving entities under common control.

	2022	2021		2022-over-2021 change (%)	2020	
		Before	Restated		Restated	Before
Operating revenue (RMB)	8,759,965,27 5.96	4,772,690,46 9.14	8,726,241,05 3.50	0.39%	3,744,914,45 2.72	7,139,915,68 1.88
Net profit attributable to the listed company's shareholders (RMB)	230,394,235. 91	250,091,965. 87	299,614,354. 88	-23.10%	316,914,185. 34	344,497,448. 15
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	221,545,061. 10	150,010,381. 60	149,573,177. 56	48.12%	276,795,046. 07	278,242,315. 69
Net cash generated from/used in operating	1,064,888,32 0.69	- 277,025,085. 26	433,473,948. 34	145.66%	394,828,331. 90	855,384,683. 02



activities (RMB)						
Basic earnings per share (RMB/share)	0.1708	0.1854	0.2221	-23.10%	0.2349	0.2554
Diluted earnings per share (RMB/share)	0.1692	0.1836	0.2200	-23.09%	0.2327	0.2529
Weighted average return on equity (%)	4.13%	4.23%	4.20%	-0.07%	5.82%	5.02%
	31 December 2022	31 December 2021		Change of 31 December 2022 over 31 December 2021 (%)	31 December 2020	
		Before	Restated	Restated	Before	Restated
Total assets (RMB)	15,287,061,1 19.70	9,699,592,52 8.61	16,599,918,6 28.35	-7.91%	8,519,336,91 4.11	14,899,056,7 52.81
Equity attributable to the listed company's shareholders (RMB)	5,173,066,09 5.76	5,800,558,58 8.34	7,036,108,77 2.54	-26.48%	6,263,921,30 4.54	7,460,895,47 6.60

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative for the last three accounting years, and the latest independent auditor's report indicated that there was uncertainty about the Company's ability to continue as a going concern.

Yes  No

Indicate by tick mark whether the lower of the net profit attributable to the listed company's shareholders before and after exceptional gains and losses was negative.

Yes  No

## VII 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 under CAS and IFRS

Applicable  Not applicable

No difference for the Reporting Period.

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

Applicable  Not applicable

No difference for the Reporting Period.

## VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	2,049,503,975.00	2,425,694,272.57	2,176,919,528.17	2,107,847,500.22
Net profit attributable to the listed company's shareholders	62,312,239.55	100,812,332.99	62,972,847.87	4,296,815.50
Net profit attributable to the listed company's shareholders before exceptional gains and losses	55,625,535.40	105,236,988.78	64,167,908.29	-3,616,634.91
Net cash generated from/used in operating activities	-54,833,636.58	244,076,020.91	425,242,415.99	450,403,520.37

Indicate by tick mark whether any of the quarterly financial data in the table above or their summations differs materially from what have been disclosed in the Company's quarterly or interim reports.

Yes  No

## IX Exceptional Gains and Losses

Applicable  Not applicable

Unit: RMB

Item	2022	2021	2020	Note
Gain or loss on disposal of non-current assets (inclusive of	-8,216,871.49	82,233,742.26	7,466,798.65	

impairment allowance write-offs)				
Government subsidies charged to current profit or loss (exclusive of government subsidies consistently given in the Company's ordinary course of business at fixed quotas or amounts as per government policies or standards)	68,903,156.89	15,971,903.24	25,372,941.13	
Capital occupation charges on non-financial enterprises that are recognized in profit or loss	339,583.00	881,704.19	1,337,410.12	
Current profit or loss on subsidiaries obtained in business combinations involving entities under common control from the period-beginning to combination dates, net	22,504,245.08	233,275,576.92	102,415,815.56	
Gain or loss on fair-value changes on held-for-trading financial assets and liabilities & income from disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	-19,057,137.27	10,663,119.44	8,463,850.00	
Reversed portions of impairment allowances for receivables which	1,203,963.23		9,156,396.52	

are tested individually for impairment				
Non-operating income and expense other than the above	10,557,819.17	10,640,975.11	-123,367.66	
Less: Income tax effects	4,465,855.78	17,224,178.81	5,643,715.91	
Non-controlling interests effects (net of tax)	62,919,728.02	186,401,665.03	82,190,995.95	
Total	8,849,174.81	150,041,177.32	66,255,132.46	--

Details of other items that meet the definition of exceptional gain/loss:

Applicable  Not applicable

No such cases for the Reporting Period.

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item 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 Management Discussion and Analysis

### I Industry Overview for the Reporting Period

During 2022, a variety of unfavorable factors such as the slower recovery of the global economy and high raw material costs led to less room for profit for companies in the lighting industry. Moreover, the industry reshuffle was still in progress. Enterprises with advantages in technology, fund and brand were gradually expanding their market shares, and high-quality resources were being channeled to leading players. With the national policy of "Carbon Emission Peak and Carbon Neutrality", major enterprises accelerated the development of high energy-saving and intelligent products with better light quality. To this end, they carried out cross-field integration by focusing on healthy and intelligent lighting and made arrangements for the development of the ecosystem in the industry, thereby achieving transformation and upgrading. Concurrently, with the continuously upgraded technologies and policy encouragement, the lighting application scenarios got increasingly diversified. Moreover, segmentations such as intelligent lighting, healthy lighting, animal and plant lighting would usher in more development opportunities, injecting new impetus into the industry development.

As automotive lights are core parts of an automobile, the automotive light industry development is closely linked to the development of the automotive industry. In accordance with the statistics released by the China Association of Automobile Manufacturers (CAAM), the automobile output and sales in China for 2022 reached 27.021 million and 26.864 million, up by 3.4% and 2.1% year on year, respectively. The new energy vehicle industry achieved ongoing explosive growth. Statistically, the output and sales of new energy vehicles for 2022 reached 7.058 million and 6.887 million, up by 96.9% and 93.4% year on year, respectively. Additionally, the market share of new energy vehicles rose to 25.6%. The growth in automobile output and sales boosted the demand in the automotive light market. As the R&D capabilities of the upstream, midstream and downstream enterprises along the domestic automotive-light industrial chain have improved in the last few years, Chinese auto parts enterprises have gradually been incorporated by vehicle companies into their supply chain systems. This has contributed to the continuously accelerated replacement with domestic products and given more opportunities to Chinese automotive light enterprises. At the same time, with the development of automotive industry technologies, the increasingly electronic and intelligent automotive light-related technologies have enabled automotive lights to carry more functions in addition to traditional lighting, which has not only brought users more environmental, safe, recreational, and intelligent driving experience but also injected new growth impetus into the industry.

Affected by the sluggish downstream demand, the development of the packaging industry will be affected to a certain extent in 2022. Still, with the upgraded technologies, new application sub-markets will be constantly expanded. Meanwhile, the emerging application fields, such as new Mini/Micro LED displays, plant lighting, and intelligent lighting, are going to enter a critical phase of rapid development, bringing new development opportunities for the LED packaging industry. Additionally, as relevant industry policies are introduced, the transformation toward high energy-saving, highly reliable, and intelligent LED semiconductors with better light quality will be expedited, which has set a stricter requirement for enterprises' innovation capability. Top players in the industry will have more say.

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

## (I) Principal business

The Company has been committed to the R&D, production and sale of high-quality and energy-efficient lighting products in order to provide integrated lighting solutions for customers. It is the controlling shareholder of Nanning Liaowang Auto Lamp Co., Ltd. ("Nanning Liaowang") and Foshan NationStar Optoelectronics Co., Ltd. ("NationStar Optoelectronics") through acquisition programs starting from 2021. At present, the principal business of the Company mainly includes the R&D, production and sale of general lighting products, electrical products, automotive lighting products, and LED packaging products.

The general lighting business of the Company mainly covers LED light sources, LED luminaries, traditional lighting products and comprehensive lighting solutions for home lighting, commercial lighting, industrial lighting, municipal road lighting and landscape lighting. Over recent years, the Company has been exploring new fields, including smart lighting, healthy lighting, marine lighting, and animal and plant lighting.

Electrical products mainly include switches, sockets, smart control panels, and smart door locks.

Based on its own automotive light sources and modules, the Company, relying on its majority-owned subsidiary Nanning Liaowang, has expanded the automotive lighting business into the automotive light assembly sector, involving basically all the lights that an automobile requires, such as headlights, rear light combos, fog lights, backup lights, interior lights, and license plate lights. The main clients of Nanning Liaowang include SAIC-GM-Wuling Automobile, Chongqing Changan Automobile, Bestune, SAIC Maxus Automotive, Dongfeng Liuzhou Motor, Dongfeng Sokon, SERES and other whole-automobile manufacturers.

The Company conducts LED packaging business mainly by relying on its majority-owned subsidiary NationStar Optoelectronics (stock code: 002449). The LED packaging business mainly involves components (including components for display, lighting, and optoelectronics), modules (including display and backlight modules as well as mini backlight modules), and LED epitaxial wafers and chips (including blue and green display / digital indication / automotive high power flip-flop / Mini LED chip products), electronic components, integrated circuit products and accessories (including MOS/Si/IC products), and third generation semiconductor products (including silicon carbide discrete devices/power modules, gallium nitride series device products), which are widely used for consumer electronics, home appliances, computers, communications, display and lighting products, general lighting, automotive lighting, sterilization and purification, plant lighting, and other fields.

## (II) Business models

### 1. Procurement model

The Company's procurement department should ensure that the procured materials and products meet the prescribed requirements and that procurement activities are under control. Besides, it should consider the needs of each department and the reasonable stock quantity before carrying out any procurement, determine suppliers by means of bidding, price negotiation, and price comparison, and follow up on the procurement orders. There should be several backup suppliers of each principal raw material to ensure fair procurement price, timely material supply, and high quality.

## 2. Production model

For routine products, the production plan for the next month is prepared based on the analysis of the sales of each month and changes in the future market demand and the safe stock benchmark. Each production department produces products as planned so as to control the stock and meet the sales demand. For customized products, the make-to-order strategy is implemented to effectively control the stock quantity of raw materials, reduce the funds that are tied up, and improve the Company's operational efficiency.

## 3. Sales model

In the general lighting business, for domestic sales, the Company adopts the model of agency distribution and direct supply to engineering projects. The Company boasts hardware distribution, home, engineering, industrial lighting, commercial distribution, and e-commerce & retail sale channels. For foreign sales, the Company adopts the models of OEM and independent brands. The sale of products of independent brands abroad is carried out mainly via agencies.

In the automotive lighting business, in the factory-installed market, the model of supplying automotive light products directly to OEMs is mainly adopted; in the aftermarket, products are mainly sold by agencies.

In the LED packaging business, the direct sale model is mainly adopted, in which products are sold through direct communication with clients.

### (III) Main driving forces for growth

The Company upholds the overall idea of "stabilizing the fundamentals and expanding new businesses", and continuously strengthens the innovation driver and refines the business portfolio. Additionally, it promotes the change of the marketing model, intensifies management improvement, and vigorously explores market segments. Since 2021, the Company has acquired Nanning Liaowang and NationStar Optoelectronics, which has provided strong support for the Company to rapidly enter the OEM market and make the automobile vehicle lamp business of the Company stronger and bigger, as well as to strengthen integration upstream and downstream of the industrial chain of LED. Meanwhile, 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 while large enterprises or enterprises with core competitiveness will have more market opportunities. 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 the business portfolio 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.

## III Core Competitiveness Analysis

During the Reporting Period, through continued accumulation, the Company's core competitiveness has been further enhanced, which is mainly reflected in the following aspects:

### 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 six major sales channels in domestic market (hardware distribution, home, engineering, industrial lighting, commercial distribution, and e-commerce & retail sales 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 120 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. Nanning Liaowang is a major manufacturer in the Chinese automotive light industry. It has accumulated stable whole-automobile manufacturing clients and has been developing new clients. Its client entities are increasingly diverse, and the market share of its micro automotive lights ranks first in China. NationStar Optoelectronics has an excellent client structure. It has established a long-term cooperative relationship with industry-leading display manufacturers and internationally famous home appliance enterprises, has successfully showcased its products in many large events and high-end venues at home and abroad, and is widely recognized by end clients and the market.

### 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". For 17 consecutive years, the Company has been included in the list of "China's 500 Most Valuable Brands". In 2022, the value of FSL brand reached RMB26.529 billion. 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, Healthy, Fashionable and Intelligent". In addition, it has accelerated brand building through high-end mainstream media platform, Internet emerging media and offline terminal advertising respectively, maximized the brand and product communication effect, formed a comprehensive and diversified publicity position, and driven the transition of "FSL" from an industrial brand to a popular brand to maintain the brand vitality and competitiveness. 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. Nanning Liaowang strictly abides by the national industry standards when producing automotive lights of the "Liaowang" brand. It has been hailed as a high-quality supplier of car manufacturers for quite a few times. NationStar Optoelectronics has been awarded honors such as "National High-tech Enterprise Certification", "Brand Power", "Top 10 LED Packaging Brands", "GG Golden Globe Award", and "Company of the Year 2022", which constantly enhances its image of professionalism and brand advantages.

### R&D technical advantage

The Company values the R&D of new products and the development of innovation and R&D teams, and has established a scientific and independent science and technology innovation system, and a team of well-structured, collaborative and efficient talents. It has further increased spending on technology and independent product innovation and introduced first-class R&D equipment and facilities from home and abroad to provide high-quality conditions for scientific and technological innovation. The Company is a national high-tech



company, and its testing center has the CNAS-approved qualification. In addition, the Company has built innovative platforms such as "Guangdong Engineering Technology Development Center", "Guangdong Industrial Design Center", "Guangdong Enterprise Technology Center", and "Lighting Research Institute". Besides, the Company has won the title of "National IP Demonstration Enterprise". Established "Postdoctoral Research Station (Substation)", a "Guangdong Science and Technology Expert Workstation" to explore and intensify efforts in the cutting-edge technology of LEDs, and address key issues and common technology issues in the industry. It has formed technical barriers with proprietary intellectual property rights in lighting, spectroscopic, electrical, IoT, AI and many other fields. Cumulatively, the company and its holding subsidiaries have been granted more than 1,900 valid patents. Also, they have led or participated in the formulation or revision of 160 standards at all levels, which have been issued. The Company actively integrates internal and external resources and collaborates with Tsinghua University, Fudan University, Sun Yat-sen University, South China University of Technology, Institute of Deep-Sea Science and Engineering of CAS, Dalian Ocean University and other scientific research institutes to establish in-depth industrial and research cooperation, so as to promote key technological breakthroughs and transformation of scientific and technological achievements. Meanwhile, the Company has formed a smooth R&D talent cultivation channel to provide a strong guarantee for the Company to maintain technological leadership and continuous product innovation. Nanning Liaowang boasts a provincial enterprise technology center, a provincial R&D center, and a Guangxi automotive lighting parts engineering technology research center; , established the Automotive Lighting Research Institute; In recent years, Nanning Liaowang has increased investment in R&D, accelerate investment in various lens modules and interactive signal lamp technologies, and continuously enhanced its R&D strength. NationStar Optoelectronics has created 16 R&D platforms, including the Postdoctoral Research Station, and the National- and local-joint Engineering Laboratory for Semiconductor Lighting Materials and Components. It has undertaken near 30 national research projects such as the national "863" program and the key national R&D program, in addition to more than 100 provincial and ministerial research projects. Besides, it has won honors such as "National Intellectual Property Demonstration Enterprise", "China Award for Excellent Patents", "Guangdong Science and Technology Progress Award (first/second prize)", as well as Advanced Technology Golden Globe Award "2022 Company of the Year" and "2022 Innovative Technology". Moreover, it has constantly made breakthroughs and surmounted technological challenges in emerging areas such as Mini/Micro LED, the third generation of semiconductor, smart wear, automotive components, and new optoelectronic components.

#### Scale advantage

As one of the enterprises to first step into the industry of producing and selling lighting products, the Company forms a capability of mass manufacturing by years of experience accumulation. After years of continuous investment, the Company has greatly improved its production automation level. 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 price negotiation. With manufacturing bases in Nanning, Liuzhou, Chongqing, Qingdao, and Indonesia, Nanning Liaowang has an annual production capacity of more than five million sets of automotive lights. NationStar Optoelectronics began engaging in LED packaging in 1976. It is included in the first batch of enterprises that have produced LED products and the first Chinese enterprise to go public with LED packaging as its principal business. Besides, it is one of the largest LED manufacturers in China.

#### Advantage of a vertical and integrated LED industrial chain

By controlling NationStar Optoelectronics, whose business covers the entire LED industry chain, including upstream LED chip manufacturing, midstream LED packaging, and downstream LED application products, the Company has optimized the industry chain and enhanced its competitiveness and visibility in the industry.

## IV Core Business Analysis

### 1. Overview

In the Reporting Period, the Company persisted in prioritizing stable growth by implementing decisions and arrangements in this regard. It withstood the pressure and rose to various challenges head-on. By focusing on optimizing the business structure, expanding markets, advancing technological innovation, deepening reform, and strengthening internal control and management, quality and efficiency were improved, and the production and operation were stable overall. During the Reporting Period, the Company recorded operating revenue of RMB 8.760 billion, up by 0.39% year-on-year (YoY); a net profit attributable to its shareholders of RMB 230 million, down by 23.10% YoY; and a net profit attributable to its shareholders before exceptional gains and losses of RMB 222 million, up by 48.12% YoY.

During the Reporting Period, the Company mainly focused on the following tasks:

#### 1. Using all means to expand markets

The Company adopted a target-oriented approach to expand markets. First, channel construction was further advanced. The Company deepened the construction of the provincial service centre, expedited the transformation of distributors to service providers, and optimized the mode of control over distributors. With these efforts, channel efficiency was boosted. Additionally, the coverage of the end-consumer market was expanded, with more than 30,000 new outlets set up, vigorously tapping the existing market resources. Moreover, cooperation between the Company and its major customers overseas was solidified. To this end, the Company unlocked the full potential for cooperation with these major customers in order to strengthen customer stickiness. Concurrently, the Company made vigorous efforts to expand overseas markets, achieving 100-plus new overseas customers. Furthermore, efforts were redoubled to promote overseas independent brands, resulting in a stable increase in the proportion of sales of these brands. Second, the marketing mode transformation was furthered. The Company carried out high-level marketing and set up special teams to complete the large projects of major customers. Meanwhile, several big project orders were secured. Additionally, sales breakthrough teams were set up to beef up weak markets, such as landscape lighting, intelligent lampposts, and beautiful village construction, and thus achieve diversified sales. By concentrating on the fore-end planning and design of projects, technological innovation and application and business cooperation, the Company signed an agreement on strategic cooperation with several units, which expanded project sources and adjusted its customer structure. Third, the Company expanded and strengthened its automotive light business. The Company developed several new original equipment manufacturers (OEMs) while stabilizing the existing customers. Concurrently, regional sales teams were set up in southern, southwestern, and northeastern China to expand into local auto lamp segment markets of new energy vehicles. Additionally, the Company undertook 33 projects during the Reporting Period, more than half of which were about automotive lights of new energy vehicles. These new high-quality projects provided vigorous support for the future development of Nanning Liaowang. Fourth, the segmentation layout was accelerated. The Company vigorously pushed ahead with the distribution of sales channels of marine lighting products. It established 24 sales outlets in China's

coastal provinces and the Southeast Asian markets, and six experiencing zones (halls). With intelligent home as the focus, the Company constantly expanded into intelligent lampposts, intelligent hotels, and other intelligent application fields. Moreover, considering the increasing demand for high-quality light in educational, office, home, and medical & elderly care scenarios, more healthy lighting products were launched.

## 2. A variety of measures were adopted to minimize costs

Adhering to the "tighten the belt" philosophy, the Company launched the cost reduction campaign to dig for more cost reduction space from multiple perspectives. First, the procurement cost was reduced. Based on the research and judgment of the trend of the raw material price, the Company took such measures as price negotiation, supplier optimization and adjustment, new material replacement, and public bidding to reduce the procurement cost. Second, the manufacturing cost was reduced. The "robot assembly line" strategy was promoted on an ongoing basis by transforming and upgrading assembly lines with automation equipment. Additionally, measures such as automated production, optimizing processes and procedures, and setting quotas on material consumption were employed to reduce the manufacturing cost. Third, expenditures were reduced. The hard constraint of budget management was strengthened by controlling three expenditures in accordance with the budget progress, ensuring that no expenditures would be incurred without budgets, that expenditures would be incurred within budget, and that no unnecessary expenditures would be incurred.

## 3. Unswerving and strong innovation

The Company invested RMB504 million in R&D in 2022 to strengthen the arrangements for and breakthroughs in core technologies and self-developed technologies, thereby injecting constant impetus into the Company's development through technological innovation. First, efforts were redoubled at technology R&D. The Company strengthened its cooperation with higher education institutes, research institutes, and relevant enterprises. Statistically, it conducted 118 high-tech R&D projects, researched 38 core technologies, and launched 25 industry-university-research cooperation projects. Additionally, core technology libraries of lighting, heat, machine, electricity, joint control, and industrial design technologies were built. It has been granted 390 new patents, and has won the "National Demonstration Enterprise in Intellectual Property Rights" title. Second, efforts were redoubled at platform construction. More than 20 R&D platforms have been established by the Company, including the "postdoctoral research workstation", the "Guangdong Provincial Science and Technology Experts Workstation", the "postdoctoral research workstation sub-station", and the National- and local-joint Engineering Laboratory for Semiconductor Lighting Materials and Components. Additionally, a strategic cooperation agreement was concluded between the Company and Ji Hua Laboratory to build a healthy lighting lab through joint efforts. Moreover, the Research Institute for Automotive Lights was founded to conduct forward-looking research into automotive light technologies, thereby contributing to the expansion of the Company's products into the mid- and high-end markets. By pushing ahead with the platform construction, the Company gathered innovation resources and talent, improved its research management capability, and boosted the core competitiveness of its technological innovations. Third, efforts were redoubled at product iteration. The application of scientific and technological achievements was expedited to promote the integrated development of the innovation chain and industrial chain. As a result, more than 600 products were developed. In the field of new tracks, it has launched a series of health lighting products with innovative technologies such as photocatalysts and circadian rhythms, intelligent products integrated into mainstream system ecosystems at home and abroad and intelligent solutions for multiple application scenarios, lamps and intelligent control systems suitable for poultry breeding and plant planting, and marine lighting products and solutions to meet the different needs of deep-sea, shallow-sea, and aquaculture. In terms of the packaging field, multiple product series were unveiled, including Mini/Micro LED, the third-generation

semiconductor, intelligent wear, automotive components, and new optoelectronic components, thereby cultivating new development drivers.

#### 4. Solid steps were taken to improve internal strength

First, production and operation monitoring and scheduling were strengthened. The Company checked progress against major annual business indicators and phased goals and strengthened production and operation monitoring as well as analysis, research, and judgment. It promptly addressed difficulties and bottlenecks in operation by urging each unit to fulfill its own responsibilities. Second, the "three refinements in management" scheme was advanced on all fronts. To establish a lean and efficient organizational system, a cost-leading production management system, and an efficiency-prioritized operational system, the Company developed and implemented the "three refinements in management" scheme with "five optimizations, six decreases, and seven reductions" at the core, boosting the production efficiency, reducing the operational costs, and optimizing the management efficiency. Third, compliance management and risk control management were enhanced. To "strengthen internal control, promote compliance, and avert risks", the law-based development was furthered. Specifically, the Company issued the Compliance Management Measures and optimized the Compliance Management Manual. It also conducted self-assessments of compliance risk in major events and key fields and remedied issues identified in the assessments. By doing so, compliance management was solidified and delivered better effects. Major risk events were monitored dynamically, and measures were developed to prevent and control major risk events, thereby guarding against the worst-scenario case of major risks. Moreover, the Company fully advanced the "abolishment, revision, and establishment" of regulations and policies of the Company in order to form a "1+N" policy system framework led by the Articles of Association and supported by various special policies. As a result, tasks were performed in a more policy-based and standardized manner. Fourth, digital transformation was advanced on an ongoing basis. Based on the previous information-based development, the Company continued to refine digital management. Specifically, it built a PLM R&D life-cycle management system and a CRM customer relationship management system. Additionally, it developed and optimized the application of the SRM supply chain management system and integrated business information management systems with the SAP system at the core. By doing so, the Company achieved real-time data connectivity and optimized supply-demand matching. Moreover, the Company constantly pushed ahead with the construction of the intelligent manufacturing plant for bulb lamps. It also took circuit board and LED automotive light plants as a pilot to build a digital demonstration plant, thereby visualizing the data for production records.

## 2. Revenue and Cost Analysis

### (1) Breakdown of Operating Revenue

Unit: RMB

	2022		2021		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	8,759,965,275.96	100%	8,726,241,053.50	100%	0.39%
By operating division					

Lighting products and luminaries	5,037,643,901.48	57.51%	4,568,104,109.84	52.35%	10.28%
Electronic component manufacturing	2,821,927,649.97	32.21%	3,389,557,799.61	38.84%	-16.75%
Export trade and other	900,393,724.51	10.28%	768,579,144.05	8.81%	17.15%
<b>By product category</b>					
General lighting products	3,136,174,210.72	35.80%	3,546,404,363.28	40.64%	-11.57%
LED packaging and components	2,562,831,923.06	29.26%	3,033,553,358.28	34.76%	-15.52%
Auto lamps	1,729,839,032.11	19.75%	899,064,914.20	10.30%	92.40%
Trade and other	1,331,120,110.07	15.20%	1,247,218,417.74	14.29%	6.73%
<b>By operating segment</b>					
Domestic	6,625,258,201.57	75.63%	6,514,993,928.57	74.66%	1.69%
Overseas	2,134,707,074.39	24.37%	2,211,247,124.93	25.34%	-3.46%
<b>By sales model</b>					
Direct sales	51,977,666.74	0.59%	43,652,588.73	0.50%	19.07%
Distribution	8,442,797,638.60	96.38%	8,289,485,561.64	94.99%	1.85%
other	265,189,970.62	3.03%	393,102,903.13	4.50%	-32.54%

## (2) Operating Division, Product Category, Operating Segment and Distribution Model 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 (%)
<b>By operating division</b>						
Lighting products and luminaries	5,037,643,901.48	4,015,400,704.94	20.29%	10.28%	5.75%	3.41%
Electronic component manufacturing	2,821,927,649.97	2,393,967,106.31	15.17%	-16.75%	-12.21%	-4.38%
Export trade and other	900,393,724.51	814,603,690.28	9.53%	17.15%	13.33%	3.05%
<b>By product category</b>						
General lighting products	3,136,174,210.72	2,441,098,540.83	22.16%	-11.57%	-17.53%	5.62%
LED packaging	2,562,831,923.06	2,134,875,566.66	16.70%	-15.52%	-11.16%	-4.09%

and components	06	37				
Auto lamps	1,729,839,032.11	1,441,470,468.21	16.67%	92.40%	92.88%	-0.21%
Trade and other	1,331,120,110.07	1,206,526,926.12	9.36%	6.73%	6.55%	0.15%
<b>By operating segment</b>						
Domestic	6,625,258,201.57	5,357,472,546.68	19.14%	1.69%	1.33%	0.30%
Overseas	2,134,707,074.39	1,866,498,954.85	12.56%	-3.46%	-4.54%	0.98%
<b>By sales model</b>						
Direct sales	51,977,666.74	33,122,166.35	36.28%	19.07%	11.79%	4.15%
Distribution	8,442,797,638.60	7,007,083,844.01	17.01%	1.85%	1.15%	0.58%
other	265,189,970.62	183,765,491.17	30.70%	-32.54%	-35.68%	3.38%

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

Applicable  Not applicable

### (3) Whether Revenue from Physical Sales Is Higher than Service Revenue

Yes  No

Operating division	Item	Unit	2022	2021	Change (%)
Lighting products and luminaries	Unit sales	Piece	744,109,776	673,457,301	10.49%
	Output	Piece	740,109,114	687,092,615	7.72%
	Inventory	Piece	108,959,461	112,960,123	-3.54%
Electronic component manufacturing	Unit sales	0,000 pieces	21,582,719	19,141,234	12.76%
	Output	0,000 pieces	20,960,964	20,949,449	0.05%
	Inventory	0,000 pieces	2,908,800	3,530,555	-17.61%

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

Applicable  Not applicable

### (4) Execution Progress of Major Signed Sales and Purchase Contracts in the Reporting Period

Applicable  Not applicable

### (5) Breakdown of Cost of Sales

By operating division and product category

Unit: RMB

Operating division	Item	2022		2021		Change (%)
		Cost of sales	As % of total	Cost of sales	As % of total	

			cost of sales (%)		cost of sales (%)	
Lighting products and luminaries	Raw materials	3,223,139,894.67	44.62%	2,961,934,059.06	40.90%	8.82%
Lighting products and luminaries	Labor cost	440,097,973.97	6.09%	476,659,230.59	6.58%	-7.67%
Lighting products and luminaries	Depreciation and other	348,261,748.35	4.82%	358,494,737.12	4.95%	-2.85%
Electronic component manufacturing	Raw materials	1,746,279,785.14	24.17%	1,958,089,448.68	27.04%	-10.82%
Electronic component manufacturing	Labor cost	163,881,020.62	2.27%	201,859,706.45	2.79%	-18.81%
Electronic component manufacturing	Manufacturing costs	487,707,388.50	6.75%	565,864,082.26	7.81%	-13.81%
Trade	Other	630,838,199.11	8.73%	536,965,389.05	7.41%	17.48%
Other	Other	183,765,491.17	2.54%	182,792,408.54	2.52%	0.53%
Total		7,223,971,501.53	100.00%	7,242,659,061.75	100.00%	-0.26%

Unit: RMB

Product category	Item	2022		2021		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
General lighting products	Raw materials	1,935,461,260.59	26.79%	2,354,705,116.87	32.51%	-17.80%
General lighting products	Labor cost	300,220,823.12	4.16%	376,835,910.92	5.20%	-20.33%
General lighting products	Depreciation and other	205,416,457.12	2.84%	228,443,021.32	3.15%	-10.08%
General lighting products	Subtotal	2,441,098,540.83	33.79%	2,959,984,049.11	40.87%	-17.53%
Auto lamps	Raw materials	1,171,866,396.73	16.22%	535,110,159.03	7.39%	119.00%
Auto lamps	Labor cost	133,268,897.37	1.84%	89,481,090.61	1.24%	48.94%
Auto lamps	Depreciation	136,335,174.11	1.89%	122,740,090.34	1.69%	11.08%

	and other					
Auto lamps	Subtotal	1,441,470,468.21	19.95%	747,331,339.98	10.32%	92.88%
LED packaging and components	Raw materials	1,576,705,592.88	21.83%	1,811,842,718.22	25.02%	-12.98%
LED packaging and components	Labor cost	142,881,340.98	1.98%	155,870,636.12	2.15%	-8.33%
LED packaging and components	Depreciation and other	415,288,632.51	5.75%	435,276,111.72	6.01%	-4.59%
LED packaging and components	Subtotal	2,134,875,566.37	29.55%	2,402,989,466.06	33.18%	-11.16%
Trade and other	Raw materials	896,164,035.05	12.41%	755,330,902.67	10.43%	18.65%
Trade and other	Labor cost	32,061,365.70	0.44%	56,331,299.39	0.78%	-43.08%
Trade and other	Depreciation and other	94,536,034.21	1.31%	137,899,596.00	1.90%	-31.45%
Trade and other	Subtotal	1,022,761,434.95	14.16%	949,561,798.06	13.11%	7.71%
Other	Other	183,765,491.17	2.54%	182,792,408.54	2.52%	0.53%

#### (6) Changes in the Scope of Consolidated Financial Statements for the Reporting Period

Yes  No

For details, see “VII YoY Changes to the Scope of the Consolidated Financial Statements” in Part VI of this Report.

#### (7) Major Changes to the Business Scope or Product or Service Range in the Reporting Period

Applicable  Not applicable

#### (8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	1,531,594,832.77
Total sales to top five customers as % of total sales of the Reporting Period (%)	17.49%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	0.00%

Information about top five customers:

No.	Customer	Sales revenue contributed for	As % of total sales revenue
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		the Reporting Period (RMB)	(%)
1	Customer A	577,095,135.27	6.59%
2	Customer B	317,020,019.20	3.62%
3	Customer C	220,094,919.60	2.51%
4	Customer D	213,427,842.49	2.44%
5	Customer E	203,956,916.21	2.33%
Total	--	1,531,594,832.77	17.49%

Other information about major customers:

Applicable  Not applicable

None of the top five customers is a related party of the Company.

Major suppliers:

Total purchases from top five suppliers (RMB)	949,954,242.78
Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	14.81%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	0.00%

Information about top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	Supplier A	250,474,909.73	3.91%
2	Supplier B	247,115,891.74	3.85%
3	Supplier C	233,309,775.33	3.64%
4	Supplier D	109,951,913.96	1.71%
5	Supplier E	109,101,752.02	1.70%
Total	--	949,954,242.78	14.81%

Other information about major suppliers:

Applicable  Not applicable

None of the top five suppliers is a related party of the Company.

### 3. Expense

Unit: RMB

	2022	2021	Change (%)	Main reason for any significant change
Selling expense	256,820,593.82	235,995,457.89	8.82%	
Administrative expense	408,119,409.22	351,939,272.35	15.96%	
Finance costs	-31,478,088.43	-405,696.07	-7,659.03%	Currency fluctuations
R&D expense	440,787,934.06	374,974,941.64	17.55%	

#### 4. R&D Investments

Applicable  Not applicable

Names of main R&D projects	Project objectives	Project progress	Objectives to be achieved	Expected impact on the future development of the Company
Research on the High-power LED Photothermal Module	This project was designed to conduct systematic heat dissipation research and technology development, thereby addressing the heat dissipation issue in the high-power LED photothermal module. By doing so, heat dissipation methods could be matched to photothermal products with different high powers based on their heat dissipation needs, thereby supporting product R&D.	Completed	The project was intended to develop three heat dissipation technical programmes and two luminary prototypes.	The three innovative heat dissipation technologies for high-power LED luminaries would substantially increase the feasibility of high-value product development and provide effective and feasible technical programmes, thereby contributing to the rapid development of high-power outdoor lighting products and marine lighting products.
Development of the Intelligent Control System and Application of Intelligent Luminaries	Intelligent classroom lighting products should meet the requirements for teaching usability, visibility and comfort, guiding students' attention to the teaching presentation area, energy conservation, automatic adjustment of illuminance, intelligent switch control, and capability to adapt to different scenarios.	In progress	Parameters such as the illuminance, illuminance uniformity, and unified glare rating meet the national standards, and the illuminance can be adjusted based on needs. Additionally, luminaries can be turned on or off both manually and automatically, and scenario modes can be switched based on needs.	The need for intelligent classroom lighting can be met by using sensitive sensors for intelligent monitoring, thereby dynamically judging the illumination in real time, controlling classroom lighting intelligently, and thus saving energy.
Research on the Mechanism of the Influence of Intelligent Dynamic Light Environment on Visual and Non-visual Effects, the Assessment System, and Industrialization	The project is designed to explore and research through a range of relevant experiments, designing activities, and applications in the dimensions of visual efficacy, rhythm regulation, and emotional intervention, and vigorously promote the "healthy light" concept and the integrated and innovative application of LED lighting. The project also aims to explore an experimental research method that is suitable for light and health. Based on the characteristics and needs of different groups of people, the project conducts a comprehensive application study in educational, office, home, and medical & elderly care scenarios, thereby achieving healthy and dynamic lighting through the integration of intelligent lighting technologies and developing Fozhao's "secret lighting" technology.	In progress	To complete four sub-projects: (1) Key Technologies and Product Programme for Fresh Food Lights with High Colour Quality. (2) Study on the Influence of Full-spectrum LED Lighting on the Health Rhythm and Sleep of Humans. (3) Key Technologies and Product Programmes for Elderly-friendly and Medical & Elderly Care Lighting. (4) Establishment of the Dynamic Lighting Environment Laboratory.	The project will provide a rigorous and rich lighting indicator technology library and assessment model for human-centric lighting and commercial colour-rendering lighting and conduct on-site debugging presentations through the laboratory and prototype room. The project will contribute to the development of multiple healthy lighting and commercial colour-rendering lighting products, thereby vigorously supporting the Company in growing into the industry leader in the healthy lighting field.

24-Pixel intelligent ADB high beam module	Develop an intelligent high beam module, which can effectively use the high beam mode by switching the high beam mode under different driving modes, and improve the driving safety of automobiles. Make driving more comfortable.	In progress	Improve the intelligent development ability of the Company through the design and development regarding electronic software, system and optics.	Improve the technical ability of the Company to equip intelligent ADB high beam in the middle and high-end models, and enable the Company to better occupy the middle and high-end market.
Application of Information Security Technologies	The project is designed to study the application of various information security technologies to automotive lights in order to ensure that products operate reliably and that data is secure.	In progress	To design and develop electronic software and systems to improve the Company's technological capability in protecting automotive information security.	Considering that the intelligent and networked development of automobiles has resulted in a rapid increase in the information security need, the project will boost the Company's product competitiveness.
Headlight Module	The project is designed to strengthen the competitiveness of the module product series in the market.	In progress	The project is intended to form a module series, thereby satisfying the need of mainstream customers in the market.	The project will develop module products that can meet the market and customer demands and enhance the product competitiveness of the Company.
Electronic Controllers for Automotive Lights	The project is designed to develop special electronic controllers to control each feature of high-performance modules.	In progress	The project is intended to achieve platform-based modules through the standardisation of software modules.	The project will boost the Company's competitiveness in the electronic field.
The Research and Application of Epitaxial Wafers, Chips, and Packaging of Near-ultraviolet Silica-based AlGaIn Vertical LEDs with High Power	The development of third-generation semiconductor technology based on silica is a hot topic at home and abroad. Based on the research into the whole industrial chain, including epitaxial wafers, chips, packaging, and application, of near-ultraviolet silica-based AlGaIn vertical LEDs with high power, the project aims to develop chips, devices, and modules for near-ultraviolet LEDs with high power and achieve the large-scale production, thereby boosting the development of third-generation semiconductor technology of Guangdong Province and even China.	In progress	The project is designed to develop chips, devices, and modules for near-ultraviolet LEDs with high power and achieve large-scale production.	The project will improve product quality and market share.
The Technology Research on Colour Micro-LED Displays and Ultra-high Brightness Micro Displays	The global LED industry is in the phase of steady development, with the entire LED market maintaining rapid growth. As a result, the application demand for LED displays keeps increasing. Under this circumstance, Micro	In progress	To conduct R&D from the perspectives of Micro-LED integration and transmission system, master the transmission and micro-packaging technologies for Micro-LED devices, remove the restrictions arising from	Technological reserves.

	LED technology might become the next blue ocean. The project will help the Company make vigorous arrangements for the Micro LED technology and drive the industry toward the P0.X era faster.		size miniaturisation and the bottlenecks in colourisation, improve the screen quality and brightness of the displays, and make fully colourised Micro-LED display devices, thereby ensuring technological reserves for future development of the display industry.	
The Research and Industrialization of New and High-performance Display Components	Guangdong Province takes the lead in promoting the development of the ultra high-definition (UHD) video industry on a pilot basis. To this end, it supports the connection of upstream to downstream enterprises along the industrial chain, thereby strengthening the development of the 4K and 8K UHD television industry based on domestic core chips and basic software and contributing to the emergence of a group of internationally-influential leading enterprises. By contrast, traditional display technologies can no longer meet the need for UHD televisions. Through the project, the Company will grasp the key packaging process of ultra-thin integration and short-distance light mixing, break through the large-size array precision packaging and millimetre-level regional HDR dynamic control technology, and research and develop ultra-thin integrated microdisplay devices and application products that enable uniform short-distance light mixing and ultra-high brightness. This will speed up the development of the new display industry of Foshan and Guangdong Province, fill the technological gap in this regard in China, and enhance the competitiveness of microdisplay devices in the international market.	In progress	The project is intended to research and develop ultra-thin integrated microdisplay devices and application products that enable uniform short-distance light mixing and ultra-high brightness and industrialize them.	The project will improve product quality and market share.
The Research and Application regarding the Key Technology of High-lumen Compound Reflex LED Chips for Automobiles and High-density Matrix Packaging	China is the world's largest automobile market at present. The explosive growth of the automotive market has driven the upgrading of automotive lighting parts. However, the automotive LED market has been monopolized by two giants: Philips from the Netherlands and Osram from Germany, which has greatly restricted the development of China's LED industry. The project is designed to research and develop the technology of	In progress	The project is intended only for the LED packaging area and to research and develop matrix packaging devices featuring high density and high reliability. By doing so, the Company will develop a new product with independent intellectual property.	The project will improve product quality and market share.

	high-lumen compound reflex LED chips for automobiles and high-density matrix packaging, which will substantially boost the development of China's semiconductor lighting industry and drive the upgrading of the LED industry. As a result, the domestically leading position of the LED industry in Foshan and even Guangdong Province will be further consolidated.			
The Technology Research and Industrialization of the Micro Display Module Based on Highly Efficient Colour Conversion	It is imperative for Foshan, the leader in China's display packaging industry, to research and develop key microdisplay manufacturing technology, thereby capturing market share. The project will build a microdisplay key technology research platform by giving full play to the advantage of industry-university-research integration of the partnering institutions. It will start with the architecture and key materials of the microdisplay packaging and research and develop micro spacing display devices featuring liquid crystal-level resolution. Additionally, the project will remove the bottlenecks in microdisplay manufacturing, fill the gap in this regard in China, and promote the upgrading of Foshan's LED industry. Moreover, the leading position of China in the field of LED semiconductor technology application will be further consolidated, and China's independent R&D strength in semiconductor microdisplay manufacturing technology will be improved.	In progress	The project will research the "technology and industrialization of the microdisplay module based on highly efficient colour conversion" with a focus on the backward development of domestic microdisplay technology and deficient research on chip manufacturing and module device packaging. It will start with the architecture and key materials of the microdisplay packaging and develop the technology of microdisplay module precision integration and planar moulded packaging, thereby achieving efficient large-scale manufacturing of display modules featuring high precision and a high contrast ratio.	The project will improve product quality and market share.
The Research on the Key Technology and Innovative Application of Deep Ultraviolet Solid-state Light Sources	Guangdong Province is among the top three mercury-vapour lamp producers and consumers in China, thus enjoying a high market share in the deep ultraviolet application industries related to mercury-vapour lamps, such as water/air/surface disinfection. Therefore, it is imperative for Guangdong Province to develop a new environmental light source that can substitute for mercury-vapour lamps. The project is designed to promote the industrial upgrading of Guangdong Province, a major mercury-vapour lamp producer and consumer, by developing the whole industrial chain technology with independent	In progress	With the self-developed technology roadmap, the project focuses on breaking through the key technology of deep ultraviolet solid-state light source packaging and developing deep ultraviolet LED devices with a long service life.	The project will improve product quality and market share.

	intellectual property rights for the deep ultraviolet solid-state light sources, thereby developing the third-generation semiconductor material and device industry into a pivot of the "innovation-driven development strategy" of Guangdong Province and even the Guangdong-Hong Kong-Macao Greater Bay Area.			
Guangdong Provincial Key Laboratory of Semiconductor Microdisplay Enterprises	China's new display industry has recorded substantial progress in recent years, topping the world in terms of panel capacity. However, core microdisplay patents are mainly controlled by the US, Japan, South Korea, and Taiwan, China, placing the domestic microdisplay industry under a technological blockade and hindering the breakthrough in the key technology of microdisplay manufacturing. The China-US and South Korea-Japan trade frictions are a wake-up call for the development of a semiconductor microdisplay lab. The Guangdong Provincial Key Laboratory of Semiconductor Microdisplay Enterprises will research the common technology in the semiconductor microdisplay industry through resource integration and optimization, thereby fully boosting the innovation capability and strength of Guangdong Province's microdisplay industry, promoting the development of relevant industries, catalysing the boom in the whole province's microdisplay industry, and helping the microdisplay industry earn the right to speak in the international market.	In progress	The lab focuses on tackling common technological difficulties in the industry and designing and researching the packaging architecture and key packaging process of UHD semiconductor microdisplays based on the special requirements of such microdisplays. Additionally, the lab will also assess the reliability of the microdisplay devices that it has developed and develop semiconductor microdisplay devices and module repair technology, thereby achieving the industrialization and demonstrative application of relevant technologies.	As an important platform to improve enterprises' self-innovation capability, the lab will carry out long-term and stable industry-university-research cooperation with universities & research institutes, facilitate basic application study as well as result promotion and industrialization, and provide vigorous support for improving the Company's core competitiveness and developing the Company into an innovation-based enterprise.
The R&D and Industrialization of Quantum Dot Light-emitting Materials and Components with Low Environmental Pollution	The quantum dot materials in the quantum dot backlight technology in the industry are mainly in line with the CdSe system, and the cadmium content in the CdSe quantum dot backlight display products is above the RoHS standards of the European Union. Additionally, China has introduced a similar standard for low cadmium. The project is designed to lower the content of cadmium in the quantum dot backlight diaphragm to within the RoHS standard through the research of the low-cadmium quantum dot backlight	In progress	Through the project and based on the requirement for quantum dot light emission with low environmental disruption, the business's advantages in the LED industry will be fully leveraged to research the backlight technology applicable to quantum dots with low environmental pollution and build a pilot scale assembly line for backlight modules for the quantum dot technology with low environmental pollution.	The project will improve product quality and market share.

	<p>technology and integrate the industrial chain from the quantum dot materials to quantum dot backlight machine to boost the development of the quantum dot backlight and display industry.</p>			
<p>The Guangdong-Hong Kong-Macao Joint Lab of Intelligent Micro-nano Photoelectric Technology</p>	<p>Intelligent micro/nano optoelectronic technology, which integrates photonics, nanotechnology, and artificial intelligence, is a key scientific technology in the field of national advanced manufacturing and artificial intelligence. This laboratory is oriented towards major national needs and economic innovation and development in the Greater Bay Area of Guangdong, Hong Kong, and Macao. It gathers the advantages of four parties to carry out research on new photoelectric materials and micro/nano device technology, semiconductor photoelectric chip micro/nano intelligent manufacturing, and semiconductor micro/nano intelligent display, addressing forward-looking international scientific issues and industry common technical issues. The establishment of the laboratory will promote the construction of the International Science and Technology Innovation Center in the Greater Bay Area, and is of great significance for achieving high-quality development of the photoelectric industry in the Greater Bay Area of Guangdong, Hong Kong, and Macao.</p>	<p>In progress</p>	<p>With the geographical and resource advantages of the Guangdong-Hong Kong-Macao Greater Bay Area, the lab focuses on the "photoelectric materials-micro-nano devices-micro-nano manufacturing-micro-nano display" chain and researches the technology roadmap of the Micro-LED micro-nano display, thereby addressing forward-looking scientific issues and common technical issues in the industry.</p>	<p>Through the innovative cooperation mechanism and the complementation of the advantages of Guangdong Province and Macao, the common technical issues in the industry can be resolved, thereby advancing the high-quality development of the Company.</p>
<p>Research on the Third-generation Semiconductor Power Device and Module Packaging Technology</p>	<p>The third-generation semiconductor is pivotal to the innovative development as well as transformation and upgrading of industries such as military equipment for national defence, 5G communications, new energy vehicles, and rail transit. It is becoming the technological high ground competed by countries around the world. However, China still falls behind in the development of third-generation semiconductor power and electronic devices, with little research on chip manufacturing and module device packaging in this regard. This has restricted China's semiconductor industry. Therefore, research on third-generation semiconductor</p>	<p>In progress</p>	<p>For the backward third-generation semiconductor power and electronic devices in China and little research on chip manufacturing and module device packaging, the project will "research third-generation semiconductor power devices and module packaging technology" and then propose the innovative packaging technology applicable to the third-generation semiconductor, especially the double-sided packaging technology. This enables the Company to develop the SiC high-power module with independent intellectual property. Moreover, the SiC high-</p>	<p>The project will expedite the distribution of the third-generation semiconductor, facilitate the development of high-quality third-generation semiconductors, and provide customized technological solutions for customers, thereby helping the Company increase market share.</p>

	<p>devices must be conducted as soon as possible. Considering that the packaging module plays a pivotal role in the device and system, the project will help the Company develop the third-generation half-power module with independent intellectual property, thereby facilitating the replacement using domestic products.</p>		<p>power module can withstand ultra-high power density, has extremely high reliability, and has huge potential for being used in such fields as new energy vehicles, energy grids, and industrial electric machines.</p>	
<p>The Research on the Packaging Technology for High-Reliability Digital Module CHIP LED</p>	<p>The future of the market for smart home devices presents intriguing prospects, with opportunities in home security and protection, appliances, entertainment, lighting, healthcare and kitchen applications. Technological advances are facilitating the growth of the global smart home market. Digital modules make smart home appliances “visible” to consumers in different application scenarios. The CHIP LED digital module plays a significant role to be reckoned with and shows a bright market prospect in the field of home appliance display. Through the implementation of this project, the CHIP LED digital display module will be developed to meet the requirements for application in complicated environments.</p>	<p>In progress</p>	<p>Through the implementation of this project, we will further strengthen our independent R&amp;D capability within the Company, promote the key technology development and reliability research process of the CHIP LED devices, give full play to the size advantage of the CHIP LED devices, optimize the performance such as waterproofing, anti-static properties, cold / thermal shock resistance of home appliance digital modules from the device level, and develop high-reliability CHIP LED devices with independent intellectual property rights, so as to bring into play their huge application potential in the field of home appliance display.</p>	<p>Through the implementation of this project, we will enrich CHIP LED products and reinforce the development of customized digital modules for high-end home appliances, making it a new profit growth point for the Company.</p>
<p>The Research on Full-color and Integrated Packaging of Micro-LED Display with High Brightness and Contrast</p>	<p>With the advantages of high efficiency, energy conservation, active luminescence and ultra-high resolution, Micro-LED stands out from an array of novel display technologies and has become a focus in novel technology competitions. This project aims to satisfy the major demand for large-screen 4K/8K UHD display from national policies and social development. In combination with the main development trend of full-color Micro-LED display at home and abroad, we will overcome the core technology bottleneck of the industry such as full-color packaging technology, and develop high-brightness and high-contrast Micro-LED display devices and modules that meet the market demand for</p>	<p>In progress</p>	<p>This project aims to satisfy the major demand for large-screen 4K/8K UHD display from national policies and social development. In combination with the main development trend of full-color Micro-LED display at home and abroad, we will overcome the core technology bottleneck of the industry such as full-color packaging technology, and develop high-brightness and high-contrast Micro-LED display devices and modules that meet the market demand for better interactivity and display performance. By doing so, the development of upstream and downstream industries of the industry chain will be boosted, and</p>	<p>The project is of vital importance in terms of promoting the localization of China’s LED display industry chain.</p>



	better interactivity and display performance.		China's dominant position in display applications will be further consolidated.	
The Research on the Key Technology of 4K/8K Full-color Micro-LED Displays with Ultra High Definition (UHD)	The core technology of UHD display represented by Micro/Mini-LED devices is still monopolized by Samsung of South Korea, Apple of the US, Sony of Japan and other international giants. Manufacturers in the province need to pay high royalties to engage in the business, which seriously constrains the strategic transformation of the LED industry in Guangdong Province. Therefore, to vigorously develop the UHD video display industry, the key solutions are to break through the bottleneck of Micro/Mini-LED device technology and motivate the transformation and upgrading of UHD display in the LED industry, so as to secure the internationally advanced technology status of the province's LED display.	In progress	In this project, we will develop high performance Mini/Micro-LED display devices and display modules by researching technical problems such as high density IMD Mini/Micro-LED integrated packaging technology, high compatibility pixel cutout manufacturing technology of Mini/Micro-LED display devices, and mass transfer technology of Micro-LED chips. Related technology will be developed to remove the blockade of international giants, fill the gap of local high-end applications, and achieve the efficient and rapid 4K/8K development for the HD display.	The Company's dominant position in display applications will be consolidated.

## Details about R&amp;D personnel:

	2022	2021	Change (%)
Number of R&D personnel	1,920	1,717	11.82%
R&D personnel as % of total employees	14.89%	13.27%	1.62%
Educational background			
Bachelor's degree	999	929	7.53%
Master's degree	105	113	-7.08%
Doctoral degree and above	18	14	28.57%
Junior college and below	798	661	20.73%
Age structure			
Below 30	793	788	0.63%
30~40	772	632	22.15%
Over 40	355	297	19.53%

## Details about R&amp;D investments:

	2022	2021	Change (%)
R&D investments (RMB)	503,728,194.02	489,324,165.24	2.94%
R&D investments as % of operating revenue	5.75%	5.61%	0.14%

Capitalized R&D investments (RMB)	43,625,369.92	85,322,870.74	-48.87%
Capitalized R&D investments as % of total R&D investments	8.66%	17.44%	-8.78%

Reason for any significant change to the composition of R&D personnel and impact:

Applicable  Not applicable

Reasons for any significant YoY change in the percentage of R&D investments in operating revenue:

Applicable  Not applicable

Reason for any sharp variation in the percentage of capitalized R&D investments and rationale:

Applicable  Not applicable

## 5. Cash Flows

Unit: RMB

Item	2022	2021	Change (%)
Subtotal of cash generated from operating activities	8,658,886,730.27	8,755,037,589.47	-1.10%
Subtotal of cash used in operating activities	7,593,998,409.58	8,321,563,641.13	-8.74%
Net cash generated from/used in operating activities	1,064,888,320.69	433,473,948.34	145.66%
Subtotal of cash generated from investing activities	378,208,504.00	2,039,628,965.81	-81.46%
Subtotal of cash used in investing activities	724,926,218.64	901,973,947.77	-19.63%
Net cash generated from/used in investing activities	-346,717,714.64	1,137,655,018.04	-130.48%
Subtotal of cash generated from financing activities	1,156,078,320.59	127,386,000.00	807.54%
Subtotal of cash used in financing activities	1,901,637,286.67	1,119,845,047.03	69.81%
Net cash generated from/used in financing activities	-745,558,966.08	-992,459,047.03	24.88%
Net increase in cash and cash equivalents	5,762,254.34	570,889,827.84	-98.99%

Explanation of why any of the data above varies significantly:

Applicable  Not applicable

1. Net cash generated from operating activities increased by 145.66% year on year, mainly due to the Company as the parent strengthening inventory control.

2. Net cash generated from investing activities decreased by 130.48% year on year, mainly due to more cash received from disinvestment as a result of the sale of certain shareholdings last year.

3. Net cash generated from financing activities increased by 24.88% year on year, mainly due to the increased borrowings received in the current period. Explanation of why net cash generated from/used in operating activities varies significantly from net profit for the Reporting Period:

Applicable  Not applicable

There is a gap of RMB714,044,964.97 between net cash generated from operating activities of RMB1,064,888,320.69 and net profit of RMB350,843,355.72 in the year, mainly because cash received from sale of goods was higher than cash paid for raw materials, in addition to high non-cash costs, in the current period.

## V Analysis of Non-Core Businesses

Applicable  Not applicable

Unit: RMB

	Amount	As % of profit before tax	Source/Reason	Recurrent or not
Return on investment	10,633,954.02	2.79%	Dividend income from other equity investments held during the period, and gains on forward forex settlement contracts	Not
Gain/loss on changes in fair value	-9,518,428.58	-2.49%	Gain/loss on changes in fair value of financial instruments	Not
Asset impairments	-91,517,378.38	-23.98%	Inventory valuation allowances	Not
Non-operating income	18,757,057.63	4.91%	Receipt of compensation, sale of retired equipment, and carryforwards of payables that require no payment	Not
Non-operating expense	16,812,534.08	4.40%	Loss on retirement of non-current assets	Not
Other income	84,894,793.92	22.24%	Receipt of continuing government grants	Not
Credit impairment loss	-15,404,763.61	-4.04%	Allowances for doubtful accounts	Not

Asset disposal income	968,273.19	0.25%	Gains or losses on the disposal of non-current assets	Not
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## VI Analysis of Assets and Liabilities

### 1. Significant Changes in Asset Composition

Unit: RMB

	31 December 2022		1 January 2022		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	2,484,508,907.43	16.25%	2,435,226,244.90	14.67%	1.58%	
Accounts receivable	1,920,770,941.76	12.56%	2,018,106,424.43	12.16%	0.40%	
Contract assets	5,466,875.07	0.04%	8,561,303.10	0.05%	-0.01%	
Inventory	2,031,637,401.87	13.29%	1,989,531,479.77	11.99%	1.30%	
Investment property	44,611,882.44	0.29%	47,102,214.34	0.28%	0.01%	
Long-term equity investments	181,931,792.66	1.19%	181,545,123.09	1.09%	0.10%	
Fixed assets	3,508,094,282.41	22.95%	3,514,723,653.20	21.17%	1.78%	
Construction in progress	1,282,780,335.14	8.39%	1,087,564,087.47	6.55%	1.84%	
Right-of-use assets	13,047,727.73	0.09%	14,126,206.08	0.09%	0.00%	
Short-term borrowings	157,715,359.35	1.03%	226,779,997.01	1.37%	-0.34%	
Contract liabilities	125,143,161.61	0.82%	141,336,712.44	0.85%	-0.03%	
Long-term borrowings	747,931,023.71	4.89%	0.00	0.00%	4.89%	New bank loan received in the current period
Lease liabilities	7,055,542.18	0.05%	8,065,560.58	0.05%	0.00%	
Notes receivable	821,537,774.07	5.37%	1,688,000,575.74	10.17%	-4.80%	Reclassification of notes in the current period
Receivables financing	569,868,831.79	3.73%	10,660,409.19	0.06%	3.67%	Reclassification of received bank acceptance notes with high credit status and low credit risk in the

						current period
Other current liabilities	100,192,681.00	0.66%	10,716,009.78	0.06%	0.60%	

Indicate by tick mark whether overseas assets account for a high proportion of total assets.

Applicable  Not applicable

## 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
<b>Financial assets</b>								
1. Held-for-trading financial assets (exclusive of derivative financial assets)	20,000,000.00	4,849.31			90,000,000.00	50,000,000.00		60,004,849.31
2. Derivative financial assets	5,825,678.18	4,853,645.26						972,032.92
4. Investments in other equity instruments	1,504,980,024.07	450,756,937.01	586,659,393.52			190,031,740.66		864,191,346.40
Subtotal of financial assets	1,530,805,702.25	455,605,732.96	586,659,393.52		90,000,000.00	240,031,740.66		925,168,228.63
Total of the above	1,530,805,702.25	455,605,732.96	586,659,393.52		90,000,000.00	240,031,740.66		925,168,228.63
Financial liabilities	9,367.37	4,669,632.63						4,679,000.00

Details about other changes:

Note: Gain/loss on fair-value changes recorded in equity in the current period was inclusive of value-added taxes payable arising from the sale of shares of the stocks including Gotion High-tech, Xiamen Bank, etc.

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	534,826,528.99	Security deposits for notes, performance bonds, payments by buyers for pre-sale of properties
Notes receivable	751,280,639.50	In pledge for notes pool and notes receivable that are endorsed and undue
Fixed assets	149,146,773.04	As mortgage and guarantee for related party, see XIV (III) "Guarantees" in Part X
Intangible assets	10,963,743.21	
Total	1,446,217,684.74	— —

## VII Investments Made

### 1. Total Investment Amount

Applicable  Not applicable

Investment amount in the Reporting Period (RMB)	Investment amount in the same period of last year (RMB)	Change (%)
1, 656, 670, 405. 07	1, 279, 177, 652. 50	29. 51%

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

Applicable  Not applicable

Unit: RMB

Name of investee enterprise	Main businesses	Investment methods	Invested amount	Shareholding percentage	Funding Resources	Partners	Investment Duration	Product type	Status as on the date of the balance sheet	Predicted return	Investment return in the current period	Whether involved in any legal actions	Date of disclosure (if any)	Disclosure index (if any)
Fosh	Deve	Acqu	1,517	21.48	Self-	None	Long	Majo	Own	19,76	19,76	No	26	Anno

an Natio nStar Opto electr onics Co., Ltd.	lopment, production and marketing of LED and components	ired	,098, 116.6 2	%	funde d		-term	ity- owne d subsidiary	ershi p transf erred, toget her with relate d credit or's rights and liabili ties	5,750 .04	5,750 .04		Febru ary 2022	unce ment No. 2022- 014 on Com pletio n of Trans fers of Asset s in Majo r Asset Acqui sition s discl osed on <a href="http://www.cninfo.com.cn">http:// www.cn info.c om.c n</a>
Fosh an Sigm a Vent ure Capit al Co., Ltd.	Proje ct inves tment and relate d plann ing, consu lting and mana gemen t servi ces	Acqui red		100.0 0%	Self- funde d	None	Long -term	Whol ly- owne d subsidiary	Own ershi p transf erred, toget her with relate d credit or's rights and liabili ties			No	26 Febru ary 2022	Anno unce ment No. 2022- 014 on Com pletio n of Trans fers of Asset s in Majo r Asset Acqui sition s discl osed on <a href="http://www.cninfo.com.cn">http:// www.cn info.c om.c</a>

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														Anno un- ce- ment No. 2022- 048 on Majo- ri- ty- owne- d Subsi- diary' s Acqu- isitio- n of Equit- y Inter- ests in Guan- dong Feng hua Semi- cond- uctor Tech- nolog- y Co., Ltd. & Relat- ed- party Trans- actio- n on <a href="http://www.cninfo.com.cn">http:// ww- w.cn- info- .com- .cn</a>
	Guan- dong Feng hua Semi- cond- uctor Tech- nolog- y Co., Ltd.	R&D , manu- factur- e and sale of electr- onic compo- nent s and integr- ated circui- t produ- cts	Acqu- ired	268,8 19,27 1.98	21.45 %	Self- funde- d	None	Long -term	Whol- ly- owne- d subsidi- ary	Own- ershi- p transf- erred, toget- her with relate- d credit or's rights and liabili- ties			No	13 Augu- st 2022
Total	--	--	1,785 ,917, 388.6 0	--	--	--	--	--	--	--	19,76 5,750 .04	19,76 5,750 .04	--	--

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

Applicable  Not applicable



#### 4. 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 the Reporting Period	Accumulated fair-value changes recorder in equity	Purchased in Reporting Period	Sold in Reporting Period	Gain/Loss in Reporting Period	Ending carrying value	Accounting title	Funding source
Domestic/Overseas listed stock	002074	Gotion High-tech	83,014,485.13	Fair value method	887,464,218.75	-384,152,737.28	410,952,709.40		9,344,286.94	1,715,644.18	493,967,194.53	Investments in other equity instruments	Self-funded
Domestic/Overseas listed stock	601187	Xiamen Bank	152,957,606.83	Fair value method	575,955,944.40	-66,604,199.73	175,706,684.12		180,687,453.72	14,339,628.75	328,664,290.95	Investments in other equity instruments	Self-funded
Domestic/Overseas listed stock	N/A	Foshan branch of Guangdong Development Bank	500,000.00	Fair value method	500,000.00						500,000.00	Investments in other equity instruments	Self-funded
Domestic/Overseas listed stock	601777	Lifan Technology	1,176,008.74	Fair value method	1,558,778.18	-586,745.26					972,032.92	Held-for-trading	Other

Overseas listed stock				d								g financ ial assets	
Total		237,648,100.70	--	1,465,478,941.33	-451,343,682.27	586,659,393.52	0.00	190,031,740.66	16,055,272.93	824,103,518.40	--	--	

## (2) Investments in Derivative Financial Instruments

Applicable  Not applicable

### 1) Derivative Investments for Hedging Purposes in the Reporting Period

Applicable  Not applicable

Unit: USD'0,000

Type of derivative	Initial investment amount	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	Ending investment amount	Ending investment amount as % of the Company's ending equity
General forward	180	7.1	0	0	180	0	0.00%
General forward	280	12.09	0	0	280	0	0.00%
General forward	350	11.28	0	0	350	0	0.00%
General forward	360	11.54	0	0	360	0	0.00%
General forward	700	-16.18	0	0	700	0	0.00%
General forward	260	-6.02	0	0	260	0	0.00%
General forward	1,000	-34.07	0	0	1,000	0	0.00%
Forward options	1,000	5.37	0	1,000	1,000	0	0.00%
General forward	1,000	-22.49	0	1,000	1,000	0	0.00%
General forward	1,000	-41.3	0	1,000	1,000	0	0.00%
General forward	1,000	-69.75	0	1,000	1,000	0	0.00%
General forward	1,000	0	0	1,000	0	1,000	0.12%
General forward	0.05	0	0	0.05	0.05	0	0.00%
General forward	500	-0.76	0	500	500	0	0.00%

General forward	400	2.09	0	400	400	0	0.00%
General forward	1,000	0	0	1,000	0	1,000	0.12%
General forward	1,000	0	0	1,000	0	1,000	0.12%
General forward	429.05	4.38	0.00	129.88	299.17	0.00	0.00%
Total	11,459.10	-136.72	0.00	8,029.93	8,329.22	3,000.00	0.36%
Major changes in accounting policies and specific accounting principles adopted for hedges in the Reporting Period compared to the last reporting period	No						
Actual gain/loss in the Reporting Period	The actual loss stood at USD-1.3672 million in the Reporting Period.						
Effectiveness of hedging	The Company carries out foreign exchange hedging business appropriately according to specific situations, which can effectively reduce the foreign exchange market risk, lock in industrial profit of export business and avoid exchange rate risk.						
Funding source	Self-funded						
Analysis of risks and control measures associated with derivative investments held in Reporting Period (including but not limited to	<p>Risk analysis of the forward foreign exchange settlement: 1. Market risk: Given the unpredictability of economic changes at home and abroad, the foreign exchange hedging business faces market risk, to some extent. 2. Foreign currency risk: When the foreign currency trend greatly deviates from the Company's judgment of such trend, the expenses after locking the exchange rate might exceed that before doing so, resulting in losses to the Company. 3. Internal control risk: Imperfect internal control policies probably triggers risks to the foreign exchange hedging business, as it is highly professional and complex. 4. Trading default risk: If the counterparty of foreign exchange hedging defaults by failing to pay hedging earnings to the Company as agreed, the actual exchange loss of the Company will not be offset. 5. Collection forecast risk: Marketing departments forecast collection based on the actual and expected orders of customers. In practice, customers may adjust such orders. As a result, the Company's collection forecast will not be accurate, leading to delivery risks.</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 Company has established the Management System for Foreign Exchange Hedging and majority-owned subsidiary NationStar Optoelectronics has also</p>						

market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)	formulated the Management System for Forward Forex Settlement and Sale and Forex Option Transactions, clearly defining 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 foreign exchange hedging business. 3. In order to prevent any delay in the foreign exchange hedging, 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 foreign exchange hedges must be strictly based on the Company's foreign exchange earnings prediction. Besides, the Company shall strictly control the scale of its foreign exchange hedges, 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.
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)	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.
Legal matters involved (if applicable)	N/A
Disclosure date of announcement on board's approving derivative investment (if any)	13 August 2022
Opinion of independent directors on derivative	The independent directors are of the opinion that: The foreign exchange hedging transactions conducted by the Company are based on normal production and operation, are supported by specific businesses, aim to avoid and prevent foreign exchange risks associated with export businesses, do not involve speculative operations and are consistent with the needs of the Company's operation and development. The Company has established relevant

investments and risk control	business management policies and risk control and prevention measures. The risk is controllable. The proposal was passed following a lawful, valid decision-making procedure, has no negative impact on the Company's normal operation and business development and does not undermine the interest of the Company and its shareholders. Therefore, the Company's conducting foreign exchange hedging transactions is approved.
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## 2) Derivative Investments for Speculative Purposes in the Reporting Period

Applicable  Not applicable

No such cases in the Reporting Period.

## 5. Use of Funds Raised

Applicable  Not applicable

No such cases in the Reporting Period.

## VIII Sale of Major Assets and Equity Investments

### 1. Sale of Major Assets

Applicable  Not applicable

No such cases in the Reporting Period.

### 2. Sale of Major Equity Investments

Applicable  Not applicable

## IX 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 NationStar Optoelectronics Co., Ltd.	Subsidiary	Manufacturing	618,477,169.00	6,579,814,806.63	3,753,544,060.63	3,579,885,727.44	123,162,599.21	121,273,711.19
Nanning Liaowang Auto Lamp Co., Ltd.	Subsidiary	Manufacturing	35,055,700.00	2,452,478,410.10	875,516,367.24	1,559,021,639.99	37,931,281.46	44,172,944.70

FSL Zhida Electric Technology Co., Ltd.	Subsidiary	Manufacturing	50,000,000.00	157,927,247.59	72,606,821.80	211,155,180.35	11,356,073.00	10,014,442.47
FSL Chanchang Optoelectronics Co., Ltd.	Subsidiary	Manufacturing	72,782,944.00	641,941,438.30	229,279,691.30	581,707,827.94	72,005,624.31	61,997,036.97

## Subsidiaries obtained or disposed in the Reporting Period:

 Applicable    Not applicable

Name	How the subsidiary was obtained or disposed of in the Reporting Period	Impact on overall operations and performance
Foshan NationStar Optoelectronics Co., Ltd.	Acquired	These two subsidiaries combined increased the Company's operating revenue and net profit attributable to the Company as the parent by RMB3,520 million and RMB19.7658 million, respectively.
Foshan Sigma Venture Capital Co., Ltd.	Acquired	

## Information about major majority- and minority-owned subsidiaries:

—In a major asset restructuring in February 2022, the Company acquired a 21.32% interest in Foshan NationStar Optoelectronics Co., Ltd. (NationStar) from Rising Group and its acting-in-concert party. Upon the conclusion of the transaction, the Company eventually holds a 21.48% interest in NationStar, and NationStar has become a majority-owned subsidiary of the Company. The Company has included NationStar in its consolidated financial statements since Q1 2022.

—Nanning Liaowang Auto Lamp Co., Ltd. signed an equity agreement with its existing shareholders in July 2021, and acquired Nanning Liaowang through equity acquisition and capital increase and share expansion. Upon the conclusion of the transaction, the Company eventually holds a 53.79% interest in Nanning Liaowang, and Nanning Liaowang has become a majority-owned subsidiary of the Company. The Company has included Nanning Liaowang in its consolidated financial statements from the date when the Company obtained actual control of it.

—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 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 FSL Chanchang Optoelectronics Co., Ltd.

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

Applicable  Not applicable

## **XI Prospects**

(I) The Company's development strategies

The Company will continue to take technology and services as two top-priority fronts, focus on brand and value and center its efforts on upgrading to medium- to high-end smart manufacturing, transitioning to a provider of products and integrated solutions and transcending to "smart, healthy, green and human-oriented lighting". In the meantime, the Company will step up efforts on the application end, further exploit the Internet-of-Things (IoT) ecosphere and niche markets, develop more new application scenarios and products, continuously improve our core competitiveness and accelerate the new round of development.

(II) Operational plan for 2023

In 2023, the Company will take “digital transformation” as the core engine, vigorously implement the four-driver development measures of “internal management, market expansion, innovation-driven growth, and M&A support”, constantly strengthen business quality, and keep improving its business benefits, competitiveness, and risk resistance.

1. Focus on tapping potential and enhancing efficiency and develop new profit growth points

(1) The industrial layout will be constantly optimized. In combination of the development trends of the lighting

industry, the Company will exert more efforts for the industrial layout in the market segments with big consumer demand, endeavour to lead the industry in terms of product R&D, channel development, and market promotion, and create new benefits.

(2) The Company will continue to change its marketing model. Both the To B and TO C businesses will be pursued in parallel to expand the market and strengthen its own brands. In the To B business, while consolidating the traditional channel dealers, the Company will take the "project-based system and specialisation" as the traction to break through large projects in various segments and expand the market from the source. In the TO C business, it will set up a dedicated team to focus on expanding the business of home improvement and decoration companies across the country and accelerate the expansion of the TO C business.

(3) Difficulties in the new energy vehicle (NEV) lamp market will be continuously tackled. The Company will expedite the construction of the "One Institute and Three Centres" of Nanning Liaowang and integrate its advantages in the upstream and downstream industrial chains to push forward the mid-to-high-end upgrade of auto lamp products. Concurrently, it will consolidate and expand Nanning Liaowang's market share of auto lamps in southwestern China, earnestly expand customers in other regions, and spare no pains to raise its market share of NEV lamps.

## 2. Focus on innovation-driven development and strengthen technological support

(1) The Lighting Research Institute will be established to accelerate technological upgrade. The Company will introduce a high-end scientific research team, centre on common long-term technologies as well as research and industrialization of forward-looking technologies, and develop future-oriented technological strengthen.

(2) Platforms will be utilized to drive deep industry-university-research integration. Tackling technological challenges and cultivating innovative talent will be carried out based on the Company's existing technology platforms. The creation of innovative consortia with enterprises, universities, and scientific research institutes will be pushed forward to lead innovation in the industrial chain synergy and industry-university-research integration

(3) Market demand should be precisely identified to create "top-selling" products. Products and solutions commensurate with market demand in intelligent lighting, health lighting, marine lighting, and animal and plant lighting will be launched to create industrial clusters with market competitiveness.

## 3. Focus on strengthening management and promote further improvement in operations

(1) Constant efforts were made for the "three refinements in management" scheme. In terms of main indicators, the Company will continuously align with benchmark enterprises, improve the weak links of management,



consolidate the management foundation, and constantly input time and energy into operation and management improvement.

(2) Costs and expenditures will be reduced. Effective cost control measures, such as cost reduction through the synergy among R&D, purchase, and production, will continue to be implemented to earnestly reduce management and general expenditures. The organization of quality control will be perfected. A whole-chain system for quality management will be built to cover design, purchase, production, and marketing, forming closed-loop management for product quality.

(3) Intelligent and digital upgrades will be strengthened. The Company will continue to raise its input, perform the technological transformation of its production workshop to enhance the automatic production and intelligent logistics of its production workshop, promote the building of platforms for marketing, supply chain, R&D, and finance, optimize business procedures, and improve management and operational efficiency.

### (III) Potential risks facing the Company and countermeasures

#### 1. Risks of macro economic fluctuations and fiercer market competition

At present, economic uncertainties remain at home and abroad. If economic growth continues to slow down, it may have an adverse impact on the development of the industry. Meanwhile, the lighting industry is a fully competitive industry. And as market demand slows down in growth, the Company could be facing fiercer competition.

Countermeasures: The Company will adhere to the set strategies, spend greater effort in developing new products, constantly refine the business portfolio, and actively explore segment markets such as intelligent lighting, healthy lighting, ocean lighting, animal and plant lighting. It will also accelerate the introduction of new manufacturing processes, technologies and products to the market for new competitive edges. 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, strengthen internal management, and increase core competitive capacity constantly.

#### 2. Risk of raw material price fluctuations

The main raw materials of the Company and its subsidiaries include chips, lamp beads, electronic components, aluminum substrates, plastic parts, metal materials, etc., and the price fluctuations of main raw materials will have an impact on the Company's production costs. If the price of raw materials continues to rise in the future, it may adversely affect the Company's production and operation.

Countermeasures: The Company will pay attention to market dynamics, collect information, analyze and pre-judge supply of main raw materials and price trends, so as to make excellent sourcing plans. By enhancing negotiation, refining suppliers, perfecting supply chain management, and promoting alternative materials, the Company is able to decrease procurement costs.

### 3. Risk of exchange rate fluctuations

Overseas sales account for around 25% of the Company's total sales, which are mainly settled in USD. If RMB experiences significant appreciation, the price competitiveness of overseas sales could be undermined and exchange losses may increase, which will produce adverse impacts on the Company's net profit.

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

### 4. Risk associated with the recoverability of accounts receivable

Receivables grow along with the Company's business. Customers who fail to repay loans timely or become insolvent, due to changes in macroeconomic trends, market environments, and their business, will place the Company at the risk of non-performing receivables.

Countermeasures: In order to reduce the receivable collection risk, the Company can constantly optimize the receivable risk management system, regularly assess customers' credit profiles, and enhance customer risk assessment. Meanwhile, it can reinforce contract approval and management, double its effort to collect receivables, and incorporate the collection of receivables into the performance assessment system for business departments.

## XII Communications with the Investment Community such as Researches, Inquiries and Interviews

Applicable    Not applicable

Date	Place	Way of communication	Type of visitor	Visitor	Main discussions and materials provided	Index to communication information
1-4 July 2022	The Company	Online meeting	Institution	China Galaxy Securities, and Guosen Securities	See Investor Relations Activities Log Sheet No. 2022-01	www.cninfo.com.cn
12-20 July	The Company	One-on-one meeting and	Institution	China Merchants	See Investor Relations	www.cninfo.com.cn

2022		online meeting		Securities, Guotai Junan, and CICC	Activities Log Sheet No. 2022-02	
24 July-3 August 2022	The Company	One-on-one meeting and online meeting	Institution	31 institutional investors including CITIC Securities	See Investor Relations Activities Log Sheet No. 2022-03	www.cninfo.com.cn
8 September 2022	www.p5w.net	Online meeting	Institution	68 institutional investors including Guotai Junan	See Investor Relations Activities Log Sheet No. 2022-04	www.cninfo.com.cn
23 September 2022	Chongqing Guinuo Lighting Technology Co., Ltd.	One-on-one meeting	Institution	30 institutional investors including Tebon Fund	See Investor Relations Activities Log Sheet No. 2022-05	www.cninfo.com.cn
29 October-3 November 2022	The Company	Online meeting	Institution	87 institutional investors including China Securities	See Investor Relations Activities Log Sheet No. 2022-06	www.cninfo.com.cn

## Part IV Corporate Governance

### I General Information of Corporate Governance

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

Indicate by tick mark whether there is any material non-compliance with the applicable laws, regulations, or rules issued by the CSRC governing the governance of listed companies.

Yes  No

No such cases in the Reporting Period.

### II The Company's Independence from Its Controlling Shareholder and Actual Controller in Asset, Personnel, Financial Affairs, Organization and Business

The Company is completely separated from its controlling shareholder in aspects such as business, personnel, assets, institutions and finance and possesses independent and complete business and self-dependent operating ability.

1. As for the business, the Company is independent of the controlling shareholders and the subordinate enterprises

and owns the independent business departments and management system as well as possesses of independent and entire business and self-dependent operating ability.

2. As for the personnel, the Company formulates the independent management system such as the labor, personnel and the salary, possesses the independent personnel department and the operating management team. The Senior Executives of the Company are serving at the Company in full time and receiving the salary from the Company.

3. As for the assets, the assets of the Company are independent and entire with clear ownership, and possesses the independent production system, BOP system and the supporting facilities, as well as possesses the legal ownership of the land, factories, equipments related to the production and operating and the assets such as the trademark, patent and the non-patent technology, and possesses the entire control and govern power of all the assets of the Company without any behavior such as any controlling shareholder occupies the assets of the Company.

4. As for the institutions, the Company set up the independent and entire organizations and institutions, and the construction as well as the operating of the corporate governance institutions is executed strictly executed according to the Articles of Association, and the production and operating as well as the offices are entirely independent from the controlling shareholders with any situation of working under one roof with the controlling shareholders.

5. As for the finance, the Company set up the independent finance department and builds up the independent and normative accounting and financial control system according to the requirements of the ASBE, set up the independent bank account and pays the taxes legally and independently and the Company could make the financial decisions independently without any situation of the shareholding intervenes the capital usage.

### III Horizontal Competition

Applicable  Not applicable

## IV Annual and Special General Meetings Convened during the Reporting Period

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

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Resolutions of the meeting
The 1 <sup>st</sup>	Extraordinary	43.49%	18 January 2022	19 January 2022	Resolutions of the

Extraordinary General Meeting of 2022	General Meeting				1 <sup>st</sup> Extraordinary General Meeting of 2022
The 2021 Annual General Meeting	Annual General Meeting	43.20%	26 April 2022	27 April 2022	Resolutions of the 2021 Annual General Meeting
The 2 <sup>nd</sup> Extraordinary General Meeting of 2022	Extraordinary General Meeting	42.99%	30 June 2022	1 July 2022	Resolutions of the 2 <sup>nd</sup> Extraordinary General Meeting of 2022
The 3 <sup>rd</sup> Extraordinary General Meeting of 2022	Extraordinary General Meeting	41.07%	29 August 2022	30 August 2022	Resolutions of the 3 <sup>rd</sup> Extraordinary General Meeting of 2022
The 4 <sup>th</sup> Extraordinary General Meeting of 2022	Extraordinary General Meeting	43.15%	30 November 2022	1 December 2022	Resolutions of the 4 <sup>th</sup> Extraordinary General Meeting of 2022

## 2. Special General Meetings Convened at the Request of Preferred Shareholders with Resumed Voting Rights

Applicable  Not applicable

## V Directors, Supervisors and Senior Management

### 1. General Information

Name	Office title	Incumbent/Former	Gender	Age	Start of tenure	End of tenure	Beginning shareholding (share)	Increase in the Reporting Period (share)	Decrease in the Reporting Period (share)	Other increase/decrease (share)	Ending shareholding (share)	Reason for share changes
Wu Shenghui	Board Chairman	Incumbent	Male	52	24 August 2020	23 August 2023	0	0	0	0	0	
Zhuan g Jianyi	Vice Board Chairman	Incumbent	Male	71	24 August 2020	23 August 2023	11,903,509	0	0	0	11,903,509	
Lei Zihe	Director &	Incumbent	Male	55	24 August	23 August	0	0	0	0	0	

	GM				2020	2023						
Zhang Xianfeng	Director	Incumbent	Male	52	24 August 2020	23 August 2023	0	0	0	0	0	0
Hu Fengcai	Director	Incumbent	Male	57	30 June 2022	23 August 2023	0	0	0	0	0	0
Huang Zhiyong	Director	Incumbent	Male	53	24 August 2020	23 August 2023	0	0	0	0	0	0
Dou Linping	Independent Director	Incumbent	Male	63	24 August 2020	23 August 2023	0	0	0	0	0	0
Li Xiyuan	Independent Director	Incumbent	Male	61	24 August 2020	23 August 2023	0	0	0	0	0	0
Zhang Renshou	Independent Director	Incumbent	Male	57	24 August 2020	23 August 2023	0	0	0	0	0	0
Li Jingwei	Chairman of the Supervisory Committee	Incumbent	Male	46	18 January 2022	23 August 2023	0	0	0	0	0	0
Li Yizhi	Supervisor	Incumbent	Male	35	24 August 2020	23 August 2023	0	0	0	0	0	0
Zhuan Junjie	Supervisor	Incumbent	Male	37	24 August 2020	23 August 2023	0	0	0	0	0	0
Ye Zhenghong	Supervisor	Incumbent	Male	49	24 August 2020	23 August 2023	77,561	0	0	0	77,561	
Lin Qing	Supervisor	Incumbent	Male	53	24 August 2020	23 August 2023	22,583	0	0	0	22,583	
Zhang Xuequan	Executive Vice GM	Incumbent	Male	45	24 August 2020	23 August 2023	73,052	0	0	0	73,052	
Zhang	Vice	Incumbent	Male	48	24	23	77,596	0	0	0	77,596	

Yong	GM	bent			August 2020	August 2023						
Wei Bin	Vice GM	Incumbent	Male	53	24 August 2020	23 August 2023	105,226	0	0	0	105,226	
Chen Yu	Vice GM	Incumbent	Male	50	24 August 2020	23 August 2023	66,066	0	0	0	66,066	
Tang Qionglan	CFO	Incumbent	Female	52	24 August 2020	23 August 2023	75,940	0	0	0	75,940	
Jiao Zhigan	Vice GM	Incumbent	Male	50	24 August 2020	23 August 2023	90,399	0	0	0	90,399	
Huang Zhenhuan	Board Secretary	Incumbent	Male	35	19 May 2021	23 August 2023	0	0	0	0	0	
Cheng Ke	Director	Former	Male	48	24 August 2020	7 June 2022	11,550	0	0	0	11,550	
Xu Xiaoping	Vice GM	Former	Male	52	24 August 2020	12 May 2022	37,270	0	0	0	37,270	
Total	--	--	--	--	--	--	12,540,752	0	0	0	12,540,752	--

Indicate by tick mark whether any director, supervisor or senior management resigned during the Reporting Period.

Yes  No

In May 2022, Mr. Xu Xiaoping resigned as Vice GM for job change; and in June 2022, Mr. Cheng Ke resigned as Director and members of the Audit and Risk Management Committee and the Remuneration and Appraisal Committee for job change.

Change of directors, supervisors and senior management:

Applicable  Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Li Jingwei	Chairman of the Supervisory Committee	Elected	18 January 2022	Elected as Supervisor at a general meeting and as Chairman of the Supervisory Committee by the Supervisory



				Committee on 18 January 2022
Hu Fengcai	Director	Elected	30 June 2022	Elected as Director at a general meeting
Cheng Ke	Director	Former	7 June 2022	Resigned for job change
Xu Xiaoping	Vice GM	Former	12 May 2022	Resigned for job change

## 2. Biographical Information

Professional backgrounds, major work experience and current duties in the Company of the incumbent directors, supervisors and senior management:

### 1. Working Experience of the Directors

**Mr. Wu Shenghui:** Han nationality, was born in July 1970. He is a member of the CPC and has no right of permanent residence in a foreign country. He finished a part-time postgraduate program. Previously, he has served as Senior Staff Member and then Principal Staff Member of Guuangdong Provincial Commission for Discipline Inspection, Assistant Manager and then Manager of the Human Resources Department and then Manager of the Department of Party and Mass Work and Personnel of Guangdong Rising Holdings Group Co., Ltd., and CPC Committee Secretary, then Full-Time Deputy Secretary and then Director of Shenzhen Zhongjin Lingnan Nonfemet Company Limited. He became CPC Committee Member and Secretary of the Company in April 2020 and became President of the Board of Directors of the Company in May 2020.

**Mr. Zhuang Jianyi:** born in 1951, with a bachelor's degree and MBA. He now acts as the Chairman of Hong Kong Youchang Lighting Equipment, and has been engaged in the electric light source equipment production as well as the trading business for about 40 years. From 1995 to 2010, he acted as the Directors, the Vice Chairman and the Chairman of the Company. And he serves as a vice chairman of the Company since December 2015.

**Mr. Lei Zihe:** Han nationality, was born in August 1967. He is a member of the CPC and has no right of permanent residence in a foreign country. He finished a postgraduate program and bears a professional title of Senior Engineer. Previously, he has served as Assistant Manager of the Quality Management Department, then Manager of the Technical Department, then Director of the No. 1 Device Factory, and then Manager of the Second Marketing Department of Foshan Optoelectronic Devices Company, Assistant to the General Manager and then Secretary of the Board of Directors of Foshan NationStar Optoelectronic Technology Co., Ltd., CPC Committee Member, then Vice General Manager and General Manager of the RGB Device Division, then Director, and then Executive General Manager of Foshan NationStar Optoelectronics Co., Ltd., and President of the Board of

Directors of Foshan NationStar Semiconductor Technology Co., Ltd.. He became CPC Committee Member and Deputy Secretary of the Company in April 2020 and became Director and General Manager of the Company in May 2020.

**Mr. Zhang Xianfeng:** Han nationality, was born in July 1970. He is a member of the CPC and has no right of permanent residence in a foreign country. He finished a MBA program at Renmin University of China and bears professional titles of Senior Political Mentor and Economist. Previously, he has served as Assistant Departmental Manager and then Departmental Manager of China Guangdong International Economic and Technological Cooperation (Group) Company, Assistant Director and then Director of the General Office of Guangdong Xinguang International Group Co., Ltd., Assistant Manager of the Human Resources Department, then Assistant Manager of the Department of Party and Mass Work and Personnel, then Assistant Director of the CPC Committee's General Office, and then Manager of the Department of Party and Mass Work of Guangdong Rising Holdings Group Co., Ltd.. He became CPC Committee Member and Deputy Secretary of the Company in June 2020, became Chairman of the Labor Union of the Company in July 2020, and became Director of the Company in August 2020.

**Mr. Hu Fengcai:** born in September 1965, member of the Communist Party of China, graduated from the Party School of the Guangdong Provincial Committee of CPC, majoring in Modern Economic Management. He is a senior accountant. He worked as Deputy Manager of the Finance Department and Deputy Manager and Manager of the Financial Audit Department of Guangdong Metallurgical Industry Corporation, member of the Party Committee and Deputy General Manager of Guangdong Guangye Metallurgical Limited Corporation, Independent Director of SGIS Songshan Co., Ltd., director, member of the Party Committee, and Deputy General Manager of Guangdong Rising Metallurgical Co., Ltd., Chairman of the Supervisory Committee of the Third Working Group of the Supervisory Committee, Chairman of the Supervisory Committee of the Working Department of the Board of Audit Supervisors, and deputy head of the Operation Management Department of Guangdong Rising Assets Management Co., Ltd. (GRAM), and deputy head of the Operation Management Department of Guangdong Rising Holdings Group Co., Ltd. (Rising Group). Now he serves as a full-time director assigned to the listed company of Rising Group. He has been a director of the Company since June 2022.

**Mr. Huang Zhiyong:** Han nationality, born in August 1969, a member of the Communist Party of China and an engineer. He graduated from Xidian University with a bachelor's degree of Electronic Devices Structures. He once acted as the Vice GM of Shenzhen Primatronix (Nanho) Electronics Ltd., the Minister of Enterprise

Development Department, the GM Assistant and Vice GM in Guangdong Electronics Information Industry Group Ltd. He now acts as Director, a member of the CPC Committee, Deputy Secretary of the CPC Committee and Chairman of Labor Union in Guangdong Electronics Information Industry Group Ltd. And he serves as a Director of the Company since December 2015.

**Mr. Li Xiyuan:** Born in March 1961, member of the Communist Party of China, no permanent residence abroad, doctoral degree, professor-level senior engineer. He has served as deputy director of the Construction Management Office of the Northern Section of Beijing-Zhuhai Expressway in Guangdong Province, Deputy Director of Infrastructure Management Department of Guangdong Provincial Communication Group Co., Ltd., General Manager of Guangdong Gaintop Highway Engineering Construction Group Co., Ltd., General Manager and Chairman of Guangdong Provincial Expressway Development Co., Ltd., Chairman of Guangdong Road and Bridge Construction Development Co., Ltd., Director of Guangdong Construction Engineering Group Co., Ltd., Guangdong Province Navigation Group Co., Ltd., Guangdong Nanyue Group Co., Ltd. and Guangdong Provincial Railway Construction Investment Group Co., Ltd. He is currently an external director of Guangzhou Port Group Co., Ltd. and an independent director of Dongguan Development (Holdings) Co., Ltd. and Shenzhen Tegen Group Co., Ltd. He has been an independent director of the Company since September 2021.

**Mr. Zhang Renshou:** Born in May 1965, Ph.D., professor, postdoctoral co-supervisor, doctoral supervisor, no permanent residence abroad, doctoral degree. He has served as lecturer and associate professor of Guangzhou Foreign Language Training Center of Ministry of Petroleum Industry and China University of Petroleum (Guangzhou branch, removed), Editor of Development Research Center of People's Government of Guangdong Province, Professor of Accounting Department of School of Management of Guangzhou University and independent director of Jiangmen Rural Commercial Bank Company Limited. He also serves as: Member of the Expert Group of the Budget Committee of Guangzhou Municipal People's Congress, Member of the Expert Group of the Economic Committee of Guangzhou Municipal People's Congress, Member of the 8th Committee of Guangdong Social Sciences Association, Member of the Academic Committee of Research Center for Guangdong Local Public Finance, Professional Advisory Committee Member of Guangdong Statistics Bureau, Member of the Academic Committee of Guangdong Coastal Economic Belt Development Research Center, President of Guangdong South China Economic Development Research Association, Major Administrative Decision Demonstration Expert and Innovation and Entrepreneurship Development Expert of Shaoguan Municipal People's Government of Guangdong Province, and Special Researcher of Guangzhou Taxation Bureau of State Taxation

Administration of the People's Republic of China. He has been an independent director of the Company since September 2021.

**Mr. Dou Linping:** Han nationality, was born in August 1959. He is of Chinese nationality and has no right of permanent residence in a foreign country. He received a bachelor's degree and bears a professional title of Senior Engineer. Previously, he has served as Deputy Chief of the Design Section of Beijing Luminaries Factory, Director of the Office of Design Standards and then Vice Director of Beijing Luminaries Research Institution, Deputy Secretary-General and Managing Director of China Association of Lighting Industry, and Managing Director and Secretary-General of China Illuminating Engineering Society. At present, he serves as Vice Director-General of China Solid State Lighting Alliance, Director of the Urban, Cultural and Tourism Lighting Professional Committee of CSA, and Independent Director of Hengdian Group TOSPO Lighting Co., Ltd. and Beijing New Space Technology Co., Ltd.. He serves as an independent director of the Company since August 2020.

## 2. Working Experience of the Supervisors

**Mr. Li Jingwei:** born in November 1976, member of the Communist Party of China, holds a master's degree and is an economist and Senior Labour Relations Coordinator. He worked as head, direct, Deputy Secretary of the Party Committee, Secretary of the Committee for Discipline Inspection, and Chairman of the Labour Union of the Comprehensive Management Department of Guangdong Changsheng Enterprise Group Co., Ltd., director, Deputy Secretary of the Party Committee, Secretary of the Committee for Discipline Inspection, Chairman of the Labour Union of Guangdong Rising Real Estate Group Co., Ltd., member of the Party Committee, Secretary of the Committee for Discipline Inspection, and Chairman of the Supervisory Committee of Foshan NationStar Optoelectronics Co., Ltd. (NationStar), and Deputy Director of Office of Discipline Inspection and Supervision of Guangdong Rising Assets Management Co., Ltd. (GRAM). He was elected member of the Party Committee and Secretary of the Committee for Discipline Inspection of the Company in December 2021 and became the Chairman of the Supervisory Committee of the Company in January 2022.

**Mr. Li Yizhi:** Han nationality, was born in March 1987. He is a member of the CPC. He received a bachelor's degree , intermediate accountant and is an Association of Chartered Certified Accountants (ACCA) certified accountant. Previously, he has worked at the Guangzhou Office of WUYIGE Certified Public Accountants LLP (special general partnership) as an Audit Assistant, at the Guandong Office of Pan-China Certified Public Accountants LLP (special general partnership) as a Project Manager, at the Shenzhen Office of

PricewaterhouseCoopers Zhong Tian LLP (special general partnership) as an auditor, and at the Guangdong Office of China Central Public Accounting Firm (special general partnership) as a Project Manager. At present, he serves as Supervisor of the Finance Department (Settlement Center) of Guangdong Rising Holdings Group Co., Ltd.. He serves as a supervisor of the Company since August 2020.

**Mr. Zhuang Junjie:** Born in September 1985, a Hong Kong permanent resident. He graduated with a bachelor's degree and once acted as the Consultant Manager of Accenture Software and now acts as the Director of Hong Kong Prosperity Lighting Equipment Co., Ltd. And he serves as a supervisor of the Company since December 2015.

**Mr. Ye Zhenghong:** Born in June 1973, a member of the Communist Party of China with a college degree. He joined the Company from July 1995; worked in the Machine Repair Shop from July 1995 to June 1997; worked in the Mechanical Power Department from July 1997 to January 2001; acted as Equipment Management Director in T8 Fluorescent Lamp Factory from February 2001 to January 2005; acted as Director of Machine Repair Workshop from May 2005 to January 2007; acted as Chief Officer of Machinery Dynamic Department from May 2006 to December 2007; and acted as factory director of T8 Fluorescent Lamp Factory from January 2008 to February 2016; and acted as Chief Officer of Production Department from March 2016 to March 2019; and acted as the director of E-Commerce Business Department from April 2019 to June 2020; and acted as the vice GM of FSL Zhida Electric Technology Co., Ltd. from November 2016 to February 2020, and acted as the GM of FSL Zhida Electric Technology Co., Ltd. from March 2020 to March 2021; and has acted as the Chairman of the Board of FSL Zhida Electric Technology Co., Ltd. since April 2021; the Chairman of the 5<sup>th</sup> Supervisory Committee and the Employee Supervisor of the 6<sup>th</sup>, 7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> Supervisory Committee.

**Mr. Lin Qing:** born in September 1969, member of the Communist Party of China, undergraduate degree, Senior Engineer in Electrical and Mechanical Engineering; has been working in the company since August 1991; worked as mercury lamp workshop technician and workshop director from June 1996 to February 2002; as the workshop director and factory director of the fluorescent lamp factory from March 2002 to September 2009; as the director of Technology Department from October 2009 to September 2020 ; as the Technical Director of the R&D Department from October 2020 to January 2022; as the Safety Director of the Company since February 2022; in July 2015, elected as a discipline committee member of the company's CPC committee. And he serves as an Employee Supervisor of the Company since September 2016.

### 3. Working experience of the Senior Management Staff

**Mr. Lei Zihe:** Han nationality, was born in August 1967. He is a member of the CPC and has no right of permanent residence in a foreign country. He finished a postgraduate program and bears a professional title of Senior Engineer. Previously, he has served as Assistant Manager of the Quality Management Department, then Manager of the Technical Department, then Director of the No. 1 Device Factory, and then Manager of the Second Marketing Department of Foshan Optoelectronic Devices Company, Assistant to the General Manager and then Secretary of the Board of Directors of Foshan NationStar Optoelectronic Technology Co., Ltd., CPC Committee Member, then Vice General Manager and General Manager of the RGB Device Division, then Director, and then Executive General Manager of Foshan NationStar Optoelectronics Co., Ltd., and President of the Board of Directors of Foshan NationStar Semiconductor Technology Co., Ltd.. He became CPC Committee Member and Deputy Secretary of the Company in April 2020 and became Director and General Manager of the Company in May 2020.

**Mr. Zhang Xuequan:** Born in December 1977, a member of the Communist Party of China, MBA of Lingnan College of Sun Yat-Sen University. He joined the Company in 1996. He worked in the former Iodine-tungsten Lamp Workshop from October to December 1996; worked in the Technology Department and then the Quality Control Department from January 1997 to August 2002; acted as the Workshop Manager of Lamp Workshop from September 2002 to May 2008; acted as the Department Director of the Business Management Department of the Company from June 2008 to August 2016. He has concurrently acted as the Office Director from February 2016 to December 2018. He has been the Party Branch Secretary for the Administrative Office of the Company from July 2010 to June 2017, and a member of the party committee of the Company since July 2015. He was a supervisor of the Company from May 2013 to August 2016 and has been a vice GM of the Company since August 2016; Act as the Deputy General Manager of the Company since March 2020. He has also served as Director of NationStar Optoelectronics since August 2022.

**Mr. Zhang Yong:** Born in June 1974, a member of the Communist Party of China and a senior engineer with a bachelor degree. He joined in the Company in July 1997. and successively acted as Deputy Director and Director of Lamp Filament Appliance Workshop from October 1999 to June 2008; acted as Factory Director of Gaoming Fluorescent Lamp Factory and Factory Director of Gaoming Branch Factory from July 2008 to December 2008; respectively acted as Department Director of Product Department, OEM Department, Mechanical Dynamics Department and Infrastructure Department from January 2009 to December 2012; acted as General Manager

Assistant from March 2013 to August 2016. He was a supervisor and the Chairman of the Board of Supervisors of the Company from September 2013 to August 2016; served as the chairman of the Labor Union of the Company from September 2013 to May 2019; acted as the Deputy Party Secretary from July 2015 to 27 December 2021; and has been a vice GM of the Company since August 2016.

**Mr. Wei Bin:** Born in May 1969, a member of the Communist Party of China and a Senior engineer of electronic engineering technology with a Master's degree. He joined in the Company in 1991, and responsible for the product development of the graduate school of the Company from March 1992 to December 1996, acted as Workshop Manager of Energy Saving Lamp Workshop from January 1997 to December 2004, acted as Workshop Manager of HID Workshop from January to December 2005, acted as Workshop Manager of T5 Workshop from January 2006 to November 2008, acted as the Department Director of the Technology Department from November 2008 to August 2009 and acted as Vice GM of the Company from September 2009.

**Mr. Chen Yu:** Born in December 1972, a member of the Communist Party of China and an engineer with a bachelor's degree. He entered the Company in 1994. And acted as workshop manager of parabolic reflector, coating film, energy saving lamp, factory director of the branch factory of Gaoming and workshop manager of general bulbs from January 1997 to December 2012, acted as Director of Production Department, OEM Department and Mechanical Dynamics Department from January to August 2013, acted as Director of Production Department and OEM Department from September 2013 to May 2014 as well as acted as Vice GM of the Company from May 2014. He has also served as Chairman of the Board of Nanning Liaowang since July 2021.

**Ms. Tang Qionglan:** born in March 1970, member of the Communist Party of China, bachelor degree, China Certified Public Accountant, served as audit manager of BDO China Shu Lun Pan Certified Public Accountants LLP Foshan Branch; as Deputy Manager of the Finance Department, Manager, Chief Financial Officer, Deputy General Manager and Chief Financial Officer of Foshan NationStar Optoelectronics Co., Ltd.. and serves as the Chief Financial Officer of the Company since January 2016.

**Mr. Jiao Zhigang:** Born in May 1972, a member of the Communist Party of China with a bachelor's degree. He entered the Company in 1994. He acted as Warehouse Director of the Company from August 1995 to September 2013, acted as Department Director of Human Resources Department from May 2010 to September 2013; acted as Supervisor from March 2007 to September 2013, and as Chairman of the Supervisory of the Company from May 2010 to September 2013. He acted as Vice GM of the Company in September 2013.

**Mr. Huang Zhenhuan:** Born in December 1987, he holds a master's degree in finance, is a financial economist,

and has obtained the qualification certificate of Secretary of the Board of Directors issued by Shenzhen Stock Exchange. He used to be the sponsor of Assets Department, Assistant General Manager of Investment Department and General Manager of Finance Department of Guangzhou Guangyong State-owned Asset Sales Co., Ltd., General Manager of Guangzhou Guangyong Equity Investment Fund Management Co., Ltd., General Manager of Corporate Finance Department III (Industry Center) of Minsheng Bank Guangzhou Branch, Investment Director of Guangdong Rising Financial Holding Co., Ltd., and Senior Director of Capital Operation Department of Guangdong Rising Holdings Group Co., Ltd. He has served as Board Secretary of the Company since May 2021.

Offices held concurrently in shareholding entities:

Applicable  Not applicable

Name	Shareholding entity	Office held in the shareholding entity	Start of tenure	End of tenure	Remuneration or allowance from the shareholding entity
Hu Fengcai	Guangdong Rising Holdings Group Co., Ltd.	Full-time director accredited to the listed company by capital operation department			Yes
Huang Zhiyong	Guangdong Electronics Information Industry Group Ltd.	Director, Deputy Secretary of the CPC Committee, Chairman of the Labor Union			Yes
Li Yizhi	Guangdong Rising Holdings Group Co., Ltd.	Head of the Financial Department (Settlement Center)			Yes
Zhuang Jianyi	Prosperity Lamps & Components Limited	Chairman of the Board			Yes
Zhuang Junjie	Prosperity Lamps & Components Limited	Director			Yes

Offices held concurrently in other entities:

Applicable  Not applicable

Name	Other entity	Office held in the	Start of tenure	End of tenure	Remuneration or
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		entity			allowance from the entity
Zhuang Jianyi	Thinkon Semiconductor Jinzhou Corp.	Director			No
Li Xiyuan	Guangzhou Port Group Co., Ltd.	Director			Yes
Li Xiyuan	Dongguan Development (Holdings) Co., Ltd.	Independent Director			Yes
Li Xiyuan	Shenzhen Tagen Group Co., Ltd.	Independent Director			Yes
Zhang Renshou	Guangzhou University	Accounting Professor			Yes
Zhang Renshou	Guangdong Knoya Home Furnishing Co., Ltd.	Independent Director			Yes
Zhang Renshou	Jiangmen Rural Commercial Bank Company Limited	Independent Director			Yes
Dou Linping	China Solid State Lighting Alliance	Vice Chairman			No
Dou Linping	Hengdian Group Tospo Lighting Co., Ltd.	Independent Director			Yes
Dou Linping	Beijing New Space Technology Co., Ltd.	Independent Director			Yes
Dou Linping	LongT Lighting Group, Inc	Independent Director			Yes

Punishments imposed in the recent three years by the securities regulator on the incumbent directors, supervisors and senior management as well as those who left in the Reporting Period:

Applicable  Not applicable

### 3. Remuneration of Directors, Supervisors and Senior Management

Decision-making procedure, determination basis and actual payments of remuneration for directors, supervisors and senior management:

The Remuneration & Appraisal Committee under the Board of Directors decided the 2021 remunerations for the

leadership team members in accordance with the Measures for Managing the Remuneration of the Leadership Team Members, the particulars on completing current main financial indexes & operating goals, as well as the fulfillment of job responsibilities by them, before submitting the remuneration plan to the Board of Directors for approval.

The total remuneration (before tax) actually paid to the directors, supervisors and senior management staff for 2022 were RMB12.6796 million.

#### Remuneration of directors, supervisors and senior management for the Reporting Period

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Any remuneration from related party
Wu Shenghui	Board Chairman	Male	52	Incumbent	128.44	No
Zhuang Jianyi	Vice Board Chairman	Male	71	Incumbent		Yes
Lei Zihe	Director & GM	Male	55	Incumbent	121.55	No
Zhang Xianfeng	Director	Male	52	Incumbent	107.80	No
Hu Fengcai	Director	Male	57	Incumbent		Yes
Huang Zhiyong	Director	Male	53	Incumbent		Yes
Li Xiyuan	Independent Director	Male	61	Incumbent	18	No
Zhang Renshou	Independent Director	Male	57	Incumbent	18	No
Dou Linping	Independent Director	Male	63	Incumbent	18	No
Li Jingwei	Chairman of the Supervisory Committee	Male	46	Incumbent	77.80	No
Li Yizhi	Supervisor	Male	35	Incumbent		Yes
Zhuang Junjie	Supervisor	Male	37	Incumbent		Yes
Ye Zhenghong	Supervisor	Male	49	Incumbent	43.58	No
Lin Qing	Supervisor	Male	53	Incumbent	40.64	No
Zhang Xuequan	Executive Vice GM	Male	45	Incumbent	102.22	No
Zhang Yong	Vice GM	Male	48	Incumbent	99.37	No
Wei Bin	Vice GM	Male	53	Incumbent	99.25	No
Chen Yu	Vice GM	Male	50	Incumbent	101.06	No

Tang Qionglan	CFO	Female	52	Incumbent	98.24	No
Jiao Zhigang	Vice GM	Male	50	Incumbent	96.67	No
Huang Zhenhuan	Board Secretary	Male	35	Incumbent	48.31	No
Cheng Ke	Director	Male	48	Former		Yes
Xu Xiaoping	Vice GM	Male	52	Former	49.03	Yes
Total	--	--	--	--	1267.96	--

## VI Performance of Duty by Directors in the Reporting Period

### 1. Board Meetings Convened during the Reporting Period

Meeting	Convened date	Disclosure date	Resolution
The 26 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors	14 January 2022	15 January 2022	Announcement on Resolutions of the 26 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors
The 27 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors	18 January 2022	19 January 2022	Announcement on Resolutions of the 27 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors
The 28 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors	22 March 2022	24 March 2022	Announcement on Resolutions of the 28 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors
The 29 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors	30 March 2022	1 April 2022	Announcement on Resolutions of the 29 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors
The 30 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors	22 April 2022	23 April 2022	Announcement on Resolutions of the 30 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors
The 31 <sup>st</sup> Meeting of the 9 <sup>th</sup> Board of Directors	29 April 2022	30 April 2022	Announcement on Resolutions of the 31 <sup>st</sup> Meeting of the 9 <sup>th</sup> Board of Directors
The 32 <sup>nd</sup> Meeting of the 9 <sup>th</sup> Board of Directors	14 June 2022	15 June 2022	Announcement on Resolutions of the 32 <sup>nd</sup> Meeting of the 9 <sup>th</sup> Board of Directors
The 33 <sup>rd</sup> Meeting of the 9 <sup>th</sup> Board of Directors	12 August 2022	13 August 2022	Announcement on Resolutions of the 33 <sup>rd</sup> Meeting of the 9 <sup>th</sup> Board of Directors

			Directors
The 34 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors	30 August 2022	31 August 2022	Announcement on Resolutions of the 34 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors
The 35 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors	10 October 2022	11 October 2022	Announcement on Resolutions of the 35 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors
The 36 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors	27 October 2022	28 October 2022	Announcement on Resolutions of the 36 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors
The 37 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors	14 November 2022	15 November 2022	Announcement on Resolutions of the 37 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors

## 2. Attendance of Directors at Board Meetings and General Meetings

Attendance of directors at board meetings and general meetings							
Director	Total number of board meetings the director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the director failed to attend	The director failed to attend two consecutive board meetings (yes/no)	General meetings attended
Wu Shenghui	12	2	10	0	0	No	4
Zhuang Jianyi	12	0	12	0	0	No	5
Lei Zihe	12	2	10	0	0	No	5
Zhang Xianfeng	12	2	10	0	0	No	4
Hu Fengcai	5	1	4	0	0	No	2
Huang Zhiyong	12	0	12	0	0	No	4
Dou Linping	12	1	11	0	0	No	5
Li Xiyuan	12	1	11	0	0	No	5
Zhang Renshou	12	1	11	0	0	No	5

### 3. Objections Raised by Directors on Matters of the Company

Indicate by tick mark whether any directors raised any objections on any matter of the Company.

Yes  No

No such cases in the Reporting Period.

### 4. Other Information about the Performance of Duty by Directors

Indicate by tick mark whether any suggestions from directors were adopted by the Company.

Yes  No

Suggestions from directors adopted or not adopted by the Company:

During the Reporting Period, the directors of the Company worked to fulfill their functions and duties, actively attended Board of Directors meetings and Shareholders' General Meetings, offered advices and suggestions and performed their rights, functions, duties, and obligations as defined in the *Company Law*, the *Securities Law* and the *Articles of Association*. They fulfilled their role as a director, upheld the legitimate rights and interests of the Company and its shareholders, promoted further improvement in corporate governance and effectively facilitated regulatory compliance of the Company's operation. During the Reporting Period, the directors of the Company actively performed their functions and duties, made full use of their professional knowledge, worked diligently to fulfill their duties and offered many invaluable advices and suggestions on the Company's management decision-making and major matters based on their in-depth understanding of the Company's operations. They played their due role in improving the Company's supervision mechanism, promoting improvement in the Company's risk control capacity and upholding the legitimate rights and interests of the Company and its shareholders.

### VII Performance of Duty by Specialized Committees under the Board in the Reporting Period

Committee	Members	Meetings convened	Convened date	Contents reviewed	Opinion and advice	Other activities	Objection (if any)
The Audit and Risk Management Committee	Zhang Renshou, Li Xiyuan, Dou Linping, Hu Fengcai, and	5	24 March 2022	2021 Financial Audit and Internal Control Audit Report; 2022	Approved		

	Huang Zhiyong			Financial Budget Report; and 2021 Annual Work Report and 2022 Work Plan of the Audit Department; Proposal on Change of Accounting Estimate of Majority-owned Subsidiary; and Proposal on Amendment to the Rules of Procedure for the Audit Committee			
The Audit and Risk Management Committee	Zhang Renshou, Li Xiyuan, Dou Linping, Hu Fengcai, and Huang Zhiyong		27 May 2022	Audit Summary for Q1 2022	Approved		
The Audit and Risk Management Committee	Zhang Renshou, Li Xiyuan, Dou Linping, Hu Fengcai, and Huang Zhiyong		18 August 2022	Proposal on Establishment of the Management Methods for Compliance; Proposal on Establishment of the Internal Control Methods; Proposal on Establishment of the Methods for Comprehensive Risk Management ; and Work Report of the Audit Department for H1 2022	Approved		
The Audit	Zhang		27 October	Audit	Approved		

and Risk Management Committee	Renshou, Li Xiyuan, Dou Linping, Hu Fengcai, and Huang Zhiyong		2022	Summary for Q1-Q3 2022			
The Audit and Risk Management Committee	Zhang Renshou, Li Xiyuan, Dou Linping, Hu Fengcai, and Huang Zhiyong		8 November 2022	Proposal on Change of CPA Firm	Approved		
The Remuneration and Appraisal Committee	Zhang Renshou, Li Xiyuan, Dou Linping, Zhang Xianfeng, and Hu Fengcai	1	27 September 2022	Proposal on Appraisal Plan for 2021 Remunerations for Leadership Team Members	Approved		
The Nomination Committee	Li Xiyuan, Zhang Renshou, Dou Linping, Lei Zihe, and Zhang Xianfeng	1	9 June 2022	Proposal on the Nomination of Non-independent Director Candidate	Approved		
The Strategy Committee	Wu Shenghui, Zhuang Jianyi, Lei Zihe, Zhang Xianfeng, and Li Xiyuan	1	30 December 2022	Development Strategy Planning for the Period of the “14 <sup>th</sup> Five-year Plan”	Approved		

### VIII Performance of Duty by the Supervisory Committee

Indicate by tick mark whether the Supervisory Committee found any risk to the Company during its supervision in the Reporting Period.

Yes  No

The Supervisory Committee raised no objections in the Reporting Period.

## IX Employees

### 1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company at the period-end	4,608
Number of in-service employees of main subsidiaries at the period-end	8,283
Total number of in-service employees at the period-end	12,891
Total number of employees with remuneration in this Reporting Period	12,891
Number of retirees to whom the Company or its main subsidiaries need to pay retirement pension	242
<b>Functions</b>	
Function	Number of employees
Production	9,280
Sales	817
Technical	1,730
Financial	163
Administrative	901
Total	12,891
<b>Educational backgrounds</b>	
Educational background	Number of employees
Master's degree and above	186
Bachelor's degree	2,018
Junior college	1,826
Technical secondary school and high school	2,125
Below high school	6,736
Total	12,891

Note: "Number of retirees to whom the Company or its main subsidiaries need to pay retirement pension" in the table above refer to retirees of subsidiary Nanning Liaowang, and the payments to them mainly comprise living allowances, festival allowances, etc. The amount paid by Nanning Liaowang stands at RMB645,900 per year. This is a historical issue coming from before the Company's acquisition of Nanning Liaowang. Starting from 1 January 2021, the number of the retirees and the annually paid amount have ceased to increase.

### 2. Employee Remuneration Policy

Adhering to the principle of "giving priority to efficiency, giving consideration to fairness, creating and sharing together", the Company takes value creation as the guide, constructs four sets of salary systems of management, R&D, sales and production, determines salary grades according to different positions and their characteristics, and



inclines salary distribution to core talents and key positions, so as to maximize the enthusiasm of employees.

### 3. Employee Training Plans

The Company pays attention to personnel training and employee career development and has established the Starlight Lecture Hall. In light of the Company's development needs and post nature, the Company has built up a complete training plan, and carried out a series of trainings such as R&D, marketing, production and management by combining offline and offline learning platforms. Also, it organized training camps for internal lecturers, and established a training system with multiple levels, channels, fields and ways to promote employees' skills upgrading, ability advancement and quality improvement.

### 4. Labor Outsourcing

Applicable  Not applicable

## X Profit Distributions to Shareholders (in the Form of Cash and/or Stock)

How the profit distribution policy, especially the cash dividend policy, for ordinary shareholders was formulated, executed or revised in the Reporting Period:

Applicable  Not applicable

According to the CSRC Notice on Further Implementing Matters Related to Cash Dividend Distribution of Listed Companies (Zheng-Jian-Fa [2012] No. 37) and the Guangdong CSRC Notice on Further Implementing Regulations Related to Dividend Distribution of Listed Companies (Guang-Dong-Zheng-Jian [2012] No. 91), in order to further standardize the dividend mechanism, promote a scientific, sustained and stable dividend mechanism and protect legal rights and interests of investors, in 2012, the Company convened a general meeting to revise the dividend-related contents in its Articles of Association and specify the dividend conditions, the lowest dividend ratio, the decision-making procedure, etc.. Meanwhile, it formulated the Management Rules for Profit Distribution and the Return for Shareholder Plan for the Coming Three Years (2021-2023), specifying the arrangements and forms of dividends, the cash dividend planning and the distribution intervals, which further improved the decision-making and supervision procedures for dividend distribution. According to the Company's Articles of Association, the profit distributed in cash shall not be less than 30% of the distributable profit achieved in the year.

Special statement about the cash dividend policy

In compliance with the Company's Articles of Association and resolution of general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors faithfully performed their duties and played their due role	Yes
Non-controlling interests are able to fully express their opinion and desire and their legal rights and interests are fully protected	Yes
In case of adjusting or changing the cash dividend policy, the conditions and procedures involved are in compliance with applicable regulations and transparent	Yes

Indicate by tick mark whether the Company fails to put forward a cash dividend proposal for shareholders despite the facts that the Company has made profits in the Reporting Period and the profits of the Company as the parent distributable to shareholders are positive.

Applicable  Not applicable

Final dividend plan for the Reporting Period:

Applicable  Not applicable

Bonus shares for every 10 shares (share)	0
Dividend for every 10 shares (RMB) (tax inclusive)	1
Additional shares to be converted from capital reserve for every 10 shares (share)	0
Total shares as the basis for the profit distribution proposal (share)	1,348,994,647
Cash dividends (RMB) (tax inclusive)	134,899,464.70
Cash dividends in other forms (such as share repurchase) (RMB)	0.00
Total cash dividends (including those in other forms) (RMB)	134,899,464.70
Distributable profit (RMB)	2,810,316,233.41
Total cash dividends (including those in other forms) as % of total profit distribution	100%
<b>Cash dividend policy</b>	
Where it is difficult to determine the development stage of the Company but it has plans for considerable spending, in profit distribution, cash dividends shall reach at least 20% in the total profit to be distributed.	
<b>Details about the proposal for profit distribution and converting capital reserve into share capital</b>	
As audited by WUYIGE Certified Public Accountants LLP, the after-tax net profits of RMB117,854,967.39 of the Company as the parent for 2022, plus the beginning retained profits of RMB2,738,229,003.27, minus the distributed profits of RMB134,899,464.70 for 2021, plus the cumulative fair-value changes of RMB100,917,224.19 of shares held by the Company in other listed companies that were sold in the current period (previously recorded in other comprehensive income and transferred to retained profits in the current period), and minus RMB11,785,496.74 set aside as surplus reserve, equal the ending profits distributable to shareholders of RMB2,810,316,233.41 for 2022. The Board of Directors has proposed a final dividend plan for 2022 as follows: based on the share capital of 1,348,994,647 shares (the total share capital of 1,361,994,647 shares minus the	

remaining 13,000,000 A-shares repurchased in the share repurchase account at the disclosure date of the 2022 Annual Report, a cash dividend of RMB1 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves. Where any change occurs to the total shares entitled to the final dividend due to any new issue, grant of equity incentives, etc. when the final dividend plan is implemented, the dividend per share shall remain the same while the total payout amount shall be adjusted accordingly.

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

Applicable  Not applicable

No such cases in the Reporting Period.

## **XII Formulation and Implementation of Internal Control System during the Reporting Period**

### **1. Internal control formulation and implementation**

During the Reporting Period, the Company, in accordance with the *Basic Standards for Internal Control* and its supporting guidelines, as well as the actual situation, further revised and improved the relevant internal control systems, and established a relatively effective internal control system, so as to effectively prevent and discover risks in the process of operation and management in time, and provide guarantee for the legal compliance and asset safety of operation and management.

The Board of Directors of the Company has an Audit and Risk Management Committee, which is responsible for reviewing the internal control of the Company, supervising the effective implementation of internal control and self-evaluation of internal control, and cooperating with internal control audit and other related matters. The internal audit department of the Company is responsible for the internal audit supervision of the Company, including supervising and inspecting the implementation of the internal control system of the Company, regularly or irregularly conducting routine audits or special audits on finance, internal control, major projects and their businesses, and putting forward suggestions for improving internal control to control and prevent risks. If the Audit Department finds major defects in internal control in the process of supervision and inspection, it has the right to report directly to the Audit and Risk Management Committee of the Board of Directors and the Board of Supervisors.

According to the identification of major defects in the Company's internal control, there were no major defects in the internal control of financial reports and non-financial reports in 2022.

## 2. Material Internal Control Weaknesses Identified for the Reporting Period

Yes  No

## XIII Management and Control of Subsidiaries by the Company during the Reporting Period

Name of company	Integration plan	Integration progress	Problems encountered in integration	Solutions taken	Settlement progress	Follow-up settlement plan
NationStar Optoelectronics	Relevant personnel of NationStar Optoelectronics were adjusted, in accordance with the relevant regulations of the China Securities Regulatory Commission (CSRC) and the Shenzhen Stock Exchange (SZSE) and the <i>Articles of Association</i> . Meanwhile, NationStar Optoelectronics' technological advantages in the LED packaging industry and the Company's sales advantages in the terminal market were given full play to so as to stimulate both parties to expedite the launch of innovative and competitive products.	The Company incorporated NationStar Optoelectronics into its consolidated financial statements, completed the re-election and engagement of directors, supervisors, and senior management personnel, and promoted the close cooperation between both parties in R&D and market expansion.	None	None	None	None

## XIV Self-Evaluation Report or Independent Auditor's Report on Internal Control

### 1. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	10 April 2023
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Index to the disclosed internal control self-evaluation report	See <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> for the Internal Control Self-Evaluation Report 2022	
Evaluated entities' combined assets as % of consolidated total assets	100.00%	
Evaluated entities' combined operating revenue as % of consolidated operating revenue	100.00%	
Identification standards for internal control weaknesses		
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting
Nature standard	<p>Defect with one of the following characteristics should be recognized as a serious defect: 1. the defect involved with the malpractices of the Directors, the Supervisors and the Senior Executives; 2. the controlled environment is invalid; 3. the CPA discovered any significant misstatement from the current financial report while the internal control could not discover the mistake during the operating process; 4. the supervision from the Corporate Audit Committee and the internal audit institution on the internal control. If there met with one of the situation of the following, should be recognized as an important defect: 1. the recognized important defect is not solved during the reasonable period; 2. corrects the published financial report; 3. the function of the internal audit of the Company is invalid; 4. the control of whether execute the selection and the application of the accounting policies according to the Generally Accepted Accounting Principles is invalid.</p>	<p>Defect with one of the following characteristics should be recognized as a serious defect: 1. being punished for seriously violating the national laws, the administrative laws and regulations and the normative documents; 2. the Company suffers a serious economic loss due to any serious errors made in decision-making caused by serious lack of decision-making procedures on significant events or unfair decision-making; 3. the Company's reputation has been unreparably damaged by any conduct in violation of laws and regulations which produces a far-reaching negative impact and draws the public's attention widely; 4. the major business involved with the production and operating of the Company lack of the system control or the system control is invalid; 5. the results of the internal control assessment turn out to include any serious defects and such defects fail to be rectified effectively within 12 months. Defects with the following characteristics should be recognized as important defects: 1. owing to partly lack of the decision-making process on significant events and the undemocratic decision-making process which caused the decision-making mistake that led the Company face with certain economic losses; 2. the negative influences owing to the unlawful acts and the irregularities h involve with wide range and cause public concern among the partial</p>

		regions which bring certain harms to the reputation of the Company; 3. the system of the major business involved with the production and operating of the Company is incomplete or partially invalid; 4. the results of the internal control assessment turn out to include any serious defects and such defects fail to be rectified effectively within 6 months.
Quantitative standard	Based on the data of the 2021 consolidated statements, the quantitative criterion of confirming the important degree of the misstatement (including the false negatives) from of the consolidated statements of the listed companies is as follows: serious defect: misstatement $\geq 1.0\%$ of the total assets amount; important defects: 0.5% of the total assets amount $\leq$ misstatement $< 1.0\%$ of the total assets amount; common defects: misstatement $< 0.5\%$ of the total assets amount.	According to the quantitative criterion of internal control defects of the financial report, the quantitative criterion of the internal control defects assessment of the non-financial report confirmed by the Company is as follows: serious defect: misstatement $\geq 1.0\%$ of the total assets amount; important defects: 0.5% of the total assets amount $\leq$ misstatement $< 1.0\%$ of the total assets amount; common defects: misstatement $< 0.5\%$ of the total assets amount.
Number of material weaknesses in internal control over financial reporting		0
Number of material weaknesses in internal control not related to financial reporting		0
Number of serious weaknesses in internal control over financial reporting		0
Number of serious weaknesses in internal control not related to financial reporting		0

**2. Independent Auditor’s Report on Internal Control**

Applicable  Not applicable

Opinion paragraph in the independent auditor’s report on internal control	
WUYIGE Certified Public Accountants LLP considered that: Foshan Electrical and Lighting Co., Ltd. maintained effective internal control of the financial report in all significant aspects according to the Basic Standards for Internal Control and relevant regulations.	
Independent auditor’s report on internal control disclosed or not	Disclosed

Disclosure date	10 April 2023
Index to such report disclosed	See <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> for the Auditor's Report on Internal Control
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	None

Indicate by tick mark whether any modified opinion is expressed in the independent auditor's report on the Company's internal control.

Yes  No

Indicate by tick mark whether the independent auditor's report on the Company's internal control is consistent with the internal control self-evaluation report issued by the Company's Board.

Yes  No

#### **XV Rectifications of Problems Identified by Self-inspection in the Special Action for Listed Company Governance**

None.

## Part V Environmental and Social Responsibility

### I 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.

Yes  No

Environmental policies and standards:

During production and operations, the Company conscientiously implemented guidelines and policies for environmental protection at all levels and strictly observed relevant laws and regulations for environmental protection, such as Law of the People's Republic of China on Environmental Protection, Law of the People's Republic of China on Prevention and Control of Air Pollution, Law of the People's Republic of China on Prevention and Control of Water Pollution, Law of the People's Republic of China on Prevention and Control of Environmental Pollution by Solid Waste, and Law of the People's Republic of China on Prevention and Control of Noise Pollution. Meanwhile, it has put in place facilities for pollution prevention and control, and ensures the stable operation of facilities. Additionally, the Company regularly commissions third parties to carry out monitoring work in accordance with the requirements of the Environmental Monitoring Management Measures to ensure that all pollutants are discharged in accordance with the standards.

Environment-related administrative permits:

No.	Document name of administrative license of environmental protection	Approver	Date of approval	Approval No.
1	Approval for Environmental Impact Report on New Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Protection Bureau of Gaoming District, Foshan City	3 November 2004	/
2	Environmental Protection Acceptance Opinions on Phase I of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Protection Bureau of Gaoming District, Foshan City	28 August 2008	MHY [2008] No. 26
3	Acceptance Opinions on Flue Gas Emission Continuous Monitoring System of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Protection Bureau of Gaoming District, Foshan City	22 February 2010	MHY [2010] No. 8



4	Approval for Environmental Impact Report on Energy-saving Lamp Expansion Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Protection Bureau of Gaoming District, Foshan City	30 August 2013	MHGYB [2013] No. 030
5	Letter of Environmental Protection Acceptance Opinions on Energy-saving Lamp Expansion Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Transport and Urban Management Bureau of Gaoming District (Environmental Protection)	19 February 2014	MGY [2014] No. 2
6	Approval from Environmental Protection Bureau of Gaoming District, Foshan City, of Environmental Impact Report on Expansion Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Protection Bureau of Gaoming District, Foshan City	13 February 2015	MHS [2015] No. 14
7	Approval from Environmental Protection Bureau of Gaoming District, Foshan City, of Kiln Expansion and Flue Gas Control and Remediation Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Protection Bureau of Gaoming District, Foshan City	26 November 2015	MHS [2015] No. 157
8	Letter from Environmental Protection Bureau of Gaoming District, Foshan City of Environmental Protection Acceptance Opinions on Kiln Expansion and Flue Gas Control and Remediation Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Protection Bureau of Gaoming District, Foshan City	24 December 2015	MHY [2015] No. 83
9	Approval from Environmental Protection Bureau of Gaoming District, Foshan City, of Environmental Impact Report on New LED Luminaries R&D Production Base Construction Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Protection Bureau of Gaoming District, Foshan City	30 September 2017	MHS [2017] No. 138
10	Approval from Environmental Protection Bureau of Gaoming	Environmental Protection Bureau of	14 January 2019	MHS [2019] No. 11

	District, Foshan City, of Environmental Impact Report on Glass Kiln (Change) Construction Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Gaoming District, Foshan City		
11	Letter from Foshan Municipal Ecology and Environment Bureau of Environmental Protection Acceptance Opinions on Solid Waste Pollution Prevention and Control Facility for New LED Luminaries R&D Production Base Construction Project (Phase I) of Foshan Electrical and Lighting Co., Ltd.	Ecology and Environment Bureau of Foshan City	12 September 2019	FMHY [2019] No. 126
12	Sewage Discharge License	Ecology and Environment Bureau of Foshan City	1 June 2020	91440600784850061B001U
13	Reply on the Environmental Impact Report of Liuzhou Guige Lighting Technology Co., Ltd. with an Annual Output of 1.35 Million Sets of Auto Parts (Motor Vehicle Lamps)	Liuzhou Environmental Protection Bureau	25 September 2015	LHS Zi [2015] No. 134
14	Reply on Completion Acceptance of Environmental Protection Facilities of Liuzhou Guige Lighting Technology Co., Ltd. with an Annual Output of 1.35 Million Sets of Auto Parts (Motor Vehicle Lamps) (Solid Waste)	Liuzhou Liudong New Area Administrative Examination and Approval Bureau	28 October 2019	LDSPHB Zi [2019] No. 70
15	Sewage Discharge License	Liuzhou Liudong New Area Administrative Examination and Approval Bureau	18 July 2020	914502000836092085001V
16	Approval for the Report on the Environmental Influence of the New Semiconductor Light-emitting Device Construction Project	Environmental Protection Bureau of Chancheng District, Foshan City	12 April 2005	B2005-0132
17	Application for the Completion-based Environmental Protection Inspection and Acceptance of the	Environmental Protection Bureau of Chancheng District,	10 October 2007	C.H.Y. [2007] No. 161

	New Semiconductor Light-emitting Device Construction Project	Foshan City		
18	Registration Form of the Environmental Influence of the New Semiconductor Light-emitting Device Construction Project	Environmental Protection Bureau of Chancheng District, Foshan City	20 December 2005	D2006-0034
19	Approval for the Report on the Environmental Influence of the Upgrading of the Surface-mount Semiconductor Light-emitting Device Industry of Foshan NationStar Optoelectronic Technology Co., Ltd.	Foshan Environmental Protection Bureau	22 March 2006	FBC2006-02
20	Application for the Completion-based Environmental Protection Inspection and Acceptance of the Upgrading Project of the Surface-mount Semiconductor Light-emitting Device Industry	Environmental Protection Bureau of Chancheng District, Foshan City	10 October 2007	H.Y. [2007] No. 163
21	Approval for the Report on the Environmental Influence of the Relocation Project of Foshan NationStar Optoelectronics Co., Ltd.	Environmental Protection Bureau of Chancheng District, Foshan City	29 July 2009	CB2009-0083
22	Application for the Completion-based Environmental Protection Inspection and Acceptance of the Relocation Project of Foshan NationStar Optoelectronics Co., Ltd.	Environmental Protection Bureau of Chancheng District, Foshan City	7 May 2010	C.H.Y. [2010] No. 35
23	Approval for the Report on the Environmental Influence of the Project of the National- and Local-Joint Engineering Laboratory for Semiconductor Lighting Materials and Devices	Environmental Protection and Urban Management Bureau Zhangcha Sub-bureau of Chancheng District, Foshan City	8 November 2011	ZCB2011-020
24	Application for the Completion-based Environmental Protection Inspection and Acceptance of the Project of the National- and Local-Joint Engineering Laboratory for Semiconductor Lighting Materials and Devices	Environmental Protection Bureau of Chancheng District, Foshan City	24 June 2015	C.H.Y.B [2015] No. 35

25	Approval for the Report on the Environmental Influence of the Project of Key Technology for Semiconductor Lighting Lamps and Industrialization of Foshan NationStar Optoelectronics Co., Ltd.	Foshan Environmental Protection Bureau	21 January 2008	F2008-8
26	Letter of Opinions from Foshan Environmental Protection Bureau on the Completion-based Environmental Protection Inspection and Acceptance of the Project of Key Technology for Semiconductor Lighting Lamps and Industrialization of Foshan NationStar Optoelectronics Co., Ltd.	Foshan Environmental Protection Bureau	16 May 2016	F.H.H. [2016] No. 456
27	Approval for the Report on the Environmental Influence of the LED Backlight Technology Improvement Project of Foshan NationStar Optoelectronics Co., Ltd.	Foshan Environmental Protection Bureau	21 January 2008	F2008-9
28	Letter of Opinions from Foshan Environmental Protection Bureau on the Completion-based Environmental Protection Inspection and Acceptance of the LED Backlight Technology Improvement Project of Foshan NationStar Optoelectronics Co., Ltd.	Foshan Environmental Protection Bureau	16 May 2016	F.H.H. [2016] No. 455
29	Approval for the Report on the Environmental Influence of the Technological Improvement Project for Power-based LED and LED Luminary Module of Foshan NationStar Optoelectronics Co., Ltd.	Foshan Environmental Protection Bureau	21 January 2008	F2008-10
30	Letter of Opinions from Foshan Environmental Protection Bureau on the Completion-based Environmental Protection Inspection and Acceptance of the	Foshan Environmental Protection Bureau	16 May 2016	F.H.H. [2016] No. 457

	Technological Improvement Project for Power-based LED and LED Luminary Module of Foshan NationStar Optoelectronics Co., Ltd.			
31	Approval for the Report on the Environmental Influence of the Technological Improvement Project for New Surface-mount Light-emitting Diodes of Foshan NationStar Optoelectronics Co., Ltd.	Foshan Environmental Protection Bureau	21 January 2008	F2008-11
32	Letter of Opinions from Foshan Environmental Protection Bureau on the Completion-based Environmental Protection Inspection and Acceptance of the Technological Improvement Project for New Surface-mount Light-emitting Diodes of Foshan NationStar Optoelectronics Co., Ltd.	Foshan Environmental Protection Bureau	16 May 2016	F.H.H. [2016] No. 458
33	Approval for the Report on the Environmental Influence of the New Top LED Manufacturing Technology and Industrialization Project	Environmental Protection Bureau of Chancheng District, Foshan City	29 November 2010	CB2010-0135
34	Application for the Completion-based Environmental Protection Inspection and Acceptance of the New Top LED Manufacturing Technology and Industrialization Project	Environmental Protection and Urban Management Bureau of Chancheng District, Foshan City	29 December 2014	C.H.Y.B [2014] No. 47
35	Approval of the Environmental Protection and Urban Management Bureau of Chancheng District to the Report on the Environmental Influence of the Expansion Project of Foshan NationStar Optoelectronics Co., Ltd.	Environmental Protection and Urban Management Bureau of Chancheng District, Foshan City	5 September 2014	C.B. [2014] No. 0036
36	Application for the Completion-based Environmental Protection Inspection and Acceptance of the Expansion Project of Foshan	Environmental Protection and Urban Management Bureau of Chancheng District,	29 December 2014	C.H.Y.B [2014] No. 46

	NationStar Optoelectronics Co., Ltd.	Foshan City		
37	Approval of the Environmental Protection and Urban Management Bureau of Chancheng District to the Report on the Environmental Influence of the Expansion Project for Small Spacing and Outdoor Surface-mount LED Display Components	Environmental Protection and Urban Management Bureau of Chancheng District, Foshan City	19 December 2014	C.B. [2014] No. 0073
38	Opinions of the Environmental Protection and Urban Management Bureau of Chancheng District, Foshan City, on the Completion-based Environmental Protection Inspection and Acceptance of the Expansion Project for Small Spacing and Outdoor Surface-mount LED Display Components	Environmental Protection Bureau of Chancheng District, Foshan City	20 May 2016	C.H.Y.B. 2016-4-032
39	Approval of the Environmental Protection Bureau of Chancheng District, Foshan City, to the Report on the Environmental Influence of the Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with High Color Rendering Index for Illumination	Environmental Protection Bureau of Chancheng District, Foshan City	1 November 2016	C.B. 2016-4-205
40	Opinions of the Environmental Protection Bureau of Chancheng District, Foshan City, on the Completion-based Environmental Protection Inspection and Acceptance of the Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with High Color Rendering Index for Illumination	Environmental Protection Bureau of Chancheng District, Foshan City	11 April 2017	C.H.Y.B. 2017-4-110
41	Approval of the Environmental Protection Bureau of Chancheng District, Foshan City, to the Report	Environmental Protection Bureau of Chancheng District,	1 November 2016	C.B. 2016-4-206

	on the Environmental Influence of the Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with Small Spacing for Display	Foshan City		
42	Opinions of the Environmental Protection Bureau of Chancheng District, Foshan City, on the Completion-based Environmental Protection Inspection and Acceptance of the Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with Small Spacing for Display	Environmental Protection Bureau of Chancheng District, Foshan City	11 April 2017	C.H.Y.B. 2017-4-111
43	Approval of the Environmental Protection Bureau of Chancheng District, Foshan City, to the Report on the Environmental Influence of the Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with High Color Rendering Index for Illumination (Phase II)	Environmental Protection Bureau of Chancheng District, Foshan City	8 December 2017	C.B. 2017-4-065
44	Approval of the Environmental Protection Bureau of Chancheng District, Foshan City, to the Report on the Environmental Influence of the Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with Small Spacing for Display (Phase II)	Environmental Protection Bureau of Chancheng District, Foshan City	8 December 2017	C.B. 2017-4-064
45	Registration Receipt for the Discharge of Fixed Pollution Sources	Foshan Municipal Ecology and Environment Bureau	19 January 2020	914406001935264036001X
46	Sewage Discharge Permit	Foshan Municipal Ecology and Environment Bureau	21 November 2022	91440600570160743B001Q

47	Inspection Opinions on the Report on the Environmental Influence of the First Phase of Project of Guangdong Yuejing High-tech Co., Ltd.	Environmental Protection Bureau of Guangzhou Economic and Technological Development Zone	12 February 2004	S.K.H.Y.Z [2004] No. 15
48	Approval for the Completion-based Environmental Protection Inspection and Acceptance of the First Phase of Project of Guangdong Yuejing High-tech Co., Ltd.	Environmental Protection Bureau of Guangzhou Economic and Technological Development Zone	15 December 2006	S.K.H.B.Y.Z [2006] No. 153
49	Approval for the Report on the Environmental Influence of the New Employee Canteen and Standby Generator Project of Guangdong Yuejing High-tech Co., Ltd.	Environmental Protection Bureau of Guangzhou Economic and Technological Development Zone	2 February 2007	S.K.H.B.Y.Z [2007] No. 17
50	Approval for the Completion-based Environmental Protection Inspection and Acceptance of the New Employee Canteen and Standby Generator Project of Guangdong Yuejing High-tech Co., Ltd.	Environmental Protection Bureau of Guangzhou Economic and Technological Development Zone	19 November 2007	S.K.H.B.Y.Z [2007] No. 166
51	Approval for the Report on the Environmental Influence of the New Triode Tin Deposition Assembly Line Project of Guangdong Yuejing High-tech Co., Ltd.	Environmental Protection Bureau of Guangzhou Economic and Technological Development Zone	6 November 2006	S.K.H.B.Y.Z [2006] No. 242
52	Approval for the Completion-based Environmental Protection Inspection and Acceptance of the New Triode Tin Deposition Assembly Line Project of Guangdong Yuejing High-tech Co., Ltd.	Environmental Protection Bureau of Guangzhou Economic and Technological Development Zone	11 December 2007	S.K.H.B.Y.Z [2007] No. 168
53	Approval for the Report on the Environmental Influence of the Plant Expansion II of Guangdong Yuejing High-tech Co., Ltd.	Environmental Protection Bureau of Guangzhou Economic and Technological Development Zone	23 February 2008	S.K.H.B.Y.Z [2008] No. 25
54	Approval for the Report on the	Construction and	17 August 2011	S.K.H.J.Y.Z [2011] No. 272



	Environmental Influence of the Third Phase of the Project with an Annual Packaging Output of Two Billion New Semiconductor Devices of Guangdong Yuejing High-tech Co., Ltd.	Environmental Protection Bureau of Guangzhou Economic and Technological Development Zone		
55	Approval for the Completion-based Environmental Protection Inspection and Acceptance of the Third Phase of the Project with an Annual Packaging Output of Two Billion New Semiconductor Devices of Guangdong Yuejing High-tech Co., Ltd.	Environmental Protection and Urban Management Bureau of Guangzhou Economic and Technological Development Zone	19 March 2015	S.K.H.Y.Z [2015] No. 44
56	Approval of the Report on the Environmental Influence of the Technological Improvement Project for the Production of SOP-SOT Chip Semiconductor Devices	Environmental Protection and Urban Management Bureau of Guangzhou Economic and Technological Development Zone	4 July 2014	S.K.H.Y.Z [2014] No. 130
57	Approval for the Completion-based Environmental Protection Inspection and Acceptance of the Technological Improvement Project for the Production of SOP-SOT Chip Semiconductors of Guangdong Fenghua Semiconductor Technology Co., Ltd.	Construction and Environmental Protection Bureau of Guangzhou Economic and Technological Development Zone	11 January 2017	S.K.J.H.B.Y.Z [2017] No. 6
58	Approval for the Completion-based Environmental Protection Inspection and Acceptance of the Plant Expansion II of Guangdong Fenghua Semiconductor Technology Co., Ltd. (Formerly Known as Guangdong Yuejing High-tech Co., Ltd.)	Construction and Environmental Protection Bureau of Guangzhou Economic and Technological Development Zone	14 June 2017	S.K.H.Y.Z [2017] No. 151
59	Registration Receipt for the Discharge of Fixed Pollution Sources	Guangzhou Municipal Ecological Environment Bureau	27 February 2020	91440000725451562J001Y

Discharge standards and pollutants discharged in production and operation activities:

Name of	Type of	Name of	Discharge	Outlet	Outlet	Discharge	Pollutant	Total	Total	Excessive
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Company or Subsidiary Company	Major and Characteristic Pollutants	Major and Characteristic Pollutants	Method	Quantity	Distribution	Concentration/intensity	Discharge Standards	Actual Discharge	Discharge Approved	Discharge
Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Exhaust gas	SO <sub>2</sub>	Discharged in an organized manner	1	In the plant	SO <sub>2</sub> : 289 mg/m <sup>3</sup>	Emission Standards for Air Pollutants in Glass Industry (DB44/2159-2019)	6.264	SO <sub>2</sub> : 39.937 t/y	None
Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Exhaust gas	Oxynitride	Discharged in an organized manner	1	In the plant	Oxynitride : 550mg/m <sup>3</sup>	Emission Standards for Air Pollutants in Glass Industry (DB44/2159-2019)	57.236	Oxynitride : 83.549 t/y	None
Liuzhou Guige Lighting Technology Co., Ltd.	Exhaust gas	Xylene, SO <sub>2</sub> , nitrogen oxide, benzene, toluene, particulate matter, volatile organic matter	Discharged in an organized manner	1	In the plant	Discharged upon reaching applicable standards	Integrated Emission Standards of Air Pollutants (GB16297-1996)	/	/	None
Liuzhou Guige Lighting Technology Co., Ltd.	Exhaust gas	Volatile organic compounds	Discharged in an un-organized manner	2	In the plant	Discharged upon reaching applicable standards	Integrated Emission Standards of Air Pollutants (GB16297-1996)	/	/	None
Foshan NationStar Optoelectronics Co., Ltd.	Wastewater	Chemical oxygen demand ("COD") and ammonia nitrogen	Discharged by standards after treatment	1	Wastewater treatment station	COD: 14 mg/L; Ammonia nitrogen: 0.076 mg/L	Discharge Limits of Water Pollutants (DB44/26-2001) of Guangdong	COD:0.84 t/a Ammonia nitrogen:0.00456t/a	COD:2.4 t/a Ammonia nitrogen:0.3t/a	None

							Province: Standard Class II for Time Period II.			
Foshan NationStar Optoelectronics Co., Ltd.	Exhaust gas	Total volatile organic compounds ("VOCs"), benzene, toluene, xylene, and particulate matters	Discharged by standards after treatment	2	Rooftop of East Tower and West Tower	Total VOCs: 1.03725mg/m <sup>3</sup> Benzene: 0.002875 mg/m <sup>3</sup> Toluene and xylene: 0.1025mg/m <sup>3</sup> Particulate matters: 20mg/m <sup>3</sup>	Emission Standard of Volatile Organic Compounds for Furniture Manufacturing (DB44/814-2010) of Guangdong Province: Discharge limits for VOCs through exhaust funnels for Time Period II.	Total VOCs:0.212616 t/a	Total VOCs: 1.8 t/a	None
Foshan NationStar Optoelectronics Co., Ltd.	Noise	Noise	Discharged by standards	/	/	Daytime: 60; nighttime: 50, Unit: dB (A)	Emission Standard for Noise of Industrial Enterprises at Boundary (GB12348-2008): Standard Class II	/	/	None
Foshan NationStar Semiconductor Technology Co., Ltd	Wastewater	COD, ammonia nitrogen, suspended solids, and fluoride	Discharged by standards after treatment	1	Wastewater station	PH: Six to nine COD: 90 mg/L BOD5: 20 mg/L Suspended solids: 60 mg/L Ammonia nitrogen: 10 mg/L Fluoride: 10 mg/L	Discharge Limits of Water Pollutants (DB44/26-2001) of Guangdong Province: Standard Class I for Time Period II.	COD:1.08562t/a Ammonia nitrogen: 0.183358t/a	COD: 3.129t/a Ammonia nitrogen: 0.201t/a	None
Foshan NationStar Semiconductor	Exhaust gas	Sulfur dioxide, nitrogen oxide,	Discharged by standards after	6	Rooftop	Sulfur dioxide: 500 mg/m <sup>3</sup>	Emission Limits of Air Pollutants	SO2:0.234 t/a; NOX: 10.11 t/a	SO2:0.25t/a; NOX:11.96t/a	None

Technology Co., Ltd.		particulate matter, ammonia, ozone concentration, hydrogen chloride, fluoride, chlorine gas, sulphuric acid mist, stupid, toluene and xylene, total VOCs	treatment			nitrogen oxide: 120 mg/m <sup>3</sup> particulate matters: 120 mg/m <sup>3</sup> ammonia gas: 20 mg/m <sup>3</sup> odor concentration: 6000 mg/m <sup>3</sup> hydrogen chloride: 100 mg/m <sup>3</sup> fluoride: 9 mg/m <sup>3</sup> chlorine: 65 mg/m <sup>3</sup> sulfuric acid mist: 35 mg/m <sup>3</sup> benzene: 1 mg/m <sup>3</sup> toluene and xylene: 20 mg/m <sup>3</sup> total VOCs: 30 mg/m <sup>3</sup>	(DB44/247-2001) of Guangdong Province: Standard Class II for Time Period II. Emission Standard of Volatile Organic Compounds for Furniture Manufacturing (DB44/814-2010) of Guangdong Province: Discharge limits for VOCs through exhaust funnels for Time Period II.	Total VOCs: 1.3435t/a	Total VOCs: 2.45t/a	
Foshan NationStar Semiconductor Technology Co., Ltd.	Noise	Noise	Discharged by standards	/	/	Daytime: 60; nighttime: 50, Unit: dB (A)	Emission Standard for Noise of Industrial Enterprises at Boundary (GB12348-2008): Standard Class II	/	/	None
Guangdong Fenghua Semiconductor Technology Co., Ltd.	Wastewater	Wastewater: PH, COD, and copper	Discharged by standards after treatment	1	Total outlet near the north duty room	PH(6-9); COD(500 mg/L); Copper (≤2.0mg/L);	Discharge Limits of Water Pollutants (DB44/26-2001) of Guangdong Province: Standard Class III for Time	COD:0.219t/a	/	None

							Period II.			
Guangdong Fenghua Semiconductor Technology Co., Ltd.	Exhaust gas	Exhaust gas : Particulate matter, total VOCs, sulphuric acid mist, hydrogen chloride mist	Discharged by standards after treatment	7	Rooftop of Phase I plant	Particulate matter: 120mg/m <sup>3</sup> hydrogen chloride mist: 100mg/m <sup>3</sup> sulphuric acid mist: 35mg/m <sup>3</sup> oil fumes: 2.0mg/m <sup>3</sup>	Guangdong Standard DB44/27-2001, Discharge Limites for Class II for Time Period II;	Particulate matter: 0.018t/a; Total VOCs:0.127t/a	/	None
Guangdong Fenghua Semiconductor Technology Co., Ltd.	Noise	Noise	Discharged by standards	/	/	Daytime: 65 Nighttime: 55 Unit: dB(A)	Emission Standard for Noise of Industrial Enterprises at Boundary (GB12348-2008): Standard Class III	/	/	None

**Pollutant treatment:**

**Emission and treatment of the Company's main pollutants:**

**(1) Exhaust gas:**

**FSL:** The flue gas of glass kilns and the high-temperature melting of glass raw materials generated air pollutants, such as sulphur dioxide, nitric oxide, and smoke, during the manufacturing of semi-products, such as glass bulb shells and lamp tubes. Such flue gas was treated with semi-dry desulfurization, electric precipitation, and SCR denitration. Upon treatment, the standard limits for glass kilns in the Emission Standards for Air Pollutants in Glass Industry (DB44/2159-2019): Table 1 Emission Limits of Air Pollutants were met.

**Nanning Liaowang:** Exhaust gases like volatile organic compounds (VOCs), were mainly generated during the manufacturing of auto luminary, which were treated through Regenerative Thermal Oxidizer (RTO) catalytic combustion and UV activated carbon adsorption. Upon treatment, the discharge limits and requirements stipulated in Comprehensive Discharge Standards for Air Pollution (GB16297-1996) were met.

**NationStar Optoelectronics:** The manufacturing of LED components mainly caused exhaust gas, such as VOCs, benzene, toluene, xylene, and particulate matters, which was treated through UV photolysis and plasma purification. Upon treatment, the Emission Standard of Volatile Organic Compounds for Furniture Manufacturing (DB44/814-2010) of Guangdong Province was met.

**NationStar Semiconductor:** a) Exhaust gas, such as ammonia gas, was mainly generated during the manufacturing of LED epitaxial wafers. Upon treatment through Edwards combustion, the Emission Limits of Air Pollutants (DB44/27-2001): Standard Class II for Time Period II and Emission Standards for Odour Pollutants (GB14554-93): Table 2 30-meter High Exhaust Pipes for Ammonia were met. b) The manufacturing of LED chips mainly caused exhaust gas, such as sulfuric acid mist, hydrochloric acid mist, chlorine, hydrogen chloride, fluorides, and particulate matters. Upon treatment through Scrubber combustion-based washing and spraying equipment and scrubbing towers for acid and alkali exhaust gas, the Emission Limits of Air Pollutants (DB44/27-2001) of Guangdong Province: Standard Class II for Time Period II were met. c) Wastes, such as acetone, isopropyl alcohol, esters, ethers, and amines, were mainly caused during the manufacturing of LED chips. Upon treated through UV photolysis and activated carbon adsorption, the discharge limits and requirements stipulated in the Emission Standard of Volatile Organic Compounds for Furniture Manufacturing (DB44/814-2010) of Guangdong Province: Discharge limits for VOCs through exhaust funnels for Time Period II were met.

**Fenghua Semiconductor:** The sealing test of electronic components mainly generated exhaust gas, such as dust and particulate matters, organic exhaust gas, sulfuric acid mist, and hydrogen chloride mist. Through filter vats and activated carbon adsorption, and spraying alkali liquor for neutralization, the Emission Limits of Air Pollutants (DB44/27-2001) of Guangdong Province: Standard Class II for Time Period II were met.

(2) Wastewater:

**FSL:** The Company's wastewater mainly came from offices and living. Domestic wastewater was treated with a tertiary septic tank. Oily sewage from the canteen was pre-treated with an oil and residue separation system, and then transferred to wastewater treatment stations for centralized treatment. Upon treatment, the discharge limits and requirements stipulated in the Discharge Limits of Water Pollutants (DB44/26-2001) of Guangdong Province: Standard Class III for Time Period II were met.

**Nanning Liaowang:** The manufacturing of auto luminary did not generate industrial wastewater and mainly caused wastes, such as domestic wastewater. Upon treatment through physicochemical and biochemical, the discharge limits and requirements stipulated in the Level 1 standards of the Integrated Wastewater Discharge Standard (GB 8978-1996) were met.

**NationStar Optoelectronics:** wastewater, such as COD and ammonia nitrogen, was mainly generated during the manufacturing of LED components. Upon treatment through coagulation, sedimentation, and frame filtering,

the discharge limits and requirements stipulated in the Discharge Limits of Water Pollutants (DB44/26-2001) of Guangdong Province: Standard Class II for Time Period II were met.

**NationStar Semiconductor:** The manufacturing of LED chips mainly generated wastes, such as COD, ammonia nitrogen, SS, and fluorides. Upon treatment through physicochemical and biochemical, the discharge limits and requirements stipulated in the Discharge Limits of Water Pollutants (DB44/26-2001) of Guangdong Province: Standard Class III for Time Period II were met.

**Fenghua Semiconductor:** Pollutants, such as COD, ammonia nitrogen, and heavy metals, were mainly generated during the sealing test of electronic components. Through physicochemical and biochemical treatment, MBR films, and reverse osmosis (RO) membranes, the discharge limits and requirements stipulated in the Discharge Limits of Water Pollutants (DB44/26-2001) of Guangdong Province: Standard Class III for Time Period II.

(3) Noises:

**FSL:** Noises mainly came from the operation of production machinery. Specifically, water pumps and fans that would cause loud noises were placed in a soundproof room or covered with a noise enclosure. Hush pipes were attached to exhaust gas exhaust pipes that would cause loud noises.

**Nanning Liaowang:** Noises mainly came from the operation of production machinery. Specifically, basic damping, soundproof rooms, and soundproof cottons were applied to injection moulding and friction welding that would cause loud noises. The Emission Standard for Noise of Industrial Enterprises at Boundary (GB12348-2008): Standard Class III were met.

**NationStar Optoelectronics:** Noises mainly included mechanical and aerodynamic noises. Specifically, production and process equipment were placed in a closed workshop. Soundproof rooms, vibration dampers, and noise enclosures were adopted for Equipment, such as air compressors, water pumps, and fans, that would cause loud noises. Hush pipes were attached to exhaust gas exhaust pipes that would cause loud noises.

**NationStar Semiconductor:** Noises mainly included mechanical and aerodynamic noises. Production and process equipment was placed in a closed workshop. Soundproof rooms, vibration dampers, and noise enclosures were adopted for equipment, such as air compressors, water pumps, and fans, that would cause loud noises. Hush pipes were attached to exhaust gas exhaust pipes that would cause loud noises.

**Fenghua Semiconductor:** Noises mainly came from the operation of production machinery. Specifically, water pumps and fans that would cause loud noises were placed in a soundproof room or covered with a noise enclosure. Hush pipes were attached to exhaust gas exhaust pipes that would cause loud noises.

Environmental self-monitoring plan:

Foshan Electrical and Lighting Co., Ltd. Gaoming Branch developed an environmental self-monitoring plan, numbered: FSLFMF001. It entrusted a third-party environmental testing agency, Guangdong Spectrum Testing Technology Co., Ltd., to perform the annual inspection of the exhaust outlet. All the inspection results were lower than the standard limits. Meanwhile, it accepted the annual supervision and monitoring by local environmental protection departments. All the monitoring results were lower than the standard limits.

Liuzhou Guige Lighting Technology Co., Ltd. has put in place the Self-monitoring Plan of Liuzhou Guige Lighting Technology Co., Ltd. It entrusted a third-party environmental testing agency, Guangxi Huaqiang Environmental Monitoring Co., Ltd., to perform the annual inspection of the exhaust outlet. All the inspection results were lower than the standard limits. Meanwhile, it accepted the annual supervision and monitoring by local environmental protection departments. All the monitoring results were lower than the standard limits.

NationStar Optoelectronics, following the self-monitoring plan, entrusted a qualified third-party environmental testing agency to perform inspection of various pollutants every half a year. All the inspection results were lower than the standard limits. Meanwhile, it accepted the quarterly supervision and monitoring by local environmental protection departments. All the monitoring results were lower than the standard limits.

Foshan NationStar Semiconductor Technology Co., Ltd. abided by its environmental self-monitoring plan. It entrusted a third-party environmental testing agency, Guangdong Zhonghui Mobile Laboratory Testing Technology Co., Ltd., to perform the quarterly inspection of the wastewater and exhaust gas outlet. All the inspection results were lower than the standard limits. Meanwhile, it accepted the annual supervision and monitoring by local environmental protection departments. All the monitoring results were lower than the standard limits.

Guangdong Fenghua Semiconductor Technology Co., Ltd. formulated its environmental self-monitoring plan at the beginning of the year, according to which it entrusted a third-party environmental testing agency, Tong Chuang Wei Ye (Guangdong) Testing Technology Co., Ltd., to perform the annual inspection of the wastewater and exhaust gas outlet. All the inspection results were lower than the standard limits. Meanwhile, it accepted the



24-hour online monitoring of its wastewater outlets and the annual inspection of its exhaust gas outlets by local environmental protection departments. All the monitoring results were lower than the standard limits.

Contingency plan for environmental emergencies:

The Company formulated the Contingency Plan for Environmental Emergencies of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch (Including Risk Assessment Report and Material Survey of Environmental Emergencies in August 2017, had it reviewed by experts on 13 September 2017, and had it filed with the Foshan Municipal Ecology and Environment Bureau Gaoming Sub-bureau (Filing No.: 440608-2017-094-L) on 24 October 2017.

This document was revised in August 2020, reviewed by experts again on 7 September 2020, and filed with the Foshan Municipal Ecology and Environment Bureau Gaoming Sub-bureau (Filing No.: 440608-2020-056-M) on 25 September 2020.

In June 2018, Liuzhou Guige Lighting Technology Co., Ltd. completed the preparation of the Emergency Plan for Environmental Emergencies of Liuzhou Guige Lighting Technology Co., Ltd. (including the Risk Assessment Report for Environmental Emergencies and the Investigation Report for Emergency Resources for Environmental Emergencies), which was reviewed by experts and released, and filed with Liudong Branch of Liuzhou Environmental Protection Bureau on 29 August 2018 (No. 450203-2018-022-1). In August 2021, the Emergency Plan for Environmental Emergencies of Liuzhou Guige Lighting Technology Co., Ltd. (including the Risk Assessment Report for Environmental Emergencies and the Investigation Report for Emergency Resources for Environmental Emergencies) was updated and compiled, passed the expert review and released, and on 27 December 2021, the Emergency Plan was filed with the Ecological Environment Bureau of Liudong New Area, Liuzhou City (No. 450203-2021-0019-L).

NationStar Optoelectronics formulated the Contingency Plan for Environmental Emergencies of NationStar Optoelectronics (Including Risk Assessment Report and Material Survey of Environmental Emergencies) according to the requirements of the Management Methods for Environmental Emergencies, and had it filed with the Foshan Municipal Ecology and Environment Bureau Chancheng Sub-bureau (Filing No.: 440604-2020-032-L) on 2 April 2020.

NationStar Semiconductor formulated the Contingency Plan for Environmental Emergencies of NationStar Semiconductor (including Risk Assessment Report and Material Survey of Environmental Emergencies) in May

2020, had it reviewed by experts on 1 July 2020, and had it filed with the Foshan Municipal Ecology and Environment Bureau (Filing No.: 440600-2020-047-M) on 12 August 2020.

Fenghua Semiconductor issued the Contingency Plan for Environmental Emergencies of Guangdong Fenghua Semiconductor Technology Co., Ltd. (including Risk Assessment Report and Material Survey of Environmental Emergencies) on 31 December 2021, and had it filed with the Guangzhou Municipal Ecology and Environment Bureau (Filing No.: 440112-2022-032-L) on 3 March 2022.

Input in environmental governance and protection and the payment of environmental protection-related taxes:

During the Reporting Period, the input of the Company and its subsidiaries in the construction of environmental protection facilities, the development of environmental protection standards, the treatment of exhaust gas, wastewater, and waste residue, and routine detection totaled RMB10.7941 million, and their environmental protection-related taxes paid amounted to RMB152.7 thousand.

Measures taken during the Reporting Period to reduce carbon emissions and the impact:

Applicable  Not applicable

During the Reporting Period, the Company reduced electricity consumption under the same output value by selecting high-efficiency and energy-saving equipment. The Company insists on constantly publicizing environmental protection knowledge to employees, improving their awareness of environmental protection, and realizing the sustainable development goal of harmonious coexistence between enterprises and the environment through the joint efforts of all employees.

Administrative punishments received with respect to environmental issues in the Reporting Period:

The Company/subsidiary	Reason for punishment	Incompliance	Punishment	Impact on the Company's operations	Rectification
N/A	N/A	N/A	N/A	N/A	N/A

Other environment-related information that should be disclosed:

None.

Other relevant information:

None.

## **II Social Responsibility**

In order to further the Company's transparency in the fulfillment of corporate social responsibilities and help its investors better understand it, the Company has disclosed an environmental, social, and governance (ESG) report .For details, please refer to the Environmental, Social, and Governance (ESG) Report 2022 disclosed by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn) on 10 April 2023.

## **III Efforts in Poverty Alleviation and Rural Revitalization**

The Company actively responds to the call to consolidate the achievements of poverty alleviation and revitalize the countryside, and carries out the work of helping farmers with consumption to facilitate rural revitalization. During the Reporting Period, the Company actively purchased characteristic agricultural products worth over RMB200,000 from Wuhua County, Meizhou City. The Company donated quality luminary worth RMB100,000 to the trunk roads of Jinjiang Village, Wuhua County to create a safer environment for locals to travel in the evening.

## Part VI Significant Events

### I Fulfillment of Commitments

#### 1. Commitments of the Company's Actual 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	Electronics Group and Hong Kong Rising Investment	About avoidance of horizontal competition	Electronics Group and Hong Kong Rising Investment have made 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	4 December 2015	Long-term	Ongoing

	Rising Group		<p>Company on a rational basis.</p> <p>1. Rising Group will take active measures to avoid any business or activity that competes or may compete with the principal business of the Company and its auxiliary enterprises, and urge the Promisor to control enterprises to avoid any business or activity that competes or may compete with the principal business of the Company and its auxiliary enterprises. 2. If Rising Group and its controlled enterprises are given the opportunity to engage in new business that constitutes or may constitute horizontal competition with the principal businesses of the Company and its auxiliary enterprises, Rising Group will make every effort to make the business opportunity first available to the Company or its auxiliary enterprises on reasonable and fair terms and conditions on the premise that conditions permit and in the interest of the listed company.</p>	4 November 2021	Long-term	Ongoing
	Electronics Group and Hong Kong Rising Investment	About reduction and regulation of related-party transactions	<p>Electronics Group 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 <i>Articles of Association</i>, 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</p>	4 December 2015	Long-term	Ongoing

			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.			
Commitments made in acquisition documents or shareholding alteration documents	Rising Group		1. strictly abide by the regulatory documents of the CSRC and the SZSE, the Company's <i>Articles of Association</i> , 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.	4 November 2021	Long-term	Ongoing
	Electronics Group and Hong Kong Rising Investment	About independence	In order to ensure the independence of the Company in business, personnel, asset, organization and finance, Electronics Group and Hong Kong Rising Investment have made the following commitments: 1. They will ensure the independence of 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,	4 December 2015	Long-term	Ongoing

		<p>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.</p> <p>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.</p> <p>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</p>			
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		<p>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. And (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. And 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.</p>			
<p>Commitments made in acquisition documents or shareholding alteration documents</p>	<p>Rising Group</p>	<p>To maintain the independence of the Company, Rising Group has made the following commitments: 1. It will ensure the personnel independence of the Company. It promises to ensure personnel independence with the Company, and GM, deputy GMs, CFO, Company Secretary and other senior management personnel of the Company will</p>	<p>4 November 2021</p>	<p>Long-term</p>	<p>Ongoing</p>



		<p>not hold positions other than directors and supervisors in the enterprises wholly owned, controlled or actually controlled by it and its subsidiaries (hereinafter referred to as "subsidiaries"), and will not receive salaries from it or its subsidiaries. The Company's financial personnel do not hold concurrent positions in it or its subsidiaries. 2. It will ensure the asset independence and integrity of the Company: (1) It promises that the Company will have independent and complete assets. And (2) It promises that it and its subsidiaries will not illegally occupy the Company's funds and assets in any way. 3. It will ensure the financial independence of the Company: (1) It promises that the Company will have an independent financial department and financial accounting system. (2) It promises that the Company will have a standardized and independent financial accounting system. (3) It promises that the Company will have independent bank accounts and not share bank accounts with it. (4) It promises that the Company's financial personnel do not hold concurrent positions in it or its subsidiaries. And (5) It promises that the Company can make financial decisions independently and that they will not illegally intervene in the Company's use of its funds. 4. It will ensure the independence of the Company in organization: (1) It promises that the Company can operate independently with an independent and complete organization structure. (2) It promises that the office and production and business premises of the Company are separated from those of Rising Group. And (3) It promises that the Board of Directors, the Board of Supervisors and various functional departments of the Company operate independently, and there is no subordinate relationship with the functional departments of Rising Group. And 5 It will ensure the independence of the Company in business: (1) It promises that the Company will have independence in business. And (2) It promises</p>			
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			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.			
Commitments made in shareholding alteration documents	FSL	About avoidance of horizontal competition	<p>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 NATIONSTAR OPTOELECTRONICS for now, if the products or business of them or their relevant enterprises become the same with or similar to those of NATIONSTAR OPTOELECTRONICS or its subsidiaries in the future, they shall take the following measures: (1) If NATIONSTAR OPTOELECTRONICS thinks necessary, they and their relevant enterprises shall reduce and wholly transfer their relevant assets and business; and (2) If NATIONSTAR OPTOELECTRONICS thinks necessary, it is given the priority to acquire first, by proper means, the relevant assets and business of them and their relevant enterprises. 2. All the commitments made by them to eliminate or avoid horizontal competition with FSL are also applicable to their directly or indirectly controlled subsidiaries. They are obliged to urge and make sure that other subsidiaries execute what's prescribed in the relevant document and faithfully honor all the relevant commitments. 3. If they or their directly or indirectly controlled subsidiaries break the aforesaid commitments and thus cause a loss for NATIONSTAR OPTOELECTRONICS, they shall compensate NATIONSTAR OPTOELECTRONICS on a rational basis.</p>	7 October 2021	Long-term	Ongoing
Commitments made in shareholding alteration documents	FSL	About reduction and regulation of related-party transactions	<p>1. FSL and enterprises under its control (except NATIONSTAR OPTOELECTRONICS and its subsidiaries) will reduce and standardize related transactions with NATIONSTAR OPTOELECTRONICS and its subsidiaries.</p> <p>2. In case of any inevitable or reasonably justified related party transactions, FSL and enterprises under its control (except</p>	7 October 2021	Long-term	Ongoing

		ns	<p>NATIONSTAR OPTOELECTRONICS and its subsidiaries) will strictly abide by the market principles, conduct related party transactions with NATIONSTAR OPTOELECTRONICS fairly and reasonably based on the general principles of equality, mutual benefit, equal value and compensation, and perform legal procedures in accordance with laws, regulations, normative documents and relevant regulations of NATIONSTAR OPTOELECTRONICS.</p>			
<p>Commitments made in shareholding alteration documents</p>	FSL	<p>About maintaining independence of the listed company</p>	<p>In order to promote the standardized management of NATIONSTAR OPTOELECTRONICS, legally and compliantly exercise shareholders' rights and fulfill corresponding obligations, and take practical and effective measures to ensure the independence of NATIONSTAR OPTOELECTRONICS in personnel, assets, finance, institutions and business, the Promisor promises:</p> <p>(I) It will ensure the independence of NATIONSTAR OPTOELECTRONICS in personnel</p> <p>1. FSL promises that GM, deputy GMs, CFO, Company Secretary and other senior management personnel of NATIONSTAR OPTOELECTRONICS will not hold any positions in FSL and other enterprises under its control (except NATIONSTAR OPTOELECTRONICS and its controlled enterprises, the same below) other than director and supervisor, and not receive salaries from in FSL and other enterprises under its control;</p> <p>2. It will ensure NATIONSTAR OPTOELECTRONICS's absolute independence from FSL and enterprises under its control in labor, human resource and salary management.</p> <p>(II) It will ensure the independence of NATIONSTAR OPTOELECTRONICS in asset</p> <p>1. FSL promises that NATIONSTAR OPTOELECTRONICS will have independent and complete operating assets related to operation;</p> <p>2. FSL promises that the funds, assets and other resources of NATIONSTAR OPTOELECTRONICS will not be illegally occupied.</p> <p>(III) It will ensure the independence of NATIONSTAR OPTOELECTRONICS in finance</p> <p>1. It promises that NATIONSTAR OPTOELECTRONICS will have an independent financial department, and</p>	7 October 2021	Long-term	Ongoing

			<p>independent financial accounting system and financial accounting rules.</p> <p>2. It promises that NATIONSTAR OPTOELECTRONICS will have independent bank accounts and not share bank accounts with FSL and other enterprises under its control;</p> <p>3. It promises that the financial personnel of NATIONSTAR OPTOELECTRONICS do not work part-time and receive salaries in FSL and other enterprises under its control;</p> <p>4. It promises that NATIONSTAR OPTOELECTRONICS will independently pay its tax according to law;</p> <p>And (5) It promises that NATIONSTAR OPTOELECTRONICS can make financial decisions independently and that it will not illegally intervene in NATIONSTAR OPTOELECTRONICS's use of its funds.</p> <p>(IV) It will ensure the independence of NATIONSTAR OPTOELECTRONICS in organization</p> <p>It promises that the listed company has a sound corporate governance structure as a joint-stock company with an independent and complete organization structure.</p> <p>(V) It will ensure the independence of NATIONSTAR OPTOELECTRONICS in business</p> <p>It promise that NATIONSTAR OPTOELECTRONICS remains independent in procurement, production, sales and intellectual property rights, and that NATIONSTAR OPTOELECTRONICS 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.</p>			
Commitments made during asset restructuring	FSL	About absence of insider trading	<p>1. FSL does not disclose the relevant insider information of this trading or make use of the insider information for insider trading; 2. As of the issuance date of the <i>Report on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft)</i>, FSL has not been placed on file for investigation or criminal investigation due to suspected insider trading related to this trading, and has not been subject to administrative punishment by the CSRC or criminal responsibility investigated by judicial organs according to law for insider trading related to any major asset restructuring, and has not been prohibited from engaging in any major asset restructuring of listed</p>	27 October 2021	From the time when the Company plans the major asset restructuring to the date when the major asset restructuring is completed	Expired

			companies according to Article 13 of the <i>Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies</i> in the last 36 months.			
Commitments made during asset restructuring	FSL	About compliance with <i>Several Provisions on the Reduction of Shares by Shareholders, Directors and Supervisors of Listed Companies</i>	<p>1. FSL is not subject to any securities and futures crimes as stipulated in Article 6 of <i>Several Provisions on the Reduction of Shares by Shareholders, Directors and Supervisors of Listed Companies</i>. During the period when the CSRC or the judicial organ filed a case for investigation, and less than six months after the administrative penalty decision and criminal judgment were made, there was no situation that the shares of NATIONSTAR OPTOELECTRONICS could not be reduced due to violation of the rules of stock exchanges and public censure by stock exchanges for less than three months. 2. If the commitment maker still holds shares in NATIONSTAR OPTOELECTRONICS after this transaction, the commitment maker shall be subject to the following regulations:</p> <p>(1) Within the six months following the completion of this transaction, if the commitment maker intends to reduce by way of centralized bidding at the stock exchange the shares obtained in this transaction, the commitment maker shall report to the stock exchange and disclose the shareholding reduction plan (which will be kept for record by the stock exchange) 15 trading days before the first sale.</p> <p>(2) Within the six months following the completion of this transaction, if the commitment maker intends to reduce by way of centralized bidding at the stock exchange within three months the shares obtained in this transaction, the total shares reduced shall not exceed 1% of NATIONSTAR OPTOELECTRONICS's total shares.</p>	27 October 2021	To 6 months after the completion of major asset restructuring	Expired
	FSL	About the truthfulness,	1. FSL has provided relevant information and documents (including but not limited to original written materials, duplicate materials or oral	27 October 2021	Long-term	Ongoing

		<p>accuracy and completeness of the information provided during this major asset restructuring</p>	<p>testimony, etc.) related to this trading to the intermediaries providing professional services of auditing, valuation, legal and financial consultancy for this trading. FSL promises that the copies or photocopies of the documents and materials provided are consistent with the originals, and that the signatures and seals of the documents and materials are authentic, and the signatories of the documents have been legally authorized and effectively signed the documents; that the provided information and documents are authentic, accurate and complete and that there are no false records, misleading statements or material omissions. FSL also promises to bear individual and joint and several liability. 2. The commitment maker promises that the information provided is true, accurate and complete. Where any investor suffers a loss as a result of any misrepresentation, misleading statement or material omission in the information provided, the commitment maker shall be liable for compensation according to law.</p>			
	<p>Director and senior management office of FSL</p>	<p>About measures to fill up returns for risks arising from diluting immediate return in major asset restructuring</p>	<p>1. They promise not to transfer benefits to other units or individuals free of charge or under unfair conditions, and not to harm the interests of the Company in any other ways; 2. They promise to restrain position-related consumption behavior; 3. They promise not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of duties; 4. They promise that the future remuneration system formulated by the Board of Directors or the Remuneration and Assessment Committee will be linked to the implementation of the Company's measures to fill up returns; 5. If the Company formulates an equity incentive plan in the future, they will actively promote the exercise conditions of the future equity incentive plan to be linked with the implementation of the Company's measures to fill up returns; 6. From the date of issuance of these commitments to the completion of this</p>	<p>27 October 2021</p>	<p>Long-term</p>	<p>Ongoing</p>

			major asset restructuring of the Company, if the CSRC makes other new regulatory provisions on measures to fill up returns and the relevant commitments, and these commitments cannot meet these provisions of the CSRC, they promise to issue supplementary commitments in accordance with the latest regulations of the CSRC at that time. 7. They promise to earnestly fulfill the compensation measures formulated by the Company and any commitments it made. If they violate any of these commitments and cause losses to the Company or investors, they are willing to bear corresponding legal responsibilities to the Company or investors according to law.			
Commitments made during asset restructuring	Director and senior management office of FSL	About non-reduction of FSL shares during major asset restructuring	1. They promise that there will be no share reduction plan from the date of issuance of this Letter of Commitments to the completion of this trading, and they will not reduce its FSL shares (if any) in any other way. 2. If FSL implements ex-rights behaviors such as share conversion, share offering and share allotment from the date of issuance of this Letter of Commitments to the completion of this trading, the newly added shares obtained by them will also be subject to the above commitments related to not reducing share holdings. 3. Where FSL or any other investor suffers a loss as a result of my violation of the aforesaid commitment, I shall be liable for compensation to FSL and investors according to law. They promise that they have the right to enter into this Letter of Commitments, and once this Letter of Commitments is entered into by them, it will constitute an effective, legal and binding responsibility upon them, and this Letter of Commitments will remain valid and irrevocable. They promise to strictly fulfill all commitments in this Letter of Commitments. In case of violation of this Letter of Commitments, they will bear relevant legal responsibilities.	28 September 2021	Until this trading is completed	Expired
Commitments made during asset	Director and	About absence of	1. They do not disclose the relevant insider information of this trading or make use of the	27 October	From the time when the	Expired

restructuring	senior management of FSL	insider trading	insider information for insider trading; 2. They have not been placed on file for investigation or criminal investigation due to suspected insider trading related to this trading, and have not been subject to administrative punishment by the CSRC or criminal responsibility investigated by judicial organs according to law for insider trading related to major asset restructuring, and has not been prohibited from engaging in any major asset restructuring of listed companies according to Article 13 of the <i>Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies</i> in the last 36 months. 3. In case of violation of the above commitments, they will bear all losses caused to the listed company and its shareholders.	2021	Company plans the major asset restructuring to the date when the major asset restructuring is completed	
Commitments made during asset restructuring	Directors and senior management of FSL	About the truthfulness, accuracy and completeness of the information provided during this major asset restructuring	1. They have provided relevant information and documents (including but not limited to original written materials, duplicate materials or oral testimony, etc.) related to this trading to the intermediaries providing professional services of auditing, assessment, legal and financial consultancy for this trading. They promise that the copies or photocopies of the documents and materials provided are consistent with the originals, and that the signatures and seals of the documents and materials are authentic, and the signatories of the documents have been legally authorized and effectively signed the documents; that the provided information and documents are authentic, accurate and complete and that there are no false records, misleading statements or material omissions. They also promise to bear individual and joint and several liability. 2. They promise that the information provided is true, accurate and complete. In case of any losses caused to investors due to any false presentations, misleading statements or material omissions in the information provided, they will be liable for compensation according to law. 3. Where the information provided or disclosed by them in this trading is suspected of	27 October 2021	Long-term	Ongoing



			false records, misleading statements or material omissions, and they are filed for investigation by the judicial organ or by the CSRC, the shares with interests in the listed company will not be transferred until the investigation conclusion is formed.			
Commitments made during asset restructuring	Rising Group, Rising Capital, Electronics Group, Hongkong Wah Shing, Hong Kong Rising Investment and Shenzhen Rising Investment	About effective performance of measures to fill up returns	1. They promise not to interfere in the operation and management activities of the listed company beyond their authority and not to encroach on the interests of the listed company. 2. From the date of issuance of these commitments to the completion of this trading of the listed company, if the CSRC makes new regulatory requirements on measures to fill up returns and commitments of relevant personnel, and the above commitments cannot meet these new regulatory requirements of the CSRC, they promise to issue supplementary commitments according to the latest regulations of the CSRC at that time. 3. They promise to earnestly fulfill the measures to fill up returns formulated by the listed company and any commitments made by them. If they violate these commitments and causes losses to the listed company or investors, they are willing to bear the compensation responsibility for the listed company or investors according to law. As one of the subjects responsible for the measures to fill up returns, if they violate the above commitments or refuses to fulfill the above commitments, they agree that the securities regulatory agencies such as the CSRC and the SZSE will punish them or take relevant regulatory measures in accordance with the relevant regulations and rules they formulated or issued.	27 October 2021	Long-term	Ongoing
Commitments made during asset restructuring	Rising Group, Rising Capital, Electronics Group, Hongko	About non-reduction of FSL shares during major asset	1. They promise that there will be no share reduction plan from the date of issuance of this Letter of Commitments to the completion of this trading, and they will not reduce its FSL shares in any other way (except the transfer or transfer between Rising Group and its wholly-owned subsidiaries). 2. If FSL implements ex-rights behaviors such as share conversion, share	28 September 2021	Until this trading is completed	Expired

	ng Wah Shing, Hong Kong Rising Investment and Shenzhen Rising Investment	restructuring	offering and share allotment from the date of issuance of this Letter of Commitments to the completion of this trading, the newly added shares obtained by them will also be subject to the above commitments related to not reducing share holdings. 3. Where FSL or any other investor suffers a loss as a result of our violation of the aforesaid commitment, we shall be liable for compensation to FSL and investors according to law.			
Commitments made during asset restructuring	Rising Group, Rising Capital, and Hongkong Wah Shing	About avoidance of horizontal competition	<p>1. They shall conduct supervision and restraint on the production and operation activities of themselves and their relevant enterprises so that besides the enterprise above that is in horizontal competition with FSL for now, if the products or business of them or their relevant enterprises become the same with or similar to those of FSL or its subsidiaries in the future, they shall take the following measures: (1) If FSL thinks necessary, they and their relevant enterprises shall reduce and wholly transfer their relevant assets and business; and (2) If FSL thinks necessary, it is given the priority to acquire first, by proper means, the relevant assets and business of them and their relevant enterprises.</p> <p>2. All the commitments made by them to eliminate or avoid horizontal competition with FSL are also applicable to their directly or indirectly controlled subsidiaries. They are obliged to urge and make sure that other subsidiaries execute what's prescribed in the relevant document and faithfully honor all the relevant commitments. 3. If they or their directly or indirectly controlled subsidiaries break the aforesaid commitments and thus cause a loss for FSL, they shall compensate FSL on a rational basis.</p>	27 October 2021	Long-term	Ongoing
Commitments made during asset restructuring	Rising Group, Rising Capital, and Hongko	About regulation and reduction of related-party	They have made a commitment that during their direct or indirect holding of FSL's shares, they shall 1. strictly abide by the regulatory documents of the CSRC and the SZSE, FSL's <i>Articles of Association</i> , etc. and not harm the interests of the Company or other shareholders	27 October 2021	Long-term	Ongoing

	ng Wah Shing	transactio ns	of FSL in their production and operation activities by taking advantage of their position as the controlling shareholder and actual controller; 2. make sure that they or their other controlled subsidiaries, branch offices, jointly-run or associated companies (the "Relevant Enterprises" for short) will try their best to avoid or reduce related-party transactions with FSL or FSL's subsidiaries; 3. strictly follow the market principle of justness, fairness and equal value exchange for necessary and unavoidable related-party transactions between them and their Relevant Enterprises and FSL, and withdraw from voting when a related-party transaction with them or their Relevant Enterprises is being voted on at a general meeting or a board meeting, and execute the relevant approval procedure and information disclosure duties pursuant to the applicable laws, regulations and regulatory documents. Where the aforesaid commitments are broken and a loss is thus caused for FSL, its subsidiaries or FSL's other shareholders, they shall be obliged to compensate.			
Commitments made during asset restructuring	Rising Group, Electronics Group, and Rising Capital	About compensation for possible violations of laws and regulations by NATIONSTAR OPTOELECTRONICS	If NATIONSTAR OPTOELECTRONICS is subject to administrative penalties such as accountability and fines by relevant competent departments after the completion of this trading due to the illegal acts of NATIONSTAR OPTOELECTRONICS before the completion of this acquisition, they promise to fully bear the losses of NATIONSTAR OPTOELECTRONICS or FSL, as well as the expenses and fees under punishment or recourse, to ensure that NATIONSTAR OPTOELECTRONICS or FSL will not suffer any economic losses.	27 October 2021	Long-term	Ongoing
	Rising Group, Electronics Group, and	About explanation of confidentiality measures	1. During the preliminary negotiation between the listed company and the counterparty on this trading, necessary and sufficient confidentiality measures were taken to limit the scope of knowledge of relevant sensitive information. According to the requirements of the SZSE, the	27 October 2021	Until this trading is completed	Expired

	Rising Capital	and confidentiality system for this trading	<p>listed company has completed the submission and online reporting of the memorandum of trading process, relevant materials of insider information insiders. The listed company has hired independent financial advisers, legal advisers, audit institutions, valuation institutions and other intermediaries, and signed confidentiality agreements or appointment agreements with confidentiality clauses with the above intermediaries, clearly stipulating the scope of confidential information and the confidentiality responsibilities of each intermediary.</p> <p>2. In communicating with the transaction counterparties, the listed company made clear to them that they shall be strictly confidential about the relevant information, shall not leak the information to others, and shall not trading in shares of the listed company with the information.</p> <p>3. When discussing the problems, solutions, suggestions, ideas and solutions with respect to the transaction, the transaction counterparties did not leak the restructuring information to any other irrelevant entities or individuals.</p> <p>4. Before the listed company discloses information in relation to the transaction, the transaction counterparties strictly abided by the confidentiality obligation and did not conduct any insider trading using the information.</p>			
	Rising Group, Electronics Group, and Rising Capital	About the truthfulness, accuracy and completeness of the information provided during this major asset restructuring	<p>1. They promise that the information provided is true, accurate and complete, and there are no false records, misleading statements or material omissions. 2. They have provided relevant information and documents (including but not limited to original written materials, duplicate materials or oral testimony, etc.) related to this trading to the intermediaries. They promise that the copies or photocopies of the documents and materials provided are consistent with the originals, and that the signatures and seals of the documents and materials are authentic, and the signatories of the documents have been legally authorized and effectively signed the</p>	27 October 2021	Long-term	Ongoing

			<p>documents; that there are no false records, misleading statements or material omissions. 3. They promise that the explanations and confirmations issued by them are true, accurate and complete, and there are no false records, misleading statements or material omissions. 4. During this trading, they will disclose the information about this trading in a timely manner in accordance with relevant laws and regulations, the CSRC and the SZSE, and ensure the authenticity, accuracy and completeness of such information. 5. They shall bear legal responsibility for the authenticity, accuracy and completeness of the information, documents, materials, explanations and confirmations provided. In case of any violation or losses caused to the listed company, investors, parties to the trading and intermediaries participating in this trading, they will be liable for compensation according to law. 6. Where the information provided or disclosed by them in this trading is suspected of false records, misleading statements or material omissions, and they are filed for investigation by the judicial organ or by the CSRC, the shares with interests in the listed company will not be transferred until the investigation conclusion is formed.</p>			
<p>Commitments made during asset restructuring</p>	<p>Electronics Group</p>	<p>About the clarity of the underlying assets of this major asset restructuring</p>	<p>Electronics Group promises that the 100% equity of Sigma it held is clear in ownership and is not subject to any dispute or potential dispute, and there is no situation affecting its legal existence; the above shares are not subject to any other pledges, guarantees or third-party interests or restrictions and there is no pending or potential litigation, arbitration and any other administrative or judicial procedure that may lead to the seizure, freezing, expropriation or restriction of transfer of the above-mentioned equity by the relevant judicial or administrative organs. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Electronics Group.</p>	<p>27 October 2021</p>	<p>Long-term</p>	<p>Ongoing</p>

	Rising Group and Rising Capital	About the clarity of the underlying assets of this major asset restructuring	Rising Group promises that the shares of NATIONSTAR OPTOELECTRONICS it held is clear in ownership and is not subject to any dispute or potential dispute, and there is no situation affecting its legal existence; the above shares are not subject to any other pledges, guarantees or third-party interests or restrictions and there is no pending or potential litigation, arbitration and any other administrative or judicial procedure that may lead to the seizure, freezing, expropriation or restriction of transfer of the above-mentioned equity by the relevant judicial or administrative organs There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Rising Group.	27 October 2021	Long-term	Ongoing
	Rising Group and Rising Capital	About compliance of this major asset restructuring with <i>Several Provisions on the Reduction of Shares by Shareholders, Directors and Supervisors of Listed Companies</i>	They are not subject to any securities and futures crimes as stipulated in Article 6 of <i>Several Provisions on the Reduction of Shares by Shareholders, Directors and Supervisors of Listed Companies</i> . During the period when the CSRC or the judicial organ filed a case for investigation, and less than six months after the administrative penalty decision and criminal judgment were made, there was no situation that the shares of NATIONSTAR OPTOELECTRONICS could not be reduced due to violation of the rules of stock exchanges and public censure by stock exchanges for less than three months. 2. In case of any violation or losses caused to NATIONSTAR OPTOELECTRONICS, investors, parties to the trading and intermediaries participating in this trading, they will be liable for compensation according to law.	27 October 2021	Until this trading is completed	Expired
	Electronics Group	About the release of credit guarantee	1. As of the date of issuance of the Letter of Commitments, Sigma has signed the <i>Maximum Guarantee Contract</i> (Contract No.: XYYBZ (BY) No. 201906280001-1) and the <i>Maximum Pledge Contract for Stocks of Listed</i>	27 October 2021	Until this trading is completed	Expired

			<p><i>Companies</i> (Contract No.: XXYZZ (BY) No. 201906280001-2) with Guangzhou Branch of Industrial Bank Co., Ltd. Sigma will provide the maximum guarantee and pledge guarantee for the debt of Electronics Group, with the guarantee amount of RMB400 million (in words: RMB Four Hundred Million), and the guarantee will be valid from June 28, 2019 to June 27, 2022. Electronics Group promises that on the date of issuance of this Letter of Commitment, all the loans involved in the <i>Maximum Guarantee Contract</i> and the <i>Maximum Pledge Contract for Stocks of Listed Companies</i> have been repaid, there is no debt based on the guarantee under the above contracts, and 39,876,500 shares of NATIONSTAR OPTOELECTRONICS held by Sigma have been released from pledge. At the same time, Electronics Group further makes an irrevocable commitment that it will not add any new loans to Guangzhou Branch of Industrial Bank Co., Ltd. as a borrower before the expiration date of the <i>Maximum Guarantee Contract</i> and the <i>Maximum Pledge Contract for Stocks of Listed Companies</i>, so as to ensure that Sigma will not actually assume any guarantee responsibilities due to the above guarantee contracts. 2. Electronics Group promises that it will not arrange for Sigma to add any form of guarantee before the completion of the delivery of Sigma's equity in this trading. 3. In case of any violations of the above commitments, Electronics Group shall solve and eliminate the above situation within ten days, and bear corresponding legal responsibilities to Sigma and FSL.</p>			
Commitments made during asset restructuring	Key management personnel of Rising Group, Electron	About absence of insider trading	They promise that they will not disclose the relevant insider information of this trading or make use of the insider information for insider trading; 2. As of the issuance date of the <i>Report on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft)</i> , they have not been placed on file for investigation or criminal investigation due	27 October 2021	From the date of the issuance of the letter of commitment until the completion of this trading	Expired

	ics Group, and Rising Capital		to suspected insider trading related to this trading, and have not been subject to administrative punishment by the CSRC or criminal responsibility investigated by judicial organs according to law for insider trading related to any major asset restructuring, and have not been prohibited from engaging in any major asset restructuring of listed companies according to Article 13 of the <i>Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies</i> in the last 36 months; 3. In case of violation of the above commitments, they will bear all losses caused to the listed company and its shareholders.			
	NATIONSTAR OPTOELECTRONICS	About statement and commitment of truthfulness, accuracy and completeness of information provided	NATIONSTAR OPTOELECTRONICS has provided the necessary, true, accurate, complete and effective documents, materials or oral statements and explanations for this trading at this stage, and there is no concealment, falsehood or material omission. The copies or photocopies of the documents provided are consistent with the original materials or originals. The signatures and seals on the documents and materials provided are authentic, and NATIONSTAR OPTOELECTRONICS has fulfilled the legal procedures required for such signatures and seals and obtained legal authorization. All the facts stated and explained are consistent with the facts that happened. As this transaction proceeds, the Company shall provide needed information and documents as required by applicable laws, regulations, rules and requirements of CSRC and the stock exchange, and continue to guarantee the truthfulness, accuracy, completeness and validity of the information and documents provided. The Company promises and guarantees the truthfulness, accuracy and completeness of the information provided or disclosed with respect to this transaction. It guarantees that there are no misrepresentations, misleading statements or material omissions. And it shall be individually	27 October 2021	Long-term	Ongoing



			and jointly liable for that.			
	Sigma	About the clarity of the ownership of the underlying assets of this major asset restructuring	Among 79,753,050 shares of tradable shares with unlimited selling conditions of NATIONSTAR OPTOELECTRONICS held by Sigma, 39,876, 500 shares were pledged for Guangdong Electronics Information Industry Group Ltd. As of the date of issuance of this commitment, the pledge of the above shares has been released. However, the <i>Maximum Pledge Contract for Stocks of Listed Companies</i> (No.: XXYZZ (BY) No. 201906280001-2) signed by Sigma and Guangzhou Branch of Industrial Bank Co., Ltd. has not been dissolved. Guangdong Electronics Information Industry Group Ltd. has promised that it will not add any new loans to Guangzhou Branch of Industrial Bank Co., Ltd. as a borrower during the validity period of the guarantee, and that it will not substantially assume any guarantee responsibility due to the <i>Maximum Pledge Contract for Stocks of Listed Companies</i> . Except as aforesaid, the asset ownership of Sigma is clear, there is no dispute or potential dispute, and there is no situation affecting the legal existence. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Rising Group.	27 October 2021	Long-term	Ongoing
Commitments made during asset restructuring	Sigma	About no ownership dispute in equity	1. Sigma promises that all its registered capital has been paid in. 2. Sigma promises that all existing shareholders contribute their own funds to hold shares, there is no situation such as holding shares on behalf of them, and there is no dispute or potential dispute between shareholders over their shares.	27 October 2021	Long-term	Ongoing
	Sigma	About statement and commitment of truthfulness, accuracy and	1. Sigma has provided relevant information and documents (including but not limited to original written materials, duplicate materials or oral testimony, etc.) related to this trading to the intermediaries providing professional services of auditing, valuation, legal and financial consultancy for this trading. Sigma promises that the copies or photocopies of the documents and materials provided are consistent with the originals, and that the signatures and seals of the documents and materials are authentic, and the signatories of the documents have been	27 October 2021	Long-term	Ongoing

		completeness of information provided	legally authorized and effectively signed the documents; that the provided information and documents are authentic, accurate and complete and that there are no false records, misleading statements or material omissions. Sigma also promises to bear individual and joint and several liability. 2. Sigma promises that the information provided is true, accurate and complete. In case of any losses caused to investors due to any false presentations, misleading statements or material omissions in the information provided, Sigma will be liable for compensation according to law.			
Commitments made to minority shareholders of the Company	FSL	About cash dividends	FSL's profit distributed in cash shall not be less than 30% of the distributable profit realized in the year.	27 May 2009	Long-term	Ongoing
Whether the commitments were timely performed	Yes					

**2. Where there had been an earnings forecast for an asset or project and the Reporting Period was still within the forecast period, explain why the forecast has been reached for the Reporting Period.**

Applicable  Not applicable

**II Occupation of the Company's Capital by the Controlling Shareholder or Its Related Parties for Non-Operating Purposes**

Applicable  Not applicable

No such cases in the Reporting Period.

**III Irregularities in the Provision of Guarantees**

Applicable  Not applicable

No such cases in the Reporting Period.

**IV Explanations Given by the Board of Directors Regarding the Independent Auditor's "Modified Opinion" on the Financial Statements of the Latest Period**

Applicable  Not applicable

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

Applicable  Not applicable

## VI YoY Changes to Accounting Policies, Estimates and Correction of Material Accounting Errors

Applicable  Not applicable

Refer to Part X Financial Statements-V Important Accounting Policies and Estimations-44. Changes in Main Accounting Policies and Estimates for details.

## VII YoY Changes to the Scope of the Consolidated Financial Statements

Applicable  Not applicable

Compared with the previous period, the consolidated scope of financial statements in this period is increased, including two subsidiaries of Foshan NationStar Optoelectronics Co., Ltd. and Foshan Sigma Venture Capital Co., Ltd., as well as six sub-subsidiaries of Foshan Guoxing Electronic Manufacture Co., Ltd., Foshan NationStar Semiconductor Co., Ltd., Nanyang Baoli Vanadium Industry Co., Ltd., Guangdong New Electronics Information Ltd. and NationStar Optoelectronics (Germany) Co., Ltd. For details, see note VIII "change of consolidation scope" and note IX "equity in other entities".

## VIII Engagement and Disengagement of Independent Auditor

Current independent auditor:

Name of the domestic independent auditor	WUYIGE Certified Public Accountants LLP
The Company's payment to the domestic independent auditor (RMB'0,000)	100
How many consecutive years the domestic independent auditor has provided audit service for the Company	1
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	He Xiaojuan, Xialing
How many consecutive years the certified public accountants from the domestic independent auditor have provided audit service for the Company	1

Indicate by tick mark whether the independent auditor was changed for the Reporting Period.

Yes  No

Whether the independent auditor was replaced during the audit period.

Yes  No

Whether the replacement of the independent auditor has fulfilled the review and approval procedures.

Yes  No

Detailed explanations on the replacement and change of the independent auditor.

(I) Review situation

The Company held the 37th Meeting of the 9th Board of Directors and the 4th Extraordinary Shareholders' General Meeting of 2022 on 14 November 2022 and 30 November 2022, respectively, reviewing and passing the *Proposal on Proposed Change of Accounting Firm* and agreeing WUYIGE Certified Public Accountants LLP to be appointed as the Company's financial audit department and internal control audit department in 2022, with a term of one year.

(II) The situation of the previous accounting firm and the audit opinion of the previous year

Zhongzheng Tiantong Certified Public Accountants LLP which was originally appointed by the Company, has provided audit services for the Company for six consecutive years and issued a standard unqualified audit report for the Company for the year 2021. Zhongzheng Tiantong Certified Public Accountants LLP has effectively performed its due duties as the audit department, successfully completed the audit work of the Company and safeguarded the legitimate equity and interests of the Company and its shareholders from a professional perspective during employment. There is no case that the Company has appointed the former accounting firm to carry out part of the audit work and then terminated the appointment of the former accounting firm. The Company has communicated with the former accounting firm regarding the change of accounting firm and has not received any objection from the former accounting firm regarding the change.

(III) Reasons for the proposed change of the independent auditor

In view of the expiration of the audit service contract between the Company and Zhongzheng Tiantong Certified Public Accountants LLP, and in view of the business development needs of the Company, the Company changed the audit department for the year 2022 to WUYIGE Certified Public Accountants LLP after fulfilling the procurement bidding procedures of the Company, and the review and approval of board meeting and shareholders' meeting.

Independent auditor, financial advisor or sponsor engaged for the audit of internal controls:

Applicable  Not applicable

In the Reporting Period, the Company engaged WUYIGE Certified Public Accountants LLP as its internal control auditor with the total audit fees of RMB200,000.

### IX Possibility of Delisting after Disclosure of this Report

Applicable  Not applicable

### X Insolvency and Reorganization

Applicable  Not applicable

No such cases in the Reporting Period.

### XI Major Legal Matters

Applicable  Not applicable

Basic information on lawsuit (arbitration)	Amount involved (RMB'0,000)	Whether there are accrued liabilities	Lawsuit (arbitration) progress	Lawsuit (arbitration) results and influences	Execution of lawsuit (arbitration) judgment	Date of disclosure	Disclosure index
52 other litigation matters that did not meet litigation standards	4653.46	No	30 cases have been closed; 22cases is not closed.	No significant influence on the Company	N/A	N/A	N/A

### XII Punishments and Rectifications

Applicable  Not applicable

No such cases in the Reporting Period.

### XIII Credit Quality of the Company as well as Its Controlling Shareholder and Actual Controller

Applicable  Not applicable

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

## XIV 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 same-type transactions	Approved transaction line (RMB'0,000)	Over the approved line or not	Method of settlement	Obtainable market price for same-type transactions (RMB'0,000)	Disclosure date	Index to disclosed information
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	569.58	569.58	0.10%	1,550.00	Not	Bank transfers or bank acceptance notes	569.58	2021-12-30	www.cninfo.com.cn
Prosperity Lamps & Components Limited	Controlled by related natural person	Purchasing products and receiving labor service from related	Purchase of materials	Market price	77.35	77.35	0.01%	600.00	Not	Bank transfers or bank acceptance notes	77.35	2021-12-30	www.cninfo.com.cn

		party											
Hangzhou Times Lighting and Electrical Co., Ltd.	Controlled by related natural person	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	22.23	22.23	0.00%			Bank transfers or bank acceptance notes	22.23		N/A
Shenzhen Yuepeng Construction Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Receiving labor service	Market price	338.62	338.62	0.55%			Bank transfers or bank acceptance notes	338.62		N/A
Guangdong Electronic Technology Research Institute	Under same actual controller	Purchasing products and receiving labor service from related party	Receiving labor service	Market price	82.30	82.30	0.38%	97.00	Not	Bank transfers or bank acceptance notes	82.30	2021-12-30	www.cninfo.com.cn
Foshan Fulong Environment	Under same actual controller	Purchasing products	Receiving labor service	Market price	58.44	58.44	0.43%			Bank transfers or bank acceptance	58.44		N/A

ntal Techn ology Co., Ltd.	ller	and receiv ing labor servic e from relate d party	e							notes			
Jiang men Dongj iang Envir onme ntal Techn ology Co., Ltd.	Under same actual contro ller	Purch asing produ cts and receiv ing labor servic e from relate d party	Recei ving labor servic e	Marke t price	53.46	53.46	0.40%	300.0 0	Not	Bank transf ers or bank accept ance notes	53.46	2021- 12-30	www. cninfo .com. cn
Dong guan Hengj ian Envir onme ntal Protec tion Techn ology Co., Ltd.	Under same actual contro ller	Purch asing produ cts and receiv ing labor servic e from relate d party	Recei ving labor servic e	Marke t price	41.11	41.11	0.30%			Bank transf ers or bank accept ance notes	41.11		N/A
Shenz hen Longg ang Dongj iang Indust rial	Under same actual contro ller	Purch asing produ cts and receiv	Recei ving labor servic e	Marke t price	24.34	24.34	0.18%			Bank transf ers or bank accept ance notes	24.34		N/A



Waste Treatment Co., Ltd.		ing labor service from related party											
Zhuha i Doumen District Yongxingsheng Environmental Industry Waste Recovery and Comprehensive Treatment Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Receiving labor service	Market price	19.40	19.40	0.14%			Bank transfers or bank acceptance notes	19.40		N/A
Guangdong The Great Wall Building Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Receiving labor service	Market price	6.86	6.86	0.05%			Bank transfers or bank acceptance notes	6.86		N/A
Prosperity Lamp	Controlled by	Selling products	Selling products	Market price	2,196.65	2,196.65	0.25%			Bank transfers or bank	2,196.65	2021-12-30	www.cninfo.com.cn

s & Components Limited	related natural person	and providing labor service to related party	cts							acceptance notes			
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	1,462.98	1,462.98	0.17%			Bank transfers or bank acceptance notes	1,462.98		N/A
Shenzhen Zhongjin Lingnan Nonfermet Co. Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	132.56	132.56	0.02%	1,550.00	Not	Bank transfers or bank acceptance notes	132.56	2021-12-30	www.cninfo.com.cn
Guangzhou Wanshun Investment Management Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	53.82	53.82	0.01%			Bank transfers or bank acceptance notes	53.82		N/A
Guangdong Yixinchang Construction Group	Under same actual controller	Selling products and providing labor service to	Selling products	Market price	44.12	44.12	0.01%	1,000.00	Not	Bank transfers or bank acceptance notes	44.12	2021-12-30	www.cninfo.com.cn

		related party											
Guangzhou Shengdu Investment Development Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	28.19	28.19	0.00%				Bank transfers or bank acceptance notes	28.19	N/A
Guangdong Rising South Construction Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	17.41	17.41	0.00%	600.00	Not		Bank transfers or bank acceptance notes	17.41	2021-12-30 www.cninfo.com.cn
Guangdong Zhongjin Lingnan Equipment Technology Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	12.29	12.29	0.00%	1,500.00	Not		Bank transfers or bank acceptance notes	12.29	2021-12-30 www.cninfo.com.cn
Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	10.33	10.33	0.00%		Not		Bank transfers or bank acceptance notes	10.33	N/A
Prosperity Electr	Under control of	Selling products	Selling	Market price	6.63	6.63	0.00%				Bank transfers or	6.63	N/A

ical (China) Co., Ltd.	related natural person	products and providing labor service to related party	products							bank acceptance notes			
Guangdong Zhongnan Construction Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	4.44	4.44	0.00%	12,000.00	Not	Bank transfers or bank acceptance notes	4.44	2021-12-30	www. cninfo. com. cn
Guangdong Electronics Information Industry Group Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	2.78	2.78	0.00%			Bank transfers or bank acceptance notes	2.78		N/A
Guangdong Zhongjin Lingnan Junpeng Intelligent Equipment Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	2.37	2.37	0.00%			Bank transfers or bank acceptance notes	2.37		N/A
Guangdong Electronic Technology Research	Under same actual controller	Selling products and providing labor	Selling products	Market price	0.88	0.88	0.00%			Bank transfers or bank acceptance notes	0.88		N/A

Institute		service to related party											
Total	--	--	5,269.14	--	19,197.00	--	--	--	--	--	--	--	--
Large-amount sales return in detail	N/A												
Give the actual situation in the Reporting Period (if any) where an estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period	In December 2022, the Company estimated the total value of its continuing transactions with related parties Guangdong Fenghua Advanced Technology Holding Co., Ltd., Prosperity Lamps & Components Limited and its majority-owned subsidiaries, Guangdong Rising Investment Group and its majority-owned subsidiaries, Guangdong Huajian Enterprise Group Co., Ltd. and its majority-owned subsidiaries, Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd. and its majority-owned subsidiaries, Guangdong Construction Engineering Group Co., Ltd. and its majority-owned subsidiaries, Guangzhou Rising Non-ferrous Metal Group Co., Ltd. and its majority-owned subsidiaries, Guangdong Rising Real Estate Group Co., Ltd. and its majority-owned subsidiaries, Guangdong Electronic Technology Research Institute, Guangdong Rising Property Group Co., Ltd. and its majority-owned subsidiaries. Concerning the purchases from related parties, the actual amount in 2022 was RMB12.9367 million, accounting for 22.67% of the estimate for 2022. As for the sales to related parties, the actual amount in 2022 was RMB39.7541 million, accounting for 17.17% of the estimate for 2022.												
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 Sales of Assets or Equity Interests

Applicable  Not applicable

Related party	Related relationship	Related party name	Content of related party transaction	Pricing policy	Book value of the transferred assets (RMB' 0,000)	Estimated value of the transferred assets (RMB' 0,000)	Transaction price (RMB' 0,000)	Settlement method	Transaction gains and losses (RMB' 0,000)	Date of disclosure	Disclosure index
Guangdong Rising Holdings Group Co., Ltd.	Rising Group is the actual controller of the Company	Equity acquisition	The Company acquired 46,260,021 shares of Nation	Refer to the valuation in the Valuation Report on the Valuation	27,824.28	50,099.60-55,974.63	53,245.28	Cash	1,976.58	26 February 2022	Announcement on Completion of Transfer of Assets in a Major Asset Acquisition

			Star Optoelectronics held by Rising Group	Project in which Foshan Electrical and Lighting Co., Ltd. Plans to Purchase 52,051,945 Shares of Foshan Nation Star Optoelectronics Co., Ltd. Held by Guangdong Rising Holdings Group Co., Ltd. and Guangdong Rising Finance Holding Co., Ltd. issued by China United							disclosed on <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
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				International Appraisal Consulting Co., Ltd., and shall be determined by both parties through negotiation							
Guangdong Rising Capital Investment Co., Ltd.	Rising Capital is a majority-owned subsidiary of Rising Group	Equity acquisition	The Company acquired 5,791,924 shares of Nation Star Optoelectronics held by Rising Capital	Refer to the valuation in the Valuation Report on the Valuation Project in which Foshan Electrical and Lighting Co., Ltd. Plans to Purchase 52,051,945 Shares of Foshan Nation	3,483.7	6,272.65-7,008.23	6,666.5	Cash		26 February 2022	Announcement on Completion of Transfer of Assets in a Major Asset Acquisition disclosed on <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>

				Star Optoelectronics Co., Ltd. Held by Guangdong Rising Holdings Group Co., Ltd. and Guangdong Rising Finance Holding Co., Ltd. issued by China United International Appraisal Consulting Co., Ltd., and shall be determined by both parties through negotiation							
Guangdong	Electronics	Equity acquisition	The Company	Value of	47,969.53	86,372.55-96,501.	91,798.02	Cash		26 February 2022	Announcement



Electronics Information Industry Group Ltd.	Group is a majority-owned subsidiary of Rising Group	ion	ny acquired 100% of equity of Sigma (holding 79,753,050 shares of Nation Star Optoelectronics) held by Electronics Group	shares of Nation Star Optoelectronics held by Sigma		19					Completion of Transfer of Assets in a Major Asset Acquisition disclosed on <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Guangdong Fenghua Advanced Technology Holding Co., Ltd. is a majority-owned subsidiary of Rising Group	Equity acquisition	The Company's majority-owned subsidiary Nation Star Optoelectronics acquired 99.87695% of equity of Guangdong Fenghua Semiconductor Technology Co., Ltd. held by	Based on the evaluate value	18,762.51	26,881.93	26,881.93	Cash		13 August 2022	Announcement on Acquisition of Equity of Guangdong Fenghua Semiconductor Technology Co., Ltd. by a Majority-owned Subsidiary and Related-party Transactions disclose

			Guangdong Fenghua Advanced Technology Holding Co., Ltd.								ed on <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a>
Reasons for considerable differences between the transaction price and the book value or estimated value (if any)				None							
Impact on the Company's operating results and financial conditions				Upon the acquisition, the Company and its wholly-owned subsidiary combined holds a total of 132,819,895 shares in NationStar Optoelectronics, accounting for 21.48% of NationStar Optoelectronics's total share capital, and indirectly holds 21.45% of Fenghua Semiconductor's shares. As such, the Company has become the controlling shareholder of NationStar Optoelectronics, Sigma and Fenghua Semiconductor, which have been included in the Company's consolidated financial statements. During the Reporting Period, NationStar Optoelectronics and Sigma combined increased the Company's operating revenue, net profit attributable to the Company as the parent, total assets and equity attributable to the Company as the parent by RMB3.52 billion, RMB19,765,800, RMB5.713 billion and RMB2.925 billion respectively.							
The actual performance during the Reporting Period if the related-party transaction is conditioned on the performance.				N/A							

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

Applicable  Not applicable

No such cases in the Reporting Period.

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

Applicable  Not applicable

Non-operating amounts due to and from related parties or not

Yes  No

No such cases in the Reporting Period.

### 5. Transactions with Related Finance Companies

Applicable  Not applicable

Deposit business:

Related party	Relationship	Daily maximum limits (RMB'0,000)	Interest rate range	Beginning balance (RMB'0,000)	Actual amount		Ending balance (RMB'0,000)
					Total deposited in (RMB'0,000)	Total withdrawn (RMB'0,000)	
Guangdong Rising Finance Co., Ltd.	Controlled by the same controlling shareholder	120,000	0.35%-3.30%	88,649.09	485,214.90	454,691.71	119,172.28

Credit or other financial business:

Related party	Relationship	Type of business	Total amount (RMB'0,000)	Actual amount (RMB'0,000)
Guangdong Rising Finance Co., Ltd.	Controlled by the same actual controller	Credit granting	150,000	2,018

## 6. Transactions with Related Parties by Finance Company Controlled by the Company

Applicable  Not applicable

No finance company controlled by the Company was involved in making deposits, borrowing, credit granting or any other financial business with any related party.

## 7. Other Major Related-Party Transactions

Applicable  Not applicable

1. List of major infrastructure related-party transactions:

Related party	Relationship with the Company	Type of transaction	Specific transaction	Pricing principle	Transaction amount (RMB'0,000)	Method of settlement	Disclosure date	Disclosure website
Guangdong Zhongnan Construction Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Receiving labor service	Market price	10,367.72	Bank transfers or bank acceptance notes	9 July 2021, 17 August 2021, and 12 March 2022	www.cninfo.com.cn
Guangdong Yixin Changcheng Construction Group	Under same actual controller	Purchasing products and	Receiving labor service	Market price	11,147.53	Bank transfers or bank	6 May 2021	www.cninfo.com.cn

		receiving labor service from related party				acceptance notes		
Guangdong Zhongren Group Construction Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Receiving labor service	Market price	28,993.09	Bank transfers or bank acceptance notes	1 December 2020	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> (announcement of subsidiary NationStar Optoelectronics)

2. The Company put out to tender the EPC project for the smart LED plants 1~3 at the Gaoming production base in November 2021. Upon bidding, review, and announcement, the consortium composed of Guangdong Yixin Changcheng Construction Group Co., Ltd. (primary) and Guangdong Architectural Design & Research Institute Co., Ltd. (member) won the project at RMB129,991,380. Guangdong Yixin Changcheng Construction Group Co., Ltd. is a tier-2 wholly owned subsidiary of Guangdong Rising Holdings Group Co., Ltd. which is the controlling shareholder of the Company. The Company had a related-party transaction regarding the "EPC project for the smart LED plants 1~3 at the Gaoming production base of Foshan Electrical and Lighting Co., Ltd." won by the consortium of Guangdong Yixin Changcheng Construction Group Co., Ltd., in accordance with relevant regulations.

3. The Company put out to tender the EPC project for the plant and ancillary facilities at Mei'an High-tech Zone, Hainan Province of Fozhao (Hainan) Technology Co., Ltd. in January 2022. Upon bidding, review, and announcement, the consortium composed of Guangdong Zhongnan Construction Co., Ltd. (primary) and Guangdong Architectural Design & Research Institute Co., Ltd. (member) won the project at the offer of RMB179,051,600. Guangdong Zhongnan Construction Co., Ltd. is a tier-2 wholly owned subsidiary of Guangdong Rising Holdings Group Co., Ltd. which is the controlling shareholder of the Company. The Company had a related-party transaction regarding the "EPC project for the plant and ancillary facilities at Mei'an High-tech Zone, Hainan Province of Fozhao (Hainan) Technology Co., Ltd." won by the consortium of Guangdong Zhongnan Construction Co., Ltd., in accordance with relevant regulations.

4. In August 2022, Foshan Kelian issued the *Bidding Announcement for Operation and Investment Attraction and Property Management Services of Kelian Building*, and conducted public bidding for the operation and investment attraction and property management services of Kelian Building. After the corresponding procedures of qualification inspection, accreditation and publicity, the winning bidder was determined to be Guangdong Huajian Enterprise Group Co. Ltd. (hereinafter referred to as "Huajian Group"). Huajian Group is a wholly-owned subsidiary of Guangdong Rising Holdings Group Co., Ltd., the controlling shareholder of the Company. Huajian Group is a related party of the Company, and the bid for operation and investment attraction

and property management services of Kelian Building constitutes a related transaction according to the relevant regulations. The average guaranteed rental income paid by Huajian Group to Foshan Kelian is not less than RMB30 million per year, and the guaranteed rental income paid by Huajian Group to Foshan Kelian during the investment attraction period is not less than RMB300 million. If the total income during the operation and investment attraction period exceeds the guaranteed total income, Huajian Group shall commit to give Foshan Kelian a share of not less than 30%.

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

Title of announcement	Disclosure date	Disclosure website
Announcement on a Related-Party Transaction Due to a Call for Public Bids	28 January 2022	www.cninfo.com.cn
Announcement on a Related-Party Transaction Due to a Call for Public Bids	12 March 2022	www.cninfo.com.cn
Announcement on a Related-Party Transaction Due to a Call for Public Bids	11 October 2022	www.cninfo.com.cn

## 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.

Lease items with a greater-than-10% impact on the Company's gross profit during the Reporting Period:

Applicable  Not applicable

No such cases in the Reporting Period.

### 2. Major guarantees

Applicable  Not applicable

Unit: RMB'0,000

Guarantees provided by the Company and its subsidiaries for external parties (exclusive of those for subsidiaries)

Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not	
Total approved line for such guarantees at the end of the Reporting Period (A3)				Total actual balance of such guarantees at the end of the Reporting Period (A4)							0
Guarantees provided by the Company as the parent for its subsidiaries											
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not	
Total approved line for such guarantees at the end of the Reporting Period (B3)				Total actual balance of such guarantees at the end of the Reporting Period (B4)							0
Guarantees provided between subsidiaries											
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not	
Foshan NationStar Semiconductor Technology Co., Ltd.	20 September 2017	30,000	12 June 2018	10,000	Joint-liability	None	None	12 June 2018-27 May 2022	Yes	No	
Nanning Liaowan Auto Lamp Co., Ltd.	24 June 2021	20,000	1 February 2021	4,770	Joint-liability	None	None	30 December 2019-1 February	Yes	No	

								2022		
Liuzhou Guige Lighting Technology Co., Ltd.	24 June 2021		26 January 2021	1,000	Joint-liability	None	None	30 December 2019-26 January 2022	Yes	No
Liuzhou Guige Lighting Technology Co., Ltd.	24 June 2021	15,000	21 April 2021	2,000	Joint-liability	None	None	30 December 2019-21 April 2022	Yes	No
Liuzhou Guige Lighting Technology Co., Ltd.	24 June 2021		22 April 2021	2,000	Joint-liability	None	None	30 December 2019-22 April 2022	Yes	No
Nanning Liaowan g Auto Lamp Co., Ltd., Liuzhou Guige Foreshine Technology Co., Ltd., Liuzhou Guige Lighting Technology Co., Ltd.	24 June 2021, 19 January 2022	4,500	11 February 2022	4,500	Secured	Yes	None	23 June 2020-24 April 2022, 25 April 2022-31 December 2025	No	No
Nanning Liaowan g Auto Lamp Co., Ltd., Chongqing Guinuo Lighting Technology Co., Ltd.	24 June 2021	8,100	11 February 2022	6,510.64	Secured	Yes	None	15 June 2020-15 June 2023	No	No
Nanning Liaowan g Auto Lamp	24 June 2021, 19 January 2022	9,100	7 May 2022	9,100	Secured	Yes	None	30 December 2019-	No	No

Co., Ltd., Liuzhou Guige Foreshine Technology Co., Ltd., Liuzhou Guige Lighting Technology Co., Ltd.								23 April 2022, 24 April 2022-31 December 2025		
Total approved line for such guarantees in the Reporting Period (C1)		15,000	Total actual amount of such guarantees in the Reporting Period (C2)							39,880.64
Total approved line for such guarantees at the end of the Reporting Period (C3)		15,000	Total actual balance of such guarantees at the end of the Reporting Period (C4)							20,110.64
Total guarantee amount (total of the three kinds of guarantees above)										
Total guarantee line approved in the Reporting Period (A1+B1+C1)		15,000	Total actual guarantee amount in the Reporting Period (A2+B2+C2)							39,880.64
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		15,000	Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)							20,110.64
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets										3.89%
Of which:										

## Notes:

1. Chongqing Guinuo Lighting Technology Co., Ltd. (referred to as "Chongqing Guinuo"), Qingdao Guige Lighting Technology Co., Ltd. (referred to as "Qingdao Lighting"), Liuzhou Guige Foreshine Technology Co., Ltd. (referred to as "Liuzhou Foreshine"), and Liuzhou Guige Lighting Technology Co., Ltd. (referred to as "Liuzhou Lighting") are all wholly-owned subsidiaries of Nanning Liaowang Auto Lamp Co., Ltd. (referred to as "Nanning Liaowang"). Foshan NationStar Semiconductor Co., Ltd. ("NationStar Semiconductor") is a wholly-owned subsidiary of Foshan NationStar Optoelectronics Co., Ltd. ("NationStar Optoelectronics"). As of 31 December 2022, guarantees between Nanning Liaowang and its subsidiaries, as well as between NationStar Optoelectronics and its subsidiaries, and collaterals are set out in "3. Other" under "XIV Commitments and Contingencies" in Part X of this Report.



2. The balance of the guarantee amount at the end of the Reporting Period was RMB201,106,400, of which RMB65,106,400 was the guarantee amount approved before the acquisition.

### 3. Cash Entrusted to Other Entities for Management

#### (1) Cash Entrusted for Wealth Management

Applicable  Not applicable

Overview of cash entrusted for wealth management during the Reporting Period

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount	Provision for impairment on unrecovered overdue amount
Bank financial products	Self-owned funds	79,191	26,000	0	0
<b>Total</b>		<b>79,191</b>	<b>26,000</b>	<b>0</b>	<b>0</b>

High-risk wealth management transactions with a significant single amount, or with low security and low liquidity:

Applicable  Not applicable

Unit: RMB'0,000

Trustee	Type of trustee	Type of wealth management product	Principal	Source of principal	Beginning date	Ending date	Use of principal	Determination of yield	Annualized yield rate for reference	Expected yield (if any)	Actual gain/loss in Reporting Period	Receipt/payments of such gain/loss	Allowance for impairment (if any)	Prescribed procedure executed or not	Plan for more transactions or not	Index to transaction summary and other information (if any)
Industrial and Commercial Bank	Bank	Breakeven floating yield	20,000	Self-funded	1 December 2022	3 March 2023	Other	Repayment of principal with yield	3.30%	166.36		To be recovered	0	Yes	Yes	

k of China								d upon mat urity								
Ban k of China	Ban k	Brea k- even float ing yiel d	4,00 0	Self- fund ed	30 Dec emb er 202 2	4 July 202 3	Othe r	Rep aym ent of prin cipal with yiel d upon mat urity	2.98 %	60.7 4		To be reco vere d		Yes	Yes	
Ping An Ban k	Ban k	Brea k- even float ing yiel d	2,00 0	Self- fund ed	30 Dec emb er 202 2	30 Mar ch 202 3	Othe r	Rep aym ent of prin cipal with yiel d upon mat urity	2.89 %	14.2 5		To be reco vere d		Yes	Yes	
Total			26,0 00	--	--	--	--	--	--	241. 35	0	--	0	--	--	--

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

Applicable  Not applicable

#### (2) Entrusted Loans

Applicable  Not applicable

No such cases in the Reporting Period.

#### 4. Other Significant Contracts

Applicable  Not applicable

No such cases in the Reporting Period.

## **XVI Other Significant Events**

Applicable  Not applicable

Retirement of shares:

The Company held the 26th Meeting of the Ninth Board of Directors on 14 January 2022, where the Proposal on Retirement of Some Shares in the Company's Repurchase Special Securities Account was deliberated and approved. The Board of Directors agreed to use the repurchased 13 million A shares for the equity incentive plan. After deducting the 13 million A shares used for the equity incentive plan, the remaining 18,952,995 repurchased A shares and 18,398,512 repurchased B shares would be retired, totalling 37,351,507 shares. On 8 February 2022, the above-mentioned shares were retired, and the total share capital of the Company was changed from 1,399,346,154 shares to 1,361,994,647 shares.

## **XVII Significant Events of Subsidiaries**

Applicable  Not applicable

### **1. Expropriation of land and above-ground housing of Nanjing Fozhao**

The Company held the 24th Meeting of the Ninth Board of Directors on 15 December 2021, where the Proposal on Expropriation of Land and Above-ground Housing of the Wholly-owned Subsidiary Nanjing Fozhao Lighting Equipment Manufacturing Co., Ltd., was deliberated and adopted. The Board of Directors agreed that Nanjing Lishui District People's Government expropriates the land use rights and above-land housing of Nanjing Fozhao Lighting Equipment Manufacturing Co., Ltd. (hereinafter referred to as "Nanjing Fozhao"), a wholly-owned subsidiary of the Company, at a compensation amount of RMB183,855,895, and Nanjing Fozhao signed an expropriation and compensation agreement with Lishui County House Dismantling, Moving & Resettling Development Co., Ltd., the implementing unit of the housing expropriation. As of 31 December 2022, Nanjing Fozhao has received 30% of the compensation, that is, RMB55,160,000.00, and the land use right certificate and house ownership certificate of the assets involved have been cancelled. As of the date of this report, the site handover is still in progress.

### **2. Cancellation of FSL LIGHTING GmbH**

On 22 October 2021, FSL held an office meeting of the general manager, where the proposal for cancellation of its wholly-owned subsidiary FSL LIGHTING GmbH was deliberated and adopted. As of the end of the reporting period, the Company is handling the relevant procedures for liquidation and cancellation.

### 3. Acquisition of NationStar Optoelectronics and Sigma

The Company has completed in February 2022 the major asset restructuring involving the acquisition of a 21.32% stake held by Rising Group and its acting-in-concert parties in NationStar Optoelectronics. Upon the acquisition, the Company eventually holds a 21.48% interest in NationStar Optoelectronics. NationStar Optoelectronics and Sigma have become majority-owned subsidiaries of the Company. For further information, see “2. Business combinations involving entities under common control” under Note VIII to the financial statements.

### 4. The acquisition of 99.87695% equity of Guangdong Fenghua Semiconductor Technology Co., Ltd. by the subsidiary NationStar Optoelectronics under the same control

In August 2022, NationStar Optoelectronics, the Company’s majority-owned subsidiary, acquire 99.87695% equity of Guangdong Fenghua Semiconductor Technology Co., Ltd. held by Guangdong Fenghua Advanced Technology Holding Co., Ltd. with RMB268.8193 million. On 25 November 2022, the transfer of the subject assets involved in the transaction was completed, and 50% of the purchase price was paid. The Company indirectly holds 21.45% of shares in Fenghua Semiconductor which will be included in the Company’s consolidated financial statements. For details, please refer to Note VIII-2. Business Combination under the Same Control.

## Part VII 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	13,169,196	0.94%				- 2,415,538	- 2,415,538	10,753,658	0.79%
1.1 Shares held by state									
1.2 Shares held by state-owned legal persons	2,415,539	0.17%				- 2,415,538	- 2,415,538	1	0.00%
1.3 Shares held by other domestic investors	1,826,025	0.13%						1,826,025	0.13%
Among which: Shares held by domestic legal persons	1,338,434	0.10%						1,338,434	0.10%
Shares held	487,591	0.03%						487,591	0.04%

by domestic natural persons									
1.4 Shares held by foreign investors	8,927,632	0.64%						8,927,632	0.66%
Among which: Shares held by foreign legal persons									
Shares held by foreign natural persons	8,927,632	0.64%						8,927,632	0.66%
2. Unrestricted shares	1,386,176,958	99.06%				- 34,935,969	- 34,935,969	1,351,240,989	99.21%
2.1 RMB-denominated ordinary shares	1,073,038,507	76.68%				- 16,537,457	- 16,537,457	1,056,501,050	77.57%
2.2 Domestically listed foreign shares	313,138,451	22.38%				- 18,398,512	- 18,398,512	294,739,939	21.64%
2.3 Overseas listed foreign shares									
2.4 Other									
3. Total shares	1,399,346,154	100.00%				- 37,351,507	- 37,351,507	1,361,994,647	100.00%

Reasons for share changes:

Applicable  Not applicable

1. During the Reporting Period, the Company has deregistered a total of 37,351,507 shares, including the repurchased A shares of 18,952,995 and the repurchased B shares of 18,398,512, resulting in the decrease in total share capital of the Company of 37,351,507 shares.

2. 2,415,538 shares, restricted due to the reform of shareholder structure, were lifted into non-restricted during the Reporting Period.

Approval of share changes:

Applicable  Not applicable

1. The Company held the 26<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors on 14 January 2022, where the *Proposal on Cancelling Some Shares of the Company's Repurchase Special Securities Account* was deliberated and adopted. Meanwhile, the Board of Directors agreed to deregister a total of 37,351,507 shares, including the repurchased A shares of 18,952,995 and the repurchased B shares of 18,398,512. On 8 February 2022, the above-mentioned shares for cancellation were canceled, and the total share capital of the Company was changed from 1,399,346,154 shares to 1,361,994,647 shares.

2. The lifting of 2,415,538 shares, restricted due to the reform of shareholder structure, into non-restricted during the Reporting Period was approved by Shenzhen Stock Exchange and CSDC.

Transfer of share ownership:

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

Name of the shareholders	Restricted shares amount at the period-begin	Restricted shares increased of the period	Restricted shares relieved of the period	Restricted shares amount at the period-end	Restricted reasons	Restricted shares relieved date
Foshan Branch of ABC	2,415,538	2,415,538	0	0	Pre-IPO restricted shares	26 April 2022
Total	2,415,538	2,415,538	0	0	--	--

## II. Issuance and Listing of Securities

### 1. Securities (Exclusive of Preferred Shares) Issued in the Reporting Period

Applicable  Not applicable

### 2. Changes to Total Shares, Shareholder Structure and Asset and Liability Structures

Applicable  Not applicable

During the Reporting Period, the Company has deregistered a total of 37,351,507 shares, including the repurchased A shares of 18,952,995 and the repurchased B shares of 18,398,512, resulting in the change of total share capital of the Company from 1,399,346,154 shares to 1,361,994,647 shares.

### 3. Existing Staff-Held Shares

Applicable  Not applicable

## III Shareholders and Actual Controller

### 1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders	68,126	Number of ordinary shareholders at the month-end	68,995	Number of preferred shareholders with resumed	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report	0
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		prior to the disclosure of this Report		voting rights (if any) (see note 8)		(if any) (see note 8)		
5% or greater shareholders or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Unrestricted shares held	Shares in pledge, marked or frozen	
							Status	Shares
Hongkong Wah Shing Holding Company Limited	Foreign legal person	13.84%	188,496,430		0	0	In pledge	92,363,251
Prosperity Lamps & Components Limited	Foreign legal person	10.79%	146,934,857		0	0		
Guangdong Electronics Information Industry Group Ltd.	State-owned legal person	9.01%	122,694,246		0	0	In pledge	32,532,815
Guangdong Rising Holdings Group Co., Ltd.	State-owned legal person	6.10%	83,130,898		0	0		
Essence International Securities (Hong Kong) Co., Ltd.	Foreign legal person	2.65%	36,138,459	552,422	0	0		
Central Huijin Asset Management Co., Ltd.	State-owned legal person	2.43%	33,161,800		0	0		
Rising Investment Development Limited	Foreign legal person	1.87%	25,482,252		0	0		

China Merchants Securities (Hong Kong) Co., Ltd	Foreign legal person	0.96%	13,139,602	-1,308,705	0	0		
Zhuang Jianyi	Foreign natural person	0.87%	11,903,509		8,927,632	0		
Zhang Shaowu	Domestic natural person	0.79%	10,700,050	1,400,000	0	0		
Strategic investors or general corporations becoming top-ten 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, Hongkong Wah Shing Holding Company Limited, Guangdong Rising Holdings Group Co., Ltd., Guangdong Electronics Information Industry Group Ltd. and Rising Investment Development Limited 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.
Above shareholders involved in entrusting/being entrusted with voting rights and giving up voting rights								Naught
Special account for share repurchases (if any) among the top 10 shareholders (see note 10)								As of the period-end, the Company had 13,000,000 A-shares of it in its special account for share repurchases, accounting for 0.95% of the Company's total share capital.
Top 10 unrestricted shareholders								
Name of shareholder	Unrestricted shares at the Period-end	Type of shares						
		Type	Shares					
Hongkong 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					
Guangdong Electronics Information Industry Group Ltd.	122,694,246	RMB-denominated ordinary stock	122,694,246					

Guangdong Rising Holdings Group Co., Ltd.	83,130,898	RMB-denominated ordinary stock	83,130,898
Essence International Securities (Hong Kong) Co., Ltd.	36,138,459	Domestically listed foreign stock	36,138,459
Central Huijin Asset Management Co., Ltd.	33,161,800	RMB-denominated ordinary stock	33,161,800
Rising Investment Development Limited	25,482,252	Domestically listed foreign stock	25,482,252
China Merchants Securities (Hong Kong) Co., Ltd	13,139,602	Domestically listed foreign stock	13,139,602
Zhang Shaowu	10,700,050	RMB-denominated ordinary stock	10,700,050
Zhao Xiyi	7,319,073	RMB-denominated ordinary stock	7,319,073
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, Guangdong Rising Holdings Group Co., Ltd., Guangdong Electronics Information Industry Group Ltd., and Rising Investment Development Limited 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.

## 2. Controlling Shareholder

Nature of the controlling shareholder: Controlled by a local state-owned legal person

## Type of the controlling shareholder: legal person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
Guangdong Rising Holdings Group Co., Ltd.	Liu Weidong	23 December 1992	91440000719283849E	Asset management and operation, equity management and operation, investment operation, and management and re-investment of investment earnings; other business authorized by the state-owned assets administration of the Guangdong Province; contractor service for overseas projects and domestic projects calling for international bids, contractor service for survey, consulting, design and supervision of the aforesaid overseas projects, export of equipment and materials for the aforesaid overseas projects, and dispatch of contract workers for the aforesaid overseas projects; property rental service; and exploitation, sale and deep processing of rare earth (operated by the branches with the relevant licenses).
Guangdong Electronics Information Industry Group Ltd.	Liu Ke	19 October 2000	91440000725458764N	Development, production and sale of electronics, IT products and electrical

				appliances, operation of electronic information networks and computers, electronic computer technology service, and equipment and venue rental service; sale of electronic computers and fittings, electronic components, electron devices, and electrical machinery and equipment; wholesale of coal; energy performance contracting service, development and consulting service of energy-saving technology, and manufacture and installation of energy-saving equipment; parking lot operation (188 Yueken Road, Tianhe District, Guangzhou, Guangdong Province, P.R.China); import and export of goods; and training of professional and technical personnel (Limited to branch operation); .technical services.
Rising Investment Development Limited	Yao Shu	11 July 2001	764105	Investment and asset management
Shareholdings of controlling shareholder in other listed companies at home or abroad in reporting period	At the end of the Reporting Period, Guangdong Rising Holdings Group Co., Ltd. and its parties acting in concert, directly or indirectly held the following stakes in other listed companies at home or abroad: 1. a 40.52% stake of 136,318,684 shares in Rising Nonferrous (stock code: 600259); 2. a 35.72% stake of 1,335,060,698 shares in Zhongjin Lingnan Nonfemet (stock code: 000060); 3. a 23.19% stake of 268,311,117 shares in Fenghua Advanced (stock code: 000636); 4. a 25.72% stake of 226,147,494 A shares and H shares in Dongjiang Environment (stock code: 002672); 5. a 6.14% stake of 5,614,082,653 shares in China Telecom (stock code: 601728).			

Change of the controlling shareholder in the Reporting Period:

Applicable  Not applicable

No such cases in the Reporting Period.

### 3. Actual Controller and Its Acting-in-Concert Parties

Nature of the actual controller: Local institution for state-owned assets management

Type of the actual controller: legal person

Name of actual controller	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
Guangdong Rising Holdings Group Co., Ltd.	Liu Weidong	23 December 1999	91440000719283849E	Asset management and operation, equity management and operation, investment operation, and management and re-investment of investment earnings; other business authorized by the state-owned assets administration of the Guangdong Province; contractor service for overseas projects and domestic projects calling for international bids, contractor service for survey, consulting, design and supervision of the aforesaid overseas projects, export of equipment and materials for the aforesaid overseas projects, and dispatch of contract workers for the aforesaid overseas projects; property rental service; and exploitation, sale and deep processing of rare earth (operated by the branches with the relevant licenses).
Shareholdings of the actual controller in other listed companies	At the end of the Reporting Period, Guangdong Rising Holdings Group Co., Ltd. and its parties acting in concert, directly or indirectly held the following stakes in other listed companies at home or abroad: 1. a 40.52% stake of 136,318,684 shares in Rising Nonferrous (stock code: 600259); 2. a 35.72% stake of 1,335,060,698 shares in Zhongjin Lingnan Nonfemet (stock code: 000060);			

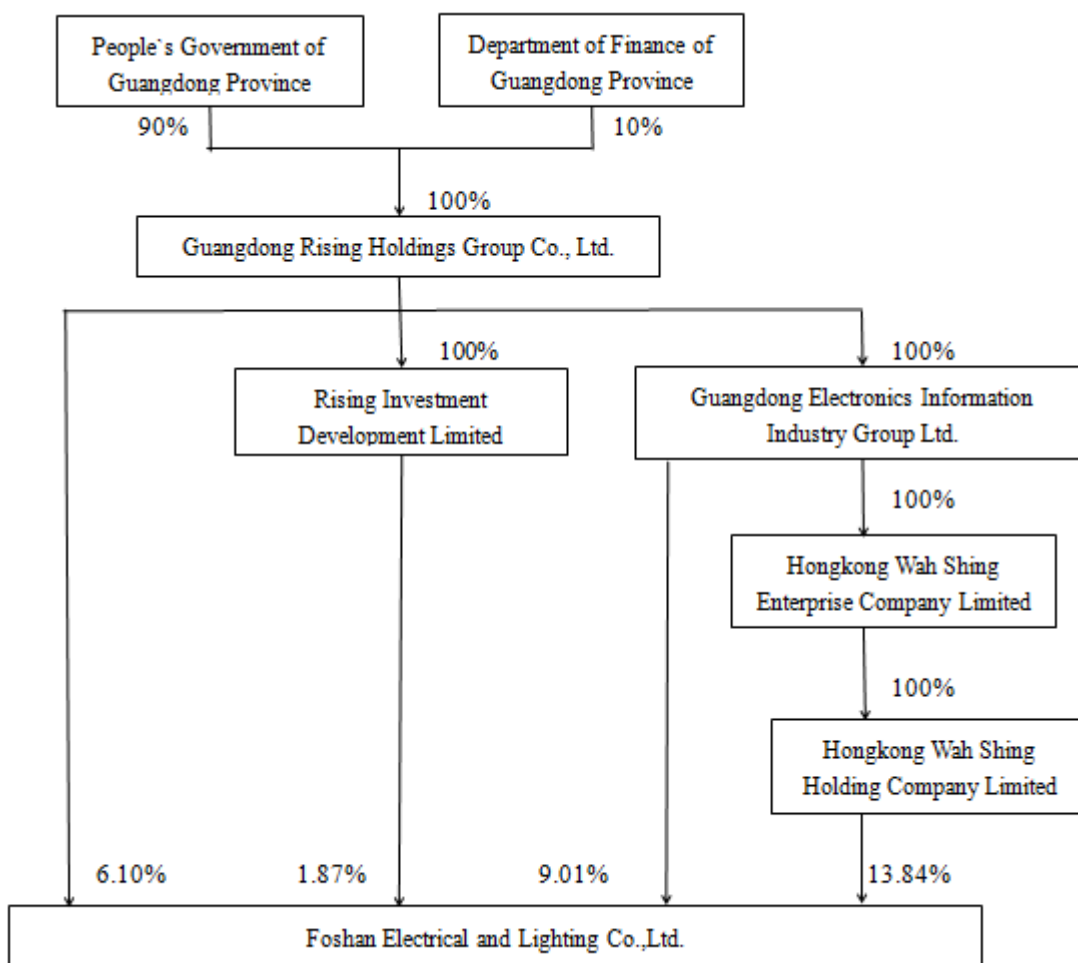
at home or abroad in this Reporting Period	3. a 23.19% stake of 268,311,117 shares in Fenghua Advanced (stock code: 000636); 4. a 25.72% stake of 226,147,494 A shares and H shares in Dongjiang Environment (stock code: 002672); 5. a 6.14% stake of 5,614,082,653 shares in China Telecom (stock code: 601728).
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Change of the actual controller during the Reporting Period:

Applicable  Not applicable

No such cases in the Reporting Period.

Ownership and control relations between the actual controller and the Company:



Indicate by tick mark whether the actual controller controls the Company via trust or other ways of asset management.

Applicable  Not applicable

**4. Number of Accumulative Pledged Shares held by the Company's Controlling Shareholder or the Largest Shareholder as well as Its Acting-in-Concert Parties Accounts for 80% of all shares of the Company held by Them**

Applicable  Not applicable

**5. Other 10% or Greater Corporate Shareholders**

Applicable  Not applicable

Name of corporate shareholder	Legal representative / company principal	Date of establishment	Registered capital	Business scope
Prosperity Lamps & Components Limited	Zhuang Jianyi	28 April 1978	HKD2 million	Import and export of electronics, electric lighting products, lamps, electric lighting equipment, etc., and design, installation and after-sales service of lighting solutions

**6. Limitations on Shareholding Decrease by the Company's Controlling Shareholder, Actual Controller, Reorganizer and Other Commitment Makers**

Applicable  Not applicable

**IV Specific Implementation of Share Repurchases in the Reporting Period**

Progress on any share repurchases

Applicable  Not applicable

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

Applicable  Not applicable



## **Part VIII Preference Shares**

Applicable  Not applicable

No preference shares in the Reporting Period.

## Part IX Bonds

Applicable  Not applicable

## Part X Financial Statements

### I Auditor's Report

Type of the independent auditor's opinion	Unmodified unqualified opinion
Date of signing this report	6 April 2023
Name of the independent auditor	WUYIGE Certified Public Accountants LLP
No. of independent auditor's report	WUYIGE Auditor's Report [2023] No. 2-00020
Names of certified public accountants	He Xiaojuan, Xia Ling

### Independent Auditor's Report

#### To the Shareholders of Foshan Electrical and Lighting Co., Ltd.

##### I Opinion

We have audited the financial statements of Foshan Electrical and Lighting Co., Ltd. (the "Company"), which comprise the consolidated balance sheets and balance sheet of the Company as the parent as of 31 December 2022, the consolidated income statement and income statement of the Company as the parent, consolidated cash flow statement and cash flow statement of the Company as the parent and consolidated statement of changes in owners' equity and statement of changes in owners' equity of the Company as the parent for the year then ended, as well as the notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated and parent company financial position of the Company at 31 December 2022, and the consolidated and the company as the parent operating results and cash flows for the year then ended, in conformity with the Chinese Accounting Standards (CAS).

##### II Basis for Opinion

We conducted our audits in accordance with the Audit Standards for Chinese Registered Accountants. Our responsibilities under those standards are further described in the Auditor's Responsibilities for Audit of Financial Statements section of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants, and we have fulfilled our other ethical responsibilities in accordance with the said Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### III Key Audit Matters

###### (I) Revenue recognition

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

###### 1. Description

As stated in “VII, 61. Operating Revenue and Cost of Sales” in the notes to the financial statements, the Company’s operating revenue was RMB8,759,965,275.96 during 2022, with the main business revenue being RMB8,494,775,305.34, accounting for 96.97% of the total operating revenue. The amount of main business revenue is significant and is a key performance indicator, so there is inherent risk that management will manipulate the timing of revenue recognition in order to meet specific targets or expectations. Therefore, we determined that revenue is recognized as a key audit item.

## 2. Response to auditing

The countermeasures for revenue recognition are as follows:

- (1) Understanding and evaluating the design of internal control related to revenue recognition, and testing the effectiveness of relevant internal control;
- (2) Checking whether the revenue recognition policy is in line with the requirements of the Accounting Standards for Business Enterprises and is consistently applied;
- (3) Selecting the revenue transactions recorded of this year to check invoices, sales contracts, outbound orders and customer receipt records, and assess whether the relevant revenue recognition conforms to the accounting policies of the Company for revenue recognition;
- (4) Selecting the revenue transactions recorded of this year to carry out independent confirmation procedures and confirm the authenticity of revenue;
- (5) Inquiring about the industrial and commercial registration information of major customers through public channels, so as to ensure that major customers operate normally and their business scope conforms to the nature of the Company's downstream customers;
- (6) Implementing analysis procedures for operating revenue, including analysing the annual and monthly revenue of major products, changes in major customers, changes in sales prices and gross profit margins of major products, and judging the rationality of changes in annual revenue and gross profit margins of this year;
- (7) Selecting the revenue transactions recorded around the balance sheet date, checking the outbound order, customer receipt records and other supporting documents to assess whether the revenue is recorded in the appropriate accounting period.

## (II) Provision for bad debt of accounts receivable

### 1. Description

As at 31 December 2022, the carrying amount of accounts receivable in the Company’s consolidated financial statements was RMB2,044,253,865.62 and the balance of provision for bad debts was RMB123,482,923.86. The Company recognises provision for bad debts on the basis of the recoverability of accounts receivable, and when objective evidence of impairment exists, management provides a separate provision for impairment based on the difference between the present value of estimated future cash flows and the carrying amount. For receivables for which no objective evidence of impairment exists, management evaluates them into certain groups based on their credit risk characteristics and determines the bad debt provision that should be made based on the actual loss rate and aging analysis of prior years' groups of receivables with similar credit risk characteristics, taking into account current circumstances. We consider this to be a key audit matter based on the materiality of the carrying value of accounts receivable, which involves inherent uncertainties in the application of significant accounting estimates and judgments by management. See Note VII.5 for the carrying amount of accounts receivable and the provision for bad debts.

## 2. Audit Response

- (1) Evaluated and tested the design and operating effectiveness of internal controls related to credit policies and receivables management;
- (2) An analysis of the reasonableness of the accounting estimates for the provision for bad debts in respect of accounts receivable, including the basis for determining the group of accounts receivable, the judgment of materiality of amounts, the separate provision for bad debts, and the judgment of expected credit loss rates;
- (3) Analysed and calculated the ratio between the amount of provision for bad debts and the balance of accounts receivable at the balance sheet date, compared the provision for bad debts with the actual amount incurred in prior periods, and analysed the adequacy of the provision for bad debts for accounts receivable;
- (4) Obtained the table of the provisions for bad debts and checked whether the provision making method is implemented in accordance with the bad debts policy and whether the recalculation of the amount of provision for bad debts is accurate;
- (5) Evaluated the reasonableness of the provision for bad debts for accounts receivable by analysing the aging of the accounts receivable and the creditworthiness of the customers, and by performing correspondence procedures for accounts receivable and checking the post-period recovery.

### (III) Goodwill impairment tests

#### 1. Description

On 28 February 2022, the Company acquired 21.48% equity interest in Foshan NationStar Optoelectronics Co., Ltd. (NationStar Optoelectronics), resulting in goodwill of RMB406 million. We have identified the identification of goodwill impairment as a key audit matter as the impact of NationStar Optoelectronics's goodwill on the financial statements is significant and the goodwill impairment test involves significant judgment on important parameters such as revenue growth rate, gross margin, discount rate, etc.

#### 2. Audit Response

- (1) Understanding, evaluating and testing the Company's key internal controls related to goodwill impairment testing.
- (2) For goodwill arising from a business combination, understanding the achievement of performance forecasts for the acquired company.
- (3) Discussing with the management the methodology of goodwill impairment testing, including the asset group or combination of asset groups related to goodwill, the reasonableness of assumptions such as future earnings projections and discounted cash flow rates for each asset group or combination of asset groups and the judgment and assessment of the profitability of each asset group or combination of asset groups.
- (4) Evaluating the competency, professional quality and objectivity of the external valuation experts engaged by management.
- (5) Discussing with the external valuation experts engaged by the management to understand the reasonableness of key assumptions used in the impairment test.
- (6) Evaluating the reasonableness of the types of values, valuation methods and valuation parameters such as discount rates of the asset valuation reports issued by the external valuation experts with the assistance of the internal valuation experts.

#### **IV Other Information**

The Company's management is responsible for the other information. The other information comprises all of the information included in the Company's 201X Annual Report other than the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **V Responsibilities of Management and Those Charged with Governance for Financial Statements**

The Company's management is responsible for the preparation of the financial statements that give a fair view in accordance with CAS, and for designing, implementing and maintaining such internal control as the management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **VI Auditor's Responsibilities for Audit of Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Understand the internal controls relevant to the audit in order to design appropriate audit procedures.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- (4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CAS to draw users' attention in our auditor's report to the related

disclosures in the financial statements or, if such disclosures are inadequate, we should express modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

WUYIGE Certified Public Accountants LLP      Chinese CPA: He Xiaojuan

(Engagement Partner)

Beijing · China

Chinese CPA: Xia Ling

6 April 2023

## 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.

31 December 2022

Unit: RMB

Item	31 December 2022	1 January 2022
<b>Current assets:</b>		
Monetary assets	2,484,508,907.43	2,435,226,244.90
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets	261,541,896.45	348,248,125.61
Derivative financial assets		
Notes receivable	821,537,774.07	1,688,000,575.74
Accounts receivable	1,920,770,941.76	2,018,106,424.43
Accounts receivable financing	569,868,831.79	10,660,409.19
Prepayments	45,526,548.93	34,005,648.75
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	32,902,865.98	37,605,156.73
Including: Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Financial assets purchased under resale agreements		
Inventories	2,031,637,401.87	1,989,531,479.77
Contract assets	5,466,875.07	8,561,303.10
Assets held for sale	17,147,339.84	23,831,992.10
Current portion of non-current assets	0.00	0.00
Other current assets	79,438,576.89	125,717,434.52
<b>Total current assets</b>	<b>8,270,347,960.08</b>	<b>8,719,494,794.84</b>
<b>Non-current assets:</b>		
Loans and advances to customers		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	181,931,792.66	181,545,123.09
Investments in other equity instruments	864,191,346.40	1,504,980,024.07
Other non-current financial assets		



Investment property	44,611,882.44	47,102,214.34
Fixed assets	3,508,094,282.41	3,514,723,653.20
Construction in progress	1,282,780,335.14	1,087,564,087.47
Productive living assets		
Oil and gas assets		
Right-of-use assets	13,047,727.73	14,126,206.08
Intangible assets	340,166,852.37	373,822,769.14
Development costs	0.00	0.00
Goodwill	421,831,593.46	421,831,593.46
Long-term prepaid expense	190,126,627.91	152,726,512.56
Deferred income tax assets	88,387,206.25	82,261,788.58
Other non-current assets	81,543,512.85	499,739,861.52
Total non-current assets	7,016,713,159.62	7,880,423,833.51
Total assets	15,287,061,119.70	16,599,918,628.35
Current liabilities:		
Short-term borrowings	157,715,359.35	226,779,997.01
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities	4,679,000.00	9,367.37
Derivative financial liabilities		
Notes payable	1,975,743,568.71	2,067,479,953.98
Accounts payable	2,513,177,458.14	2,455,934,273.28
Advances from customers	2,532,442.44	8,106,923.79
Contract liabilities	125,143,161.61	141,336,712.44
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	173,034,152.18	182,455,565.41
Taxes payable	64,295,552.10	91,596,891.51
Other payables	440,230,081.05	376,069,180.74
Including: Interest payable	0.00	0.00
Dividends payable	15,646.07	15,646.07
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	65,540,510.67	27,600,186.15
Other current liabilities	100,192,681.00	10,716,009.78

Total current liabilities	5,622,283,967.25	5,588,085,061.46
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	747,931,023.71	0.00
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	7,055,542.18	8,065,560.58
Long-term payables		
Long-term employee benefits payable		
Provisions	9,587,043.31	17,418,343.01
Deferred income	97,078,233.43	126,304,272.50
Deferred income tax liabilities	202,469,697.60	280,172,789.59
Other non-current liabilities	308,780.61	22,653.46
Total non-current liabilities	1,064,430,320.84	431,983,619.14
Total liabilities	6,686,714,288.09	6,020,068,680.60
Owners' equity:		
Share capital	1,361,994,647.00	1,399,346,154.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	7,245,971.54	1,051,158,614.18
Less: Treasury stock	82,165,144.15	250,600,874.54
Other comprehensive income	498,141,018.70	982,987,454.08
Specific reserve		
Surplus reserves	91,359,027.15	741,353,347.96
General reserve		
Retained earnings	3,296,490,575.52	3,111,864,076.86
Total equity attributable to owners of the Company as the parent	5,173,066,095.76	7,036,108,772.54
Non-controlling interests	3,427,280,735.85	3,543,741,175.21
Total owners' equity	8,600,346,831.61	10,579,849,947.75
Total liabilities and owners' equity	15,287,061,119.70	16,599,918,628.35

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

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

Unit: RMB

Item	31 December 2022	1 January 2022
Current assets:		
Monetary assets	616,301,656.56	1,017,365,290.91

Held-for-trading financial assets	200,565,014.22	304,385,804.11
Derivative financial assets		
Notes receivable	130,473,889.36	72,114,026.44
Accounts receivable	914,875,676.00	1,058,935,664.33
Accounts receivable financing	14,127,710.41	
Prepayments	13,129,004.94	9,292,256.82
Other receivables	511,036,345.72	511,056,231.24
Including: Interest receivable		
Dividends receivable		
Inventories	475,047,674.61	617,905,747.50
Contract assets	5,466,875.07	8,561,303.10
Assets held for sale		
Current portion of non-current assets		
Other current assets	9,844,377.83	36,097,001.14
Total current assets	2,890,868,224.72	3,635,713,325.59
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	2,505,563,031.07	1,243,081,889.11
Investments in other equity instruments	823,131,485.48	1,474,860,785.15
Other non-current financial assets		
Investment property	40,982,686.40	43,347,824.34
Fixed assets	548,743,031.51	576,386,630.08
Construction in progress	187,318,584.50	120,514,314.18
Productive living assets		
Oil and gas assets		
Right-of-use assets	6,963,639.23	9,827,757.94
Intangible assets	94,698,330.35	123,089,721.51
Development costs		
Goodwill		
Long-term prepaid expense	37,118,287.24	31,897,595.21
Deferred income tax assets	30,158,303.04	31,373,123.07
Other non-current assets	48,873,160.34	460,618,564.04
Total non-current assets	4,323,550,539.16	4,114,998,204.63
Total assets	7,214,418,763.88	7,750,711,530.22
Current liabilities:		
Short-term borrowings		127,596,999.82
Held-for-trading financial liabilities	4,679,000.00	
Derivative financial liabilities		
Notes payable	826,037,810.34	445,480,718.92
Accounts payable	788,288,700.08	949,520,447.82
Advances from customers	2,285,714.30	6,857,142.86

Contract liabilities	47,498,783.11	64,120,388.15
Employee benefits payable	49,182,531.44	51,520,068.31
Taxes payable	9,700,312.91	57,207,865.54
Other payables	202,509,326.09	223,535,108.76
Including: Interest payable	0.00	
Dividends payable	0.00	
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	1,881,117.79	2,800,876.97
Other current liabilities	88,215,663.53	5,920,593.62
Total current liabilities	2,020,278,959.59	1,934,560,210.77
Non-current liabilities:		
Long-term borrowings	182,912,120.75	
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	5,082,521.44	7,026,880.97
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities	87,121,409.04	173,532,376.03
Other non-current liabilities		
Total non-current liabilities	275,116,051.23	180,559,257.00
Total liabilities	2,295,395,010.82	2,115,119,467.77
Owners' equity:		
Share capital	1,361,994,647.00	1,399,346,154.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	7,426,635.62	22,568,665.93
Less: Treasury stock	82,165,144.15	250,600,874.54
Other comprehensive income	498,788,284.79	984,695,765.83
Specific reserve		
Surplus reserves	322,663,096.39	741,353,347.96
Retained earnings	2,810,316,233.41	2,738,229,003.27
Total owners' equity	4,919,023,753.06	5,635,592,062.45
Total liabilities and owners' equity	7,214,418,763.88	7,750,711,530.22

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

**3. Consolidated Income Statement**

Unit: RMB

Item	2022	2021
1. Revenue	8,759,965,275.96	8,726,241,053.50
Including: Operating revenue	8,759,965,275.96	8,726,241,053.50
Interest revenue		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	8,360,248,566.32	8,273,302,440.05
Including: Cost of sales	7,223,971,501.53	7,242,659,061.75
Interest costs		
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	62,027,216.12	68,139,402.49
Selling expense	256,820,593.82	235,995,457.89
Administrative expense	408,119,409.22	351,939,272.35
R&D expense	440,787,934.06	374,974,941.64
Finance costs	-31,478,088.43	-405,696.07
Including: Interest expense	22,311,206.70	11,811,659.37
Interest income	29,169,641.75	30,522,913.04
Add: Other income	84,894,793.92	73,941,657.49
Return on investment (“-” for loss)	10,633,954.02	33,313,980.81
Including: Share of profit or loss of joint ventures and associates	2,467,060.07	2,260,497.27
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)	-9,518,428.58	4,495,539.89

Credit impairment loss (“-” for loss)	-15,404,763.61	-8,752,883.56
Asset impairment loss (“-” for loss)	-91,517,378.38	-94,093,604.99
Asset disposal income (“-” for loss)	968,273.19	77,714,217.87
3. Operating profit (“-” for loss)	379,773,160.20	539,557,520.96
Add: Non-operating income	18,757,057.63	24,880,499.82
Less: Non-operating expense	16,812,534.08	6,324,738.00
4. Profit before tax (“-” for loss)	381,717,683.75	558,113,282.78
Less: Income tax expense	30,874,328.03	58,361,715.94
5. Net profit (“-” for net loss)	350,843,355.72	499,751,566.84
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	350,843,355.72	499,751,566.84
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to owners of the Company as the parent	230,394,235.91	299,614,354.88
5.2.1 Net profit attributable to non-controlling interests	120,449,119.81	200,137,211.96
6. Other comprehensive income, net of tax	-383,701,554.10	-325,243,687.14
Attributable to owners of the Company as the parent	-383,929,211.19	-325,251,118.67
6.1 Items that will not be reclassified to profit or loss	-383,579,545.85	-325,189,154.60
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	-383,579,545.85	-325,189,154.60
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other	0.00	0.00
6.2 Items that will be reclassified to profit or loss	-349,665.34	-61,964.07
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	-349,665.34	-61,964.07
6.2.7 Other		
Attributable to non-controlling interests	227,657.09	7,431.53
7. Total comprehensive income	-32,858,198.38	174,507,879.70
Attributable to owners of the Company as the parent	-153,534,975.28	-25,636,763.79
Attributable to non-controlling interests	120,676,776.90	200,144,643.49
8. Earnings per share		
8.1 Basic earnings per share	0.1708	0.2221
8.2 Diluted earnings per share	0.1692	0.2200

Where business combinations under common control occurred in the current period, the net profit achieved by the acquirees before the combinations was RMB9,568,639.83, with the amount for last year being RMB233,275,576.92.

Legal representative: Wu Shenghui  
 Chief Financial Officer: Tang Qionglan  
 Person-in-charge of the Company's accounting organ: Liang Yuefei

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

Unit: RMB

Item	2022	2021
1. Operating revenue	3,314,037,139.28	3,718,308,372.46
Less: Cost of sales	2,684,105,565.79	3,154,039,179.53
Taxes and surcharges	22,878,262.76	33,093,843.08
Selling expense	148,184,632.71	147,260,099.98
Administrative expense	156,902,439.16	148,755,543.99
R&D expense	148,634,853.78	141,658,884.16
Finance costs	-4,648,251.30	-176,513.65
Including: Interest costs	11,637,904.69	1,265,956.56
Interest revenue	6,836,685.73	15,062,071.87

Add: Other income	10,475,710.63	9,664,951.38
Return on investment (“-” for loss)	19,058,287.08	78,883,660.55
Including: Share of profit or loss of joint ventures and associates	2,467,060.07	2,260,497.27
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)	-8,945,900.00	4,266,900.00
Credit impairment loss (“-” for loss)	-16,035,761.65	-5,389,224.73
Asset impairment loss (“-” for loss)	-25,904,176.29	-13,439,357.01
Asset disposal income (“-” for loss)	-84,087.53	76,410,098.79
2. Operating profit (“-” for loss)	136,543,708.62	244,074,364.35
Add: Non-operating income	7,433,114.60	11,385,484.38
Less: Non-operating expense	12,232,901.96	552,333.59
3. Profit before tax (“-” for loss)	131,743,921.26	254,907,515.14
Less: Income tax expense	13,888,953.87	13,758,825.78
4. Net profit (“-” for net loss)	117,854,967.39	241,148,689.36
4.1 Net profit from continuing operations (“-” for net loss)	117,854,967.39	241,148,689.36
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	-384,990,256.85	-323,650,643.28
5.1 Items that will not be reclassified to profit or loss	-384,990,256.85	-323,650,643.28
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	-384,990,256.85	-323,650,643.28
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	-267,135,289.46	-82,501,953.92
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

## 5. Consolidated Cash Flow Statement

Unit: RMB

Item	2022	2021
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	8,205,869,081.25	8,359,256,408.94
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	228,641,448.24	146,840,329.47
Cash generated from other operating activities	224,376,200.78	248,940,851.06
Subtotal of cash generated from operating activities	8,658,886,730.27	8,755,037,589.47
Payments for commodities and services	5,492,158,956.70	6,186,563,079.83
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	1,398,058,450.95	1,335,333,353.02
Taxes paid	337,132,030.63	477,172,576.63
Cash used in other operating activities	366,648,971.30	322,494,631.65
Subtotal of cash used in operating activities	7,593,998,409.58	8,321,563,641.13
Net cash generated from/used in operating activities	1,064,888,320.69	433,473,948.34
2. Cash flows from investing activities:		
Proceeds from disinvestment	364,902,240.66	1,813,239,683.85
Return on investment	10,965,289.74	45,553,497.73
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	2,340,973.60	125,845,737.23
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		54,990,047.00
Subtotal of cash generated from investing activities	378,208,504.00	2,039,628,965.81
Payments for the acquisition of fixed assets, intangible assets and other long-	593,230,455.33	640,625,303.50

lived assets		
Payments for investments	131,695,763.31	130,000,000.00
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units	0.00	131,348,644.27
Cash used in other investing activities		0.00
Subtotal of cash used in investing activities	724,926,218.64	901,973,947.77
Net cash generated from/used in investing activities	-346,717,714.64	1,137,655,018.04
<b>3. Cash flows from financing activities:</b>		
Capital contributions received	0.00	0.00
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings raised	1,136,936,000.00	127,386,000.00
Cash generated from other financing activities	19,142,320.59	0.00
Subtotal of cash generated from financing activities	1,156,078,320.59	127,386,000.00
Repayment of borrowings	526,743,238.15	147,278,730.91
Interest and dividends paid	174,723,549.79	181,634,371.44
Including: Dividends paid by subsidiaries to non-controlling interests	26,131,133.89	0.00
Cash used in other financing activities	1,200,170,498.73	790,931,944.68
Subtotal of cash used in financing activities	1,901,637,286.67	1,119,845,047.03
Net cash generated from/used in financing activities	-745,558,966.08	-992,459,047.03
4. Effect of foreign exchange rates changes on cash and cash equivalents	33,150,614.37	-7,780,091.51
5. Net increase in cash and cash equivalents	5,762,254.34	570,889,827.84
Add: Cash and cash equivalents, beginning of the period	1,940,209,052.92	1,369,319,225.08
6. Cash and cash equivalents, end of the period	1,945,971,307.26	1,940,209,052.92

Legal representative: Wu Shenghui  
Chief Financial Officer: Tang Qionglan  
Person-in-charge of the Company's accounting organ: Liang Yuefei

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

Unit: RMB

Item	2022	2021
<b>1. Cash flows from operating activities:</b>		
Proceeds from sale of commodities and rendering of services	3,237,208,695.89	3,675,366,946.16
Tax rebates	120,903,979.22	87,497,039.45
Cash generated from other operating activities	86,562,699.07	90,141,698.38
Subtotal of cash generated from operating activities	3,444,675,374.18	3,853,005,683.99
Payments for commodities and services	1,933,543,212.27	3,127,675,269.69
Cash paid to and for employees	517,926,952.08	598,949,378.79
Taxes paid	157,918,324.75	264,570,561.48
Cash used in other operating activities	139,013,449.48	158,324,765.43
Subtotal of cash used in operating activities	2,748,401,938.58	4,149,519,975.39
Net cash generated from/used in operating activities	696,273,435.60	-296,514,291.40
<b>2. Cash flows from investing activities:</b>		
Proceeds from disinvestment	292,992,240.66	1,700,278,266.95
Return on investment	18,264,046.87	45,162,968.14
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	42,771.45	114,426,514.66
Net proceeds from the disposal of subsidiaries and other business units	0.00	
Cash generated from other investing activities	0.00	
Subtotal of cash generated from investing activities	311,299,058.98	1,859,867,749.75
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	106,842,452.24	116,516,470.65
Payments for investments	1,193,664,444.95	1,123,715,946.11
Net payments for the acquisition of subsidiaries and other business units	0.00	
Cash used in other investing activities	0.00	
Subtotal of cash used in investing activities	1,300,506,897.19	1,240,232,416.76
Net cash generated from/used in investing activities	-989,207,838.21	619,635,332.99
<b>3. Cash flows from financing activities:</b>		
Capital contributions received	0.00	
Borrowings raised	382,336,000.00	127,386,000.00

Cash generated from other financing activities	0.00	
Subtotal of cash generated from financing activities	382,336,000.00	127,386,000.00
Repayment of borrowings	367,956,000.00	
Interest and dividends paid	141,558,638.42	135,847,668.70
Cash used in other financing activities	2,716,690.66	250,814,566.13
Subtotal of cash used in financing activities	512,231,329.08	386,662,234.83
Net cash generated from/used in financing activities	-129,895,329.08	-259,276,234.83
4. Effect of foreign exchange rates changes on cash and cash equivalents	22,065,861.60	-5,283,585.19
5. Net increase in cash and cash equivalents	-400,763,870.09	58,561,221.57
Add: Cash and cash equivalents, beginning of the period	861,826,014.29	803,264,792.72
6. Cash and cash equivalents, end of the period	461,062,144.20	861,826,014.29

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

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

2022

Unit: RMB

Item	2022														Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent															
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserves	Surplus reserves	General reserves	Retained earnings	Other	Subtotal			
	Preferred shares	Perpetual bonds	Other													
1. Balance as at the end	1,399,346,154.00				1,051,158,614.18	250,600,874.54	982,987,454.08		741,353,347.96		3,111,864,076.86		7,036,108,772.54	3,543,741,175.21	10,579,849,947.75	

of the prior year															
Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Adjustment for business combination under common control															

Other															
2. Balance as at the beginning of the year	1,399,346,154.00				1,051,158,614.18	250,600,874.54	982,987,454.08		741,353,347.96		3,111,864,076.86		7,036,108,772.54	3,543,741,175.21	10,579,849,947.75
3. Increase/decrease in the period (“-” for decrease)	-37,351,507.00				-1,043,912,642.64	-168,435,730.39	-484,846,435.38		-649,994,320.81		184,626,498.66		-1,863,042,676.78	-116,460,439.36	-1,979,503,116.14
3.1 Total comprehensive income							-383,929,211.19				230,394,235.91		-153,534,975.28	120,676,776.90	-32,858,198.38
3.2 Capital increased and reduced by owners	-37,351,507.00				1,043,912,642.64	168,435,730.39			661,779,817.55				1,574,608,236.80	211,006,082.37	1,785,614,319.17
3	-37,351,507.00				-4,824,824.82	-168,435,730.39			-126,611,508.26						

.2.1 Ordinary shares increased by owners	51,507.00				5,948.60	435,730.39			258,274.79						
3 .2.2 Capital increased by holders of other equity instruments															
3 .2.3 Share-based payments included in owners' equity															
3 .2.4					1,039.08				535,521.				1,574.60	211,006.	1,785.61



Othe r					6,69 4.04				542. 76				8,23 6.80	082. 37	4,31 9.17
3.3 Profi t distri butio n									11,7 85,4 96.7 4		- 146, 684, 961. 44		- 134, 899, 464. 70	- 26,1 31,1 33.8 9	- 161, 030, 598. 59
3.3.1 Appr opria tion to surpl us reser ves									11,7 85,4 96.7 4		- 11,7 85,4 96.7 4				
3.3.2 Appr opria tion to gene ral reser ve															
3.3.3 Appr opria tion to own ers (or share hold ers)											- 134, 899, 464. 70		- 134, 899, 464. 70	- 26,1 31,1 33.8 9	- 161, 030, 598. 59
3.3.4 Othe r															

3.4 Transfers within owners' equity							- 100,917,224.19				100,917,224.19				
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	1,361,994,647.00				7,245,971.54	82,165,144.15	498,141,018.70	91,359,027.15	3,296,490,575.52			5,173,066,095.76	3,427,280,735.85	8,600,346,831.61		

2021

Unit: RMB

Item	2021														Non-controlling interests	Total owners' equity
	Equity attributable to owners of the Company as the parent												Subtotal			
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other				
	Preferred share	Perpetual bond	Other			Reserv	Reserv	Reserv	Reserv	Reserv	Reserv					

		s	s				e inco me								
1. Bala nce as at the end of the prior year	1,39 9,34 6,15 4.00				15,1 57,5 14.9 0		2,34 9,38 8,53 3.61		741, 567, 039. 55		1,75 8,46 2,06 2.48		6,26 3,92 1,30 4.54	48,2 58,8 34.5 3	6,31 2,18 0,13 9.07
Add: Adju stme nt for chan ge in acco untin g polic y															
Adju stme nt for corre ction of previ ous error															
Adju stme nt for busi ness com					1,04 8,48 8,80 4.72		- 106, 711. 74				148, 592, 079. 08		1,19 6,97 4,17 2.06	2,92 7,99 3,68 8.55	4,12 4,96 7,86 0.61

binat ion unde r com mon contr ol																
Othe r adju s tmen ts																
2. Bala nce as at the begi nning of the year	1,39 9,34 6,15 4.00				1,06 3,64 6,31 9.62	2,34 9,28 1,82 1.87		741, 567, 039. 55			1,90 7,05 4,14 1.56		7,46 0,89 5,47 6.60	2,97 6,25 2,52 3.08	10,4 37,1 47,9 99.6 8	
3. Incre ase/ decr ease in the perio d (“- ” for decr ease)					- 12,4 87,7 05.4 4	250, 600, 874. 54	- 1,36 6,29 4,36 7.79	- 213, 691. 59			1,20 4,80 9,93 5.30		- 424, 786, 704. 06	567, 488, 652. 13	142, 701, 948. 07	
3.1 Total com preh ensiv e inco me						- 325, 251, 118. 67				299, 614, 354. 88		- 25,6 36,7 63.7 9	200, 144, 643. 49	174, 507, 879. 70		



pay ment s inclu ded in own ers' equit y														
3 .2.4 Othe r				- 12,4 87,7 05.4 4				- 213, 691. 59				- 12,7 01,3 97.0 3	410, 356, 392. 39	397, 654, 995. 36
3.3 Profi t distri butio n										- 135, 847, 668. 70		- 135, 847, 668. 70	- 43,0 12,3 83.7 5	- 178, 860, 052. 45
3.3.1 Appr opria tion to surpl us reser ves														
3.3.2 Appr opria tion to gene ral reser ve														
3.3.3 Appr opria										- 135, 847, 668. 70		- 135, 847, 668. 70	- 70,3 93,4 47.1 4	- 206, 241, 115. 84



tion to own ers (or share hold ers)															
3.3.4 Othe r														27,3 81,0 63.3 9	27,3 81,0 63.3 9
3.4 Tran sfers withi n own ers' equit y							- 1,04 1,04 3,24 9.12							1,04 1,04 3,24 9.12	
3.4.1 Incre ase in capit al (or share capit al) from capit al reser ves															
3.4.2 Incre ase in capit al (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							- 1,04 1,04 3,24 9.12				1,04 1,04 3,24 9.12				

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	1,399,346,154.00				1,051,158,614.18	250,600,874.54	982,987,454.08		741,353,347.96		3,111,864,076.86		7,036,108,772.54	3,543,741,175.21	10,579,849,947.75

period															
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Legal representative: Wu Shenghui  
 Chief Financial Officer: Tang Qionglan  
 Person-in-charge of the Company's accounting organ: Liang Yuefei

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

2022

Unit: RMB

Item	2022											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surpluses 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				22,568,665.93	250,600,874.54	984,695,765.83		741,353,347.96	2,738,229,003.27		5,635,592,062.45
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				22,568,665.93	250,600,874.54	984,695,765.83		741,353,347.96	2,738,229,003.27		5,635,592,062.45
3. Increase/decrease in the period (“-” for decrease)	-37,351,507.00				-15,142,030.31	-168,435,730.39	-485,907,481.04		-418,690,251.57	72,087,230.14		-716,568,309.39
3.1 Total comprehensive income							-384,990,256.85			117,854,967.39		-267,135,289.46
3.2 Capital increased and reduced by owners	-37,351,507.00				-15,142,030.31	-168,435,730.39			-430,475,748.31			-314,533,555.23
3.2.1 Ordinary shares increased by owners	-37,351,507.00				-4,825,948.60	-168,435,730.39			-126,258,274.79			0.00

3. 2.2 Capital increas ed by holder s of other equity instru ments												
3. 2.3 Share- based payme nts includ ed in owners , equity												
3. 2.4 Other					- 10,31 6,081 .71				- 304,2 17,47 3.52			- 314,5 33,55 5.23
3.3 Profit distrib ution									11,78 5,496 .74	- 146,6 84,96 1.44		- 134,8 99,46 4.70
3.3.1 Appro priatio n to surplus reserve s									11,78 5,496 .74	- 11,78 5,496 .74		
3.3.2 Appro priatio n to owners (or										- 134,8 99,46 4.70		- 134,8 99,46 4.70

shareholders)												
3.3.3 Other												
3.4 Transfers within owners' equity							- 100,9 17,22 4.19				100,9 17,22 4.19	0.00
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												
							-					
							100,9					
							17,22					
							4.19					
									100,9			
									17,22			
									4.19			
											0.00	
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	1,361,994,647.00				17,742,717.33	82,165,144.15	498,788,284.79		312,347,014.68	2,810,316,233.41		4,919,023,753.06

2021

Unit: RMB

Item	2021											
	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				7,426,635.62		2,349,389,658.23		741,567,039.55	1,591,884,733.49		6,089,614,220.89
Add: Adjust ment for change in account ing policy												
Adjust ment for correct ion of previo												

us error												
Other												
2. Balance as at the beginning of the year	1,399,346,154.00				7,426,635.62		2,349,389,658.23		741,567,039.55		1,591,884,733.49	6,089,614,220.89
3. Increase/ decrease in the period (“-” for decrease)					15,142,030.31	250,600,874.54	-1,364,693,892.40		-213,691.59		1,146,344,269.78	-454,022,158.44
3.1 Total comprehensive income							-323,650,643.28				241,148,689.36	-82,501,953.92
3.2 Capital increased and reduced by owners					15,142,030.31	250,600,874.54			-213,691.59			-235,672,535.82
3.2.1 Ordinary shares increased by						250,600,874.54						-250,600,874.54

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					15,142,030.31							
Other												
3.3												
Profit distribution												
3.3.1												
Appropriation to surplus reserves												
3.3.2												
Appropriation to owners												

(or shareholders)												
3.3.3 Other												
3.4 Transfers within owners' equity							- 1,041,043,249.12			1,041,043,249.12		
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 reserve												

s												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings							- 1,041,043,249.12			1,041,043,249.12		
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. Balanc e as at the end of the period	1, 399 , 346, 154. 0 0				22, 56 8, 665 . 93	250, 6 00, 87 4. 54	984, 6 95, 76 5. 83		741, 3 53, 34 7. 96	2, 738 , 229, 003. 2 7		5, 635 , 592, 062. 4 5

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

### III Company profile

#### (I) Basic information

Foshan Electrical and Lighting Co., Ltd. (hereinafter referred to as "the Company"), a joint-stock limited company jointly founded by Foshan Electrical and Lighting Company, Nanhai Wuzhuang Color Glazed Brick Field, and Foshan Poyang Printing Industrial Co. on 20 October 1992 by raising funds under the approval of YGS (1992) No. 63 Document issued by the Joint Examination Group for Experimental Enterprises in Stock System of Guangdong Province and the Economic System Reform Commission of Guangdong Province, is an enterprise with its shares held by both the corporate and the natural persons. As approved by China Securities Regulatory Commission with Document (1993) No. 33, the Company publicly issued 19.3 million shares of social public shares (A shares) to the public in October 1993, and was listed in Shenzhen Stock Exchange for trade on 23 November 1993. The Company was approved to issue 50,000,000 B shares on 23 July 1995. And, as approved to change into a foreign-invested stock limited company on 26 August 1996 by (1996) WJMZEHZ No. 466 Document issued by the Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China. On 11 December 2000, as approved by China Securities Regulatory Commission with ZJGS Zi [2000] No. 175 Document, the Company additionally issued 55,000,000 A shares. At approved by the Shareholders' General Meeting 2006, 2007, 2008, 2014 and 2017 the Company implemented the plan of capitalization of capital reserve, after the transfer, the registered capital of the Company has increased to RMB1,399,346,154.00. The Company held the 26<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors on 14 January 2022, where the *Proposal on Cancelling Some Shares of the Company's Repurchase Special Securities Account* was deliberated and adopted. The repurchased 13 million A shares were used for the equity incentive plan. The remaining 18,952,995 A shares and the repurchased 18,398,512 B shares, totaling 37,351,507 shares, were all deregistered. On 8 February 2022, it was confirmed by Shenzhen Branch of CSDC that the number of repurchased public shares canceled this time was 37,351,507, accounting for 2.67% of the total share capital of the Company before the cancellation, including 18,952,995 A shares and 18,398,512 B shares. Upon the cancellation of the shares, the total share capital of the Company was changed from 1,399,346,154 shares to 1,361,994,647 shares. The Company's registered capital was changed to RMB1,361,994,647.00.

Credibility code of the Company: 91440000190352575W.

Legal representative: Mr. Wu Shenghui

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

Main business of the company and its subsidiaries (hereinafter referred to as “the Company”): lighting products, electro technical products, vehicle lamp products, epitaxy and chip products, LED packaging and component products, trade and application products.

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

The Financial Report was approved and authorized for issue by the Board of Directors on 6 April 2023.

#### (II) Consolidation scope of financial statements

The consolidation scope of the financial statement during the Reporting Period including the Company and FSL Chanchang Optoelectronics Co., Ltd. (referred to as “Chanchang Company”), Foshan Taimei Times Lamps and Lanterns Co., Ltd. (referred to as “Taimei Company”), Nanjing Fozhao Lighting Components Co., Ltd. (referred to as “Nanjing Fozhao”), FSL (Xinxiang) Lighting Co., Ltd. (referred to as “Xinxiang Company”), Foshan Fozhao Zhicheng Technology Co., Ltd. (referred to as “Zhicheng Technology Company”), FSL Zhida Electric Technology Co., Ltd (referred to as “Zhida Company”), FSL LIGHTING GMBH (referred to as “FSL Europe Company”), Foshan Hortilite Optoelectronics Co.,Ltd. (referred to as “Hortilite Company”), Fozhao (Hainan) Technology Co., Ltd. (referred to as “Hainan Technology”), Foshan Kelian New Energy Technology Co., Ltd. (referred to as “Foshan Kelian”), Nanning Liaowang Auto Lamp Co., Ltd. (referred to as “Nanning Liaowang”), Foshan NationStar Optoelectronics Co., Ltd. (referred to as “NationStar Optoelectronics”) and Foshan Sigma Venture Capital Co., Ltd. (referred to as “Sigma”) in total 13 subsidiaries and Liuzhou Guige Lighting Technology Co., Ltd. (referred to as “Liuzhou Lighting”), Liuzhou Guige Foreshine Technology Co., Ltd. (referred to as “Liuzhou Foreshine”), Chongqing Guinuo Lighting Technology Co., Ltd. (referred to as “Chongqing Guinuo”), Qingdao Guige Lighting Technology Co., Ltd. (referred to as “Qingdao Lighting”), Indonesia Liaowang Auto Lamp Co., Ltd. (referred to as “Indonesia Liaowang”), Foshan NationStar Electronic Manufacturing Co., Ltd. (referred to as “Guoxing Electronic”), Foshan NationStar Semiconductor Co., Ltd. (referred to as “NationStar Semiconductor”), Nanyang Baoli Vanadium Industry Co., Ltd. (referred to as “Baoli Vanadium Industry”), Guangdong New Electronic Information Ltd. (referred to as “New Electronic”), NationStar Optoelectronics (Germany) Co., Ltd. (referred to as “Germany NationStar”) and Guangdong Fenghua Semiconductor Technology Co., Ltd. (referred to as “Fenghua Semiconductor”) in total 11 sub-subsidiary.

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

Compared with the previous period, the consolidated scope of financial statements in this period is increased, including two subsidiaries of Foshan NationStar Optoelectronics Co., Ltd. and Foshan Sigma Venture Capital Co., Ltd., as well as six sub-subsidiaries of Foshan Guoxing Electronic Manufacture Co., Ltd., Foshan NationStar Semiconductor Co., Ltd., Nanyang Baoli Vanadium Industry Co., Ltd., Guangdong New Electronics Information Ltd., NationStar Optoelectronics (Germany) Co., Ltd. and Fenghua Semiconductor. For details, see note VIII "change of consolidation scope" and note IX "equity in other entities".

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

### **1. Preparation Basis**

The financial statements of the Company have been prepared in accordance with the "Accounting Standards for Business Enterprises - Basic Standards" and various specific accounting standards, guidelines for the application of accounting standards for business enterprises, interpretations of accounting standards for business enterprises and other relevant regulations (hereinafter collectively referred to as "Accounting Standards for Business Enterprises") issued by the Ministry of Finance, as well as the relevant provisions of "No. 15 of the Rules Governing the Preparation of Information Disclosures by Companies Offering Securities to the Public - General Provisions on Financial Reporting" of the China Securities Regulatory Commission.

### **2. Going Concern**

The Company has the ability to continue as a going concern for at least 12 months from the end of the Reporting Period and there are no material matters affecting its ability to continue as a going concern.

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

Reminders of the specific accounting policies and accounting estimations:

The following significant accounting policies and accounting estimates of the Company have been formulated in accordance with ASBEs. Operations not mentioned are treated in accordance with the relevant accounting policies in the ASBE.

### **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 on 31 December 2022, business results and cash flows, as well as other relevant information for 2022.

### **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 Methods for Business Combination Involving Enterprises under and not under the Same Control**

### **1. Business combination under the same control**

In case of a long-term equity investment resulting from a business combination under the same control, if the acquirer pays cash, transfers non-cash assets, assumes debts as merger consideration, the share of the Company's equity of the acquiree obtained on combination date in the carrying value of the financial statements of the ultimate controlling party is deemed as an initial investment cost of long-term equity investments. If the acquirer issues equity instruments as consideration for a combination, the total par value of the shares issued is treated as equity. The difference between the initial investment cost of a long-term equity investment and the carrying amount of the consideration for consolidation (or the total nominal value of shares issued) shall be adjusted to capital surplus; if capital surplus is not sufficient to offset the difference, retained earnings shall be adjusted.

### **2. Business combination not involving entities 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 separately recognized as liabilities and shall be measured in light of their fair values.

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

### **1. Scope of consolidated financial statements**

The Company includes all subsidiaries (including separate entities controlled by the Company) in the scope of the consolidated financial statements, including enterprises controlled by the Company, divisible portions of investees and structured entities.

### **2. Unification of accounting policies, balance sheet dates and accounting periods of parent and subsidiary companies**

If the accounting policies and accounting period adopted by the subsidiaries are inconsistent with those of the Company, necessary adjustments are made in accordance with the accounting policies and accounting period of the Company when preparing the consolidated financial statements.

### **3. Offsetting items in the consolidated financial statements**

The consolidated financial statements are based on the financial statements of the Company and its subsidiaries and have been offset by internal transactions that occurred between the Company and its subsidiaries and between subsidiaries. The share of owners' equity of subsidiaries that do not belong to the Company is presented as minority interests in the consolidated balance sheet under the item of shareholders' equity as "minority interests". Long-term equity investments held by subsidiaries are deemed as the Company's treasury stock and presented as a deduction from shareholders' equity in the consolidated balance sheet under the item "Less: treasury stock".

### **4. Accounting treatment of the acquisition of subsidiaries through consolidation**

For subsidiaries acquired through a business combination under common control, the assets, liabilities, operating results, and cash flows are included in the consolidated financial statements from the beginning of the period of

consolidation as if the business combination had occurred at the time the ultimate controlling party began to exercise control; for subsidiaries acquired through a business combination, not under the same control, the fair value of the identifiable net assets on the acquisition date is used as the basis for preparing the consolidated financial statements. The financial statements are adjusted based on the fair value of the identifiable net assets on the acquisition date.

#### 5. Accounting treatment of disposal of subsidiaries

If a long-term equity investment in a subsidiary is partially disposed of without loss of control, the difference between the disposal price and the share of the net assets of the subsidiary corresponding to the disposal of the long-term equity investment calculated on an ongoing basis from the acquisition date or the consolidation date is adjusted to capital surplus (capital surplus or share premium) in the consolidated financial statements, and retained earnings is adjusted if the capital surplus is not sufficient to cover the reduction.

If the control over the investee is lost due to the disposal of part of equity investments, the residual equity are re-measured at fair value on the date of loss of control. The aggregate of the consideration obtained by disposing of the equity and the fair value of the remaining equity less the portion of the net assets of the subsidiary that has been measured, as calculated at the original shareholding proportion, from the acquisition date or combination date is recognized in profit and loss of the current period on investments in which the control is lost, and goodwill shall be offset. Other comprehensive income related to the equity investments in the former subsidiary shall be included in the return on investment for the current period when the Company lost the control.

### 7. Classification of Joint Operation Arrangements and Accounting Methods for Joint Operations

#### 1. Classification of joint arrangements

Joint arrangements are divided into joint operations and joint ventures. The joint arrangements not reached through separate entities are classified as joint operations. Separate entities refer to entities with separate identifiable financial structures, including separate legal entities and entities that do not have legal entity status but are recognized by law. The joint arrangements reaching through separate entities are usually classified as joint ventures. Where changes in relevant facts and circumstances result in changes in the rights and obligations of the joint venture parties in the joint venture arrangement, the joint venture parties shall reassess the classification of the joint venture arrangement.

#### 2. Accounting treatment of joint operations

As a participant in a joint operation, the Company recognizes the following items related to its share of interest in the joint operations. It accounts for them following the relevant Accounting Standards for Business Enterprises: Recognition of assets or liabilities held separately, and recognition of assets or liabilities held jointly on a share basis; recognition of revenue from the sale of the share of output from the joint operation to which it is entitled; recognition of revenue from the joint operation arising from the sale of output on a share basis; and recognition of expenses incurred separately, and recognition of expenses incurred in the joint operation on a share basis.

If the Company is a participant in a joint operation that does not enjoy joint control, and it owns the underlying assets of the joint operation and assumes the liabilities related to the joint operation, the accounting treatment of the joint operation partner shall be referred to; otherwise, the accounting treatment shall be carried out in accordance with the relevant enterprise accounting standards.

#### 3. Accounting treatment of joint ventures

If the Company is a joint venture partner, it shall account for its investment in joint ventures following the provisions of *Accounting Standards for Business Enterprises No. 2-Long-term Equity Investments*; if the Company is a non-joint venture partner, it shall account for its investment in such joint ventures based on the extent of its influence on such joint ventures.

### 8. Recognition Criteria of Cash and Cash Equivalents

Cash, as determined by the Company in preparing the statement of cash flows, represents the Company's cash on hand and deposits that are readily available for disbursement. Cash equivalents identified in the preparation of the statement of cash flows are investments that are held for a short period of time, are highly liquid, are readily convertible to known amounts of cash and are subject to an insignificant risk of change in value.

## 9. Translation of Transactions and Financial Statements Denominated in Foreign Currencies

### 1. Conversion of 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 monetary items in foreign currencies are translated at the spot exchange rate. Exchange differences arising from the difference between the spot rate on that date and the spot rate at initial recognition or on the previous balance sheet date are recognized in profit or loss, except for exchange differences on special borrowings in foreign currencies that qualify for capitalization, which are capitalized in the period in which they are capitalized and charged to the cost of the related assets. Non-monetary items measured at historical costs in foreign currencies are still translated at the spot exchange rate on the transaction date with the amount of standard currency for accounting unchanged. Non-monetary items measured at fair value in foreign currencies are translated at the spot exchange rate on the date when the fair value is determined. The difference between the amount of standard currency for accounting after translation and the original amount shall be treated as a change in fair value (including exchange rate changes) and recognized in current profit or loss or in other comprehensive income.

### 2. Conversion of foreign currency financial statements

If the Company's subsidiaries, joint ventures, and affiliated business use a different bookkeeping base currency from the Company's, they need to convert their foreign currency financial statements before conducting accounting and preparing consolidated financial statements. The assets and liabilities in the balance sheet shall be translated at the spot rate on the balance sheet date. All items of owners' equity, except for "undistributed profit", shall be translated at the spot exchange rate at the time of occurrence. Items under revenue and expenses in the income statement are translated at the spot exchange rate on the transaction date. The exchange difference in translating foreign operations arising from the translation are shown under other comprehensive income in the owner's equity line in the balance sheet. Cash flows in foreign currencies shall be translated at the spot exchange rate on the date of occurrence of the cash flows. The impact of exchange rate changes on cash is presented separately in the cash flow statement. When an overseas operation is disposed of, the foreign currency statement translation difference related to the overseas operation is transferred to the current profit and loss of the disposal in full or in proportion to the disposal of the overseas operation.

## 10. Financial Instruments

### 1. Classification and reclassification of financial instruments

Financial instruments refer to contracts that form the financial assets of a party and form financial liabilities or equity instruments of other parties.

#### (1) Financial assets

The Company classifies financial assets as financial assets measured at amortized cost if they meet both of the following conditions: a) The Company's business model of managing financial assets aims at obtaining contractual cash flows; b) and, as stipulated by term contract of the financial assets, the cash flows generated on a specific date are merely for the payment of principal or the interest from the unpaid principal.

The Company classifies financial assets as financial assets at fair value through other comprehensive income if they meet both of the following conditions: a) The Company's business model of managing the financial assets aims at obtaining contractual cash flows as well as selling financial assets; b) and, as stipulated by contract clauses of the financial assets, the cash flows generated on a specific date are merely for the payment of principal or interest from the unpaid principal.

For instruments in non-business equity instruments, the Company may irrevocably assign such investments as financial assets (equity instruments) measured at fair value through other comprehensive income at initial recognition. The assignment is made based on investments by item, and the relevant investments meet the definition of an equity instrument from the issuer's perspective.

The financial assets measured at amortized cost and financial assets other than those measured at fair value through other comprehensive income are classified by the Company as financial assets measured at fair value through profit and loss for the current period. At initial recognition, if the accounting mismatch can be eliminated

or reduced, the Company shall designate the financial assets as financial assets measured at fair value through the profit or loss for the current period.

When the Company changes its business model for managing financial assets, it will reclassify all affected relevant financial assets as of the first day of the first reporting period following the change in business model, and the prospective application shall be adopted for accounting treatment. The previously recognized profits, losses (inclusive of impairment losses or profits), or interest shall not be traced and adjusted.

## (2) Financial liabilities

Financial liabilities are classified into the following four categories when they are initially recognized: Financial liabilities at fair value through current profit or loss; financial liabilities arising from the transfer of financial asset not meeting the derecognition criteria or from the continuing involvement in the transferred asset; financial guarantee contracts that do not fall within the categories above; financial liabilities measured at amortized cost. All financial liabilities are not reclassified.

## 2. Measurement of financial instruments

The Company's financial instruments are measured at fair value upon initial recognition. For financial assets or liabilities measured at fair value through profit or loss, relevant transaction expenses are directly included in the profit or loss of the current period; for other categories of financial assets or liabilities, relevant transaction expenses are included in the initial recognition amount. For notes receivable and accounts receivable arising from sales of goods or provision of service which do not include or consider the compositions of major assets, the Company takes the consideration expected to be received as the initial recognition amount. The follow-up measurement of financial instruments depends on their categories:

### (1) Financial assets

a) Financial assets are measured at the amortized cost. After initial recognition, the effective interest method measures such financial assets at amortized cost. Gains or losses arising from a financial asset measured at amortized cost which does not form any hedging relationship are recorded in current profit or loss at the time of derecognition, reclassification, amortization according to the effective interest method or recognition of impairment.

b) Financial assets are measured at fair value through profit and loss for the current period. After initial recognition, such financial assets (except for a portion of financial assets that are part of a hedging relationship) are subsequently measured at fair value. The resulting gains or losses (including interest and dividend revenue) are included in the profit or loss for the period.

c) Investments in debt instruments are measured at fair value through other comprehensive income. After initial recognition, the financial assets are subsequently measured at fair value for this category. Interest, impairment loss or gain and exchange gain/loss calculated using the effective interest method are recorded in current profit or loss, other gains or losses are recorded in other comprehensive income. The accumulative gains or losses which are previously included in other comprehensive income are transferred out from other comprehensive income and included in current profit or loss upon derecognition.

d) Investments in non-business equity instruments are designated as fair value through other comprehensive income. After initial recognition, the financial assets are subsequently measured at fair value for this category. Except for dividends received (except for the portion which forms part of investment cost recovered), which are recognized in profit or loss, all other related gains and losses are recognized in other comprehensive income and are not subsequently transferred to current profit or loss.

### (2) Financial liabilities

a) Financial liabilities measured at fair value through profit and loss for the current period. These financial liabilities include trading financial liabilities (including the derivative instruments belonging to financial liabilities) and financial liabilities designated to be measured by the fair value and their changes are recorded in the current profit or loss. After initial recognition, such financial liabilities are subsequently measured at fair value, and gains or losses resulting from changes in the fair value of the financial liabilities held for trading (including interest expense) are recognized in profit or loss, except for a portion of financial assets that are part of a hedging relationship. For financial liabilities designated as measured at fair value through profit or loss, changes in fair value arising from the change of the company's credit risk shall be included in other comprehensive income, and

other changes in fair value are included in profit or loss for the current period. If the treatment made for the impact of the changes in the financial liability's credit risk may cause or expand the accounting mismatch in profit or loss, the Company shall include all gains or losses of such financial liabilities in profit and loss for the current period.

b) Financial liabilities measured at amortized cost. After initial recognition, such financial liabilities are measured at amortized cost using the effective interest method.

### 3. The Company's method for recognizing the fair value of financial instruments

For a financial instrument with an active market, its fair value is determined by its quoted price in the active market; for a financial instrument without an active market, its fair value is determined by valuation techniques. Valuation techniques mainly include the market approach, the income approach and the cost approach. Under limited circumstances, if the information used to determine fair value is insufficient, or if the range of possible estimates of fair value is wide and the cost represents the best estimate of fair value within that range, the cost may represent its appropriate estimate of fair value within that range of distribution. The Company uses all information available after the initial recognition date about the investee's performance and operations to determine whether the cost represents fair value.

### 4. Determination basis and measuring methods for transfer of financial assets and financial liabilities

#### (1) Financial assets

The Company's financial assets shall be derecognized when meeting any of the following conditions: a) The contractual right to charge the cash flow of the financial assets is terminated; b) The financial assets have been transferred and the Company has transferred almost all risks and remuneration of the financial assets ownership to the transferee; and c) The financial assets have been transferred and the Company does neither transfer nor retain almost all remuneration of the financial assets ownership but retain the control over the financial assets.

The Company does neither transfer nor retain almost all remuneration of the financial assets ownership but retain the control over the financial assets, the relevant financial assets shall be continuously recognized according to the extent of involving in the financial assets transferred and relevant liabilities shall be recognized accordingly.

If the overall transfer of financial assets meets the conditions for derecognition, the difference between the following two amounts shall be recorded in profit and loss of the current period: a) The carrying value of the transferred financial asset as of the date of derecognition; b) Sum of the consideration received for the transfer of the financial asset, and the portion of the cumulative amount of fair value changes previously recorded in other comprehensive income that corresponds with the portion of the asset de-recognized (the transferred financial asset is an investment in debt instruments at fair value through other comprehensive income).

If a portion of the financial asset has been transferred and the transferred portion as a whole satisfies the derecognition criteria, the carrying value of the financial asset as a whole prior to its transfer is allocated between the portion of the asset derecognized and the portion that remains recognized, according to their relative fair value as of the transfer date, and the difference between the two amounts mentioned below is recorded in current profit or loss: a) The carrying value of the derecognized portion; b) Sum of the consideration received for the derecognition portion, and the portion of the cumulative amount of fair value changes previously recorded in other comprehensive income, which corresponds with the derecognized portion (the transferred financial asset is an investment in debt instruments at fair value through other comprehensive income).

When the Company's investments in non-trading equity instruments designated as at fair value through other comprehensive income are derecognized, the accumulative gain or loss previously included in other comprehensive income shall be transferred from other comprehensive income to retained earnings upon derecognition.

#### (2) Financial liabilities

If current obligations of the financial liability (or part of the liability) have been released, the Company shall derecognize the financial liability (or the part of the liability).

If a financial liability (or a portion thereof) is derecognized, the Company includes the difference between the book value and the consideration paid (inclusive of the transferred non-cash assets or the liabilities assumed) in the profit or loss of the current period.

## 11. Notes Receivable

The determination methods and accounting methods of notes receivable are detailed in Note 12, Accounts Receivable, under this note.

## 12. Accounts Receivable

The Company's financial assets subject to impairment loss recognition are financial assets measured at amortized cost, investments in debt instruments measured at fair value through other comprehensive income, and lease receivables, which mainly include notes receivable, accounts receivable, receivables financing, other receivables, debt investments, other debt investments, and long-term receivables. In addition, provision for impairment and recognition of credit impairment losses should also be made for contract assets and certain financial guarantee contracts in accordance with the accounting policies described in this section.

### 1. Determination and accounting methods of the expected credit losses of contract assets

The Company provides for impairment and recognises credit impairment losses for each of the above items on the basis of expected credit losses in accordance with its applicable expected credit loss measurement method.

Credit loss refers to the difference between all contractual cash flow receivable by the Company under contracts which are discounted according to the original effective interest rate, and all the cash flow expected to be received, namely, the present value of all cash short. In particular, for financial assets purchased or originated by the Company that are credit impaired, they should be discounted at the credit-adjusted effective interest rate of the financial assets.

The general approach to measuring expected credit losses is that the Company assesses at each balance sheet date whether the credit risk of a financial asset (including other applicable items such as contract assets, etc., the same below) has increased significantly since initial recognition, and if the credit risk has increased significantly since initial recognition, the Company measures the allowance for losses at an amount equal to the expected credit losses over the entire life of the asset; if the credit risk has not increased significantly since initial recognition, the Company measures the allowance for losses at an amount equal to the expected credit losses over the next 12 months. The Company considers all reasonable and substantiated information, including forward-looking information, in assessing expected credit losses.

For financial instruments with low credit risk at the balance sheet date, the Company assumes that the credit risk has not increased significantly since initial recognition and elects to measure the allowance for losses at an amount equal to the expected credit losses over the next 12 months.

### 2. Criteria for determining whether there has been a significant increase in credit risk since initial recognition

The credit risk of a financial asset increases significantly if the probability of default over the expected life of the financial asset as at the balance sheet date is significantly higher than the probability of default over the expected life of the financial asset as at initial recognition. Except in exceptional circumstances, the Company uses the change in the risk of default occurring within the next 12 months as a reasonable estimate of the change in the risk of default occurring over the entire duration to determine whether there has been a significant increase in credit risk since initial recognition.

### 3. Portfolio approach to assessing expected credit risk on a portfolio basis

The Company evaluates credit risk for individual items of notes receivable, accounts receivable and other receivables that have significantly different credit risks with the following characteristics. For example, receivables from related parties; receivables that are in dispute with the other party or involved in litigation or arbitration; and notes and accounts receivable for which there are clear indications that the debtor is likely to fail to meet its repayment obligations.

In addition to financial assets for which credit risk is assessed individually, the Company classifies financial assets into different groups based on common risk characteristics and assesses credit risk on a portfolio basis.

### 4. Accounting method for impairment of financial assets

To reflect changes in the credit risk of a financial instrument since the initial recognition, the Company remeasures the expected credit losses on each balance sheet date. The resulting increase or reversal of the provision for losses shall be recognized as an impairment loss or gain in profit or loss and, depending on the type

of financial instrument, offset against the carrying amount of the financial asset presented in the balance sheet or recorded as provisions (loan commitments or financial guarantee contracts) or recorded in other comprehensive income (investments in debt obligations measured at fair value through other comprehensive income).

#### 5. Recognition method for credit losses on financial assets

The Company accounts for financial assets measured at amortized cost (including receivables), financial assets classified as at fair value through other comprehensive income (including receivables financing), and lease receivables based on expected credit losses, and recognizes impairment accounting and provision for losses.

The Company assesses whether the credit risk of the relevant financial instruments has increased significantly since the initial recognition on each balance sheet date, divides the process of credit impairment of financial instruments into three stages, and applies different accounting treatments to the impairment of financial instruments at different stages: (1) in the first stage, if the credit risk of a financial instrument has not increased significantly since the initial recognition, the Company will measure the loss reserves according to the amount equivalent to the expected credit losses in the next 12 months, and calculate the interest revenue according to the book balance (i.e., before deducting the provision for impairment) and the actual interest rate; (2) In the second stage, if the credit risk of a financial instrument has increased significantly since the initial recognition but no credit impairment has occurred, the Company will measure the loss reserves based on the expected credit loss over the entire life of the financial instrument and calculates interest revenue based on the carrying amount of the financial instrument and the effective interest rate; (3) In the third stage, if credit impairment occurs after the initial recognition, the Company will measure the loss reserves based on the expected credit loss over the life of the financial instrument and calculates interest revenue based on the amortized cost (carrying amount less provision for impairment) and the effective interest rate.

##### (1) Method of the provision for losses on the measurement of financial instruments with lower credit risk

For financial instruments with lower credit risk on the balance sheet date, the Company makes a direct assumption that the credit risk of the instrument has not increased significantly since the initial recognition without comparing it with the credit risk at the time of its initial recognition.

If the financial instruments have low default risk, the debtor's ability to meet its contractual cash flow obligations in the short term is strong, and even if adverse changes in economic conditions and business environment in the longer term don't necessarily reduce the borrower's ability to meet its contractual cash flow obligations, the financial instruments are considered to have low credit risk.

##### (2) Receivables and contract assets with no significant financing component

For receivables or contract assets arising from transactions governed by *Accounting Standard for Business Enterprises No. 14 - Revenue* that do not have a significant financing component, the Company uses a simplified approach whereby the allowance for losses is always measured on the basis of expected credit losses throughout their lives.

Depending on the nature of the financial instrument, the Company assesses whether there is a significant increase in credit risk on an individual financial asset or a portfolio of financial assets basis. The Company classifies notes receivable and accounts receivable into certain portfolios based on credit risk characteristics, and calculates expected credit losses on a portfolio basis, which is determined on the following basis:

##### a) Accounts Receivable with a Single Significant Amount and a Separate Provision for Expected Credit Losses

Judgment basis or amount criteria for significant individual amounts	Accrual method of expected credit losses that are individually significant and accrued
Accrual method of expected credit losses that are individually significant and accrued	The impairment tests are conducted separately for accounts receivable with individually significant amounts. If there is objective evidence of impairment, an impairment loss is recognized based on the difference between the present value of future cash flows and their carrying amount, and an expected credit loss is recorded

##### b) Accounts Receivable with Expected Credit Losses Provision Based on Credit Risk Portfolio

Portfolio name	Determination method of expected credit losses
General business portfolio	Aging analysis
Internal business portfolio	Other methods

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

Portfolio name	Basis for portfolio recognition	Determination method of expected credit losses
Portfolio 1	Bank acceptance bill	Low credit risk with no provision for bad debts
Portfolio 2	Trade acceptance	Aging analysis

The aging analyses are based on their date of entry into the accounts.

Among portfolios, expected credit losses accrued by aging analysis:

Aging	Accrual rate of expected credit losses
Within 1 year (including 1 year)	2-3% (Note)
1 to 2 years	10%
2 to 3 years	30%
3 to 4 years	50%
4 to 5 years	80%
Over 5 years	100%

Note: NationStar, a subsidiary of the Company, is a subsidiary formed in a business combination under the same control during the period. The accrual rate for expected credit losses for NationStar within one year (including one year) is 2%.

c) Accounts Receivable with an Insignificant Single Amount but for which the Expected Credit Loss is Made Independently

Reasons for a separate provision for expected credit losses	Conclusive evidence of significant differences in recoverability
Determination method of expected credit losses	An impairment loss is recognized for expected credit losses based on the difference between the present value of expected future cash flows and their carrying amount

(3) Method of measuring loss provision for other financial assets



For financial assets other than those mentioned above, such as debt investments, other debt investments, other receivables and long-term receivables other than lease receivables, the Company measures the allowance for losses in accordance with the general method, i.e. the "three-stage" model.

The Company considers the following factors in assessing whether there has been a significant increase in credit risk when measuring credit impairment on financial instruments:

The Company divides other receivables into certain combinations based on the nature of the amounts. It calculates expected credit losses based on the combinations, and the basis for determining the combinations is as below:

Other receivables portfolio 1: Deposit, antecedent money

Other receivables portfolio 2: Related party money

Other receivables portfolio 3: Advance money

Of this, the expected credit loss rate for the ageing portfolio is:

Aging	Accrual rate of expected credit losses
Within 1 year (including 1 year)	2-3% (Note)
1 to 2 years	10%
2 to 3 years	30%
3 to 4 years	50%
4 to 5 years	80%
Over 5 years	100%

Note: NationStar, a subsidiary of the Company, is a subsidiary formed in a business combination under the same control during the period. The accrual rate for expected credit losses for NationStar within one year (including one year) is 2%.

### 13. Accounts Receivable Financing

The determination methods and accounting methods of receivables financing are detailed in Note 12, Accounts Receivable, under this note.

### 14. Other Receivables

Determination methods and accounting methods of expected credit losses on other receivables

The determination methods and accounting methods of expected credit losses of other receivables is the same as that of accounts receivable, as detailed in Note 12, Accounts Receivable, in this note.

### 15. Inventory

#### 1. Classification of inventories

Inventories refer to the Company's finished goods or commodities for sale held in daily activities, unfinished goods in manufacturing process, and materials and supplies consumed in process of manufacturing products or providing services, etc. Inventories mainly include raw materials, goods in process, materials in transit, finished goods, commodities, turnover materials, materials commissioned for processing, etc. Turnover materials include low-value consumables and packaging materials.

#### 2. Pricing method of issuing inventories

Inventories are valued at the actual cost of the acquisition, and the inventory costs include procurement costs and processing costs. Inventories are valued using the weighted average method when being issued.

### 3. Accrual method of provision for decline in value of inventories

Net realizable value refers to the amount after deducting the cost estimated until completion, estimated selling expenses, and relevant taxes from the estimated selling price of the inventory. The Company determines the net realizable value of inventories based on solid evidence obtained and after taking into consideration the purpose for which the inventory is held, and the impact of post-balance sheet events.

The net realizable value of finished goods, materials for sale, and other merchandise inventories used directly for sale is determined in the normal course of production and operation as the estimated selling price of such inventories, less estimated selling expenses, and related taxes.

The net realizable value of material inventories subject to processing is determined in the normal course of production operations as the estimated selling price of the finished goods produced, less the estimated costs to be incurred to completion, estimated selling expenses, and related taxes.

### 4. Inventory system of inventories

The perpetual inventory system is adopted for the inventories of the Company.

### 5. Amortization of low-value consumables and packing materials

The one-off charge-off method is used for low-value consumables and packaging materials.

## 16. Contract Assets

The Company presents the right to receive consideration for goods or services that have been transferred to the customer (and which is dependent on factors other than time-lapse) as a contract asset. Provision for impairment of contract assets is made with reference to the expected credit loss method for financial instruments. For contract assets that do not contain significant financing components, the Company uses a simplified measurement method to measure the loss reserves. For contract assets containing significant financing components, the Company uses a general measurement method to measure the loss reserves.

When an impairment loss is incurred on a contract asset, the amount to be written down is debited to "impairment losses on assets" and credited to provision for impairment of contract assets; the reverse entry is made when the provision for impairment is reversed.

## 17. Contract Costs

not applicable

## 18. Assets Held for Sale

The Company classifies non-current assets or disposal groups that meet both of the following conditions as assets held for sale: First, the 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; and second, the 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 be completed within one year. The relevant regulations require the approval of the relevant or regulatory authority of the enterprise before the sale shall have been approved.

When the Company initially measures or remeasures non-current assets or disposal groups held for sale on the balance sheet date, if the carrying value is higher than the fair value minus the net amount of the sale costs, the carrying value will be written down to the net amount of fair value minus the sale costs. The amount written down will be recognized as asset impairment loss and included in current profit and loss, and provision for impairment of assets held for sale will be made.

Assets in the balance sheet in the non-current assets held for sale or disposal groups held for sale are presented as assets held for sale, and liabilities in the disposal groups held for sale are presented as liabilities held for sale.

A discontinued operation is a separately distinguishable component meeting one of the following conditions and which has been disposed of by the Company or is classified by the Company as held for sale:

1. The component represents a separate primary business or a separate primary operating area;
2. The component is part of an associated plan for the proposed disposal of a separate primary business or a separate major operating area;
3. The component is a subsidiary acquired exclusively for resale.

### **19. Investment in Debt Obligations**

Not applicable

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

Not applicable

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

Not applicable

### **22. Long-term Equity Investments**

1. Determination of initial investment cost

For long-term equity investments acquired through a business combination, in the case of a business combination under the same control, the initial investment cost of the long-term equity investment shall be the share of the owners' equity of the party being combined in the consolidated financial statements of the ultimate controlling party on the combination date; in the case of a business combination not under the same control, the initial investment cost of the long-term equity investment shall be the cost of combination determined on the acquisition date; for long-term equity investments acquired by paying cash, the initial investment cost is the actual purchase price paid; for long-term equity investments acquired by issuing equity securities, the initial investment cost is the fair value of the equity securities issued; for long-term equity investments acquired through debt restructuring, the initial investment cost is determined in accordance with the relevant provisions of *Accounting Standards for Business Enterprises No. 12-Debt Restructuring*; for long-term equity investments acquired through exchange of non-monetary assets, the initial investment cost is determined in accordance with the relevant provisions of *Accounting Standards for Business Enterprises No. 7-Exchange of Non-monetary Assets*.

2. Method of subsequent measurement and recognition of profit or loss

Long-term equity investments in which the Company can exercise control over the investees are accounted for by the cost method, and long-term equity investments in associates and joint ventures are accounted for by the equity method. If a portion of the Company's equity investments in affiliates is held indirectly through venture capital institutions, mutual funds, trust companies, or similar entities, including investment-linked funds, regardless of whether the above entities have significant influence over this portion of the investment, the Company treats it in accordance with the relevant provisions of *Accounting Standards for Business Enterprises No. 22-Recognition and Measurement of Financial Instruments* and accounts for the remaining portion with the equity method.

3. Determination basis of the same control and significant influence on the investee

Having the same control over an investee refers to that the activities that significantly affect the return on an arrangement can only be decided with the unanimous consent of the participants sharing control, including sales and purchases of goods or services, management of financial assets, acquisitions and disposals of assets, research and development activities, and financing activities; having significant influence over an investee refers to having a considerable impact when more than 20% to 50% of the investee's voting capital is held. Or, although less than 20%, having a considerable impact when one of the following conditions is met: Representation on the board of directors or similar authority of the investee; participation in the policy-making process of the investee; assignment of management personnel to the investee; reliance of the investee on the technology or technical information of the investee; and major transactions with the investee.

### **23. Investment Properties**

Measurement model of investment property

Measurement of cost method

## Depreciation or amortization method

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

The Company uses the composite life depreciation method for buildings leased out of investment properties, and the specific accounting policies are the same as those for fixed assets. Land use rights leased out of investment properties and land use rights held and intended to be transferred after appreciation are amortized through the straight-line method with the same accounting policies as those for the intangible assets segment.

## 24. Fixed Assets

### (1) Recognition conditions

The fixed assets refer to tangible assets held for production of goods, provision of labour services, lease or business with a service life of over a fiscal year. Recognition is made when the following conditions are met: The economic benefits associated with the fixed-asset will probably flow to the enterprise; the cost of the fixed-asset can be measured reliably.

### (2) Depreciation method

Category	Depreciation method	Depreciable life	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line depreciation method	3-30 years	1%-5%	31.67%-3.17%
Machinery equipment	Straight-line depreciation method	2-10 years	1%-5%	47.50%-9.50%
Transportation equipment	Straight-line depreciation method	5-10 years	1%-5%	19.00%-9.50%
Electronic equipment	Straight-line depreciation method	2-8 years	1%-5%	47.50%-11.88%

### (3) Impairment testing methods for fixed assets and provision for impairment

For details, see Note 31 "Impairment of long-term assets".

### (4) Disposal of fixed assets

Fixed assets are derecognised when they are disposed of, or when no economic benefits are expected to arise from their use or disposal. Proceeds from the disposal of fixed assets on sale, transfer, retirement or destruction, net of their carrying amount and related taxes, are recorded in current profit or loss.

## 25. Construction in Progress

The cost of construction in progress is determined on the basis of actual construction expenditure, including all construction expenditure incurred during the period of construction, borrowing costs capitalised before the construction reaches its intended useable state and other related costs.

Construction in progress is transferred to fixed assets when it reaches its intended useable state and depreciation commences from the following month. If the construction in progress has reached its intended useable state but has not yet been finalised, it is transferred to fixed assets at its estimated value from the date it reaches its intended

useable state, based on the project budget, cost or actual cost of the project, and is depreciated in accordance with the Company's policy on depreciation of fixed assets, and the original provisional estimated value is adjusted to the actual cost after the finalisation of the project.

See Note 31, "Impairment of long-term assets" for details of the impairment testing method and provision for impairment for construction in progress.

## **26. Borrowing Costs**

### **1. Recognition principles for the capitalization of borrowing costs**

If the borrowing costs incurred by the Company can be directly attributable to the acquisition, construction or production of assets that meet the capitalization conditions, they shall be capitalized and included in the costs of the underlying assets; other borrowing costs recognized as costs according to the amount incurred shall be included in the profit and loss for the current period. Assets eligible for capitalization refer to assets, such as fixed assets, investment properties, and inventories that require a long period for their acquisition or production activities to reach the expected usable or saleable status.

### **2. Calculation of capitalization amount**

The capitalization period refers to the period from when the capitalization of borrowing costs starts to when the capitalization stops. The period during which capitalization of borrowing costs is suspended is not included. Capitalization of borrowing costs shall be suspended if there is an abnormal interruption in the course of acquisition or production and the interruption lasts for more than three consecutive months.

Borrowing of special borrowings is determined by the interest expense incurred in the period of the special borrowings, less the interest revenue expenditure earned by depositing the unused borrowed funds in banks or the investment income earned by making temporary investments; the appropriation of general borrowings is determined by multiplying the weighted average amount of asset expenses over the portion of special borrowings by the capitalization rate of the general borrowings appropriated, which is the weighted average interest rate of general borrowings; if there is a discount or premium on borrowings, the amount of discount or premium to be amortized in each accounting period is determined by the effective interest rate method. The amount of interest is adjusted for each period.

The effective interest rate method is a method of calculating the amortized discount or premium or interest expense on a borrowing based on its effective interest rate. The effective interest rate method calculates the amortized discount or premium or interest expense on a borrowing based on its effective interest rate.

## **27. Living Assets**

Not applicable

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

Not applicable

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

The determination methods and accounting methods of right-of-use assets are detailed in Note 42, Leases, under this note.

## **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. If the amount paid for the purchase of intangible assets witnesses postponed payment due to that the normal credit conditions are exceeded and is actually financing in nature, the costs of such intangible assets shall be determined on the basis of 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 3, (20): "Long-term asset impairment".

### **(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 assets can be sold in a market or the proof of its usefulness if the intangible assets can be sold in a 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 after meeting intangible assets recognition criterion and before reaching intended use. Expenditures that have been expensed in previous periods are no longer adjusted.

The cost of intangible assets acquired by non-monetary assets exchange, debt restructuring, government subsidies and business combination are recognized according to relevant provisions of *Accounting Standards for Business Enterprises No. 7 - Non-monetary Assets Exchange*, *Accounting Standards for Business Enterprises No. 12 - Debt Restructuring*, *Accounting Standards for Business Enterprises No. 16 - Government Subsidies*, *Accounting Standards for Business Enterprises No. 20 - Business Combination* respectively.

### 31. Impairment of Long-term Assets

For long-term assets having the indication of impairment on balance sheet date such as long-term equity investments, investment property measured in cost mode, fixed assets, construction in progress, productive living assets measured in cost mode, oil and gas assets, and intangible assets, the Company shall test the 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 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.

Goodwill presented separately in the financial statements shall be tested for impairment every year, whether or not there is any indication of impairment. The book value of the goodwill 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 (excluding one year) that have occurred but are attributable to the current and future periods. Long-term prepaid expense shall be amortized averagely within benefit period. In case of no benefit in the future accounting period, the amortized value of such item that fails to be amortized shall be transferred into the current profits and losses.

### 33. Contract Liabilities

The Company presents the obligation of transferring goods to or providing services for customers for consideration received or receivable as a contract liability.

The Company presents contract asset and contract liability under the same contract on a net basis.

### 34. Payroll

Employee benefits refer to all forms of remuneration or compensation given by the Company for services rendered by employees or for the termination of employment relationships. Employee benefits mainly include short-term benefits, post-employment benefits, termination benefits and other long-term employee benefits.

**(1) Accounting treatments for short-term benefits** The short-term compensation actually happened during the accounting period when the active staff offering the service for the Company should be recognized as liabilities and is included in the current profits and losses except for those required or allowed to be included in the assets cost by the Accounting Standards for Business Enterprises. The employee services benefits actually happened in the Company shall be included in the current profits and losses or relevant assets cost according to the actual amount. Of which the non-monetary benefits should be measured according to the fair value. During the accounting term in which employees provide service, the Company calculates and determines the corresponding payroll amount in accordance with the withdrawal basis and withdrawal proportion specified in regulations with the social insurance premiums such as medical insurance premiums, industrial injury insurance premium and birth insurance premium, housing fund, and the labour union budget and employee education budget withdrawn in regulations, and then recognizes it as liabilities that are included in the current profits and losses or relevant assets cost.

**(2) Accounting treatment of the welfare after demission**

The payable and deposit amount calculated according to the defined contribution plan during the accounting period when the active staff offering the service for the Company is recognized as liabilities and is included in the current profits and losses or relevant assets cost. The benefit obligations arising from the defined benefit plan shall be attributable to the period in which the employees provide services based on the formula determined by expected cumulative welfare unit method and included in current profits and losses or cost of relevant asset.

**(3) Accounting treatment of the demission welfare**

When offering the demission welfare, the Company shall recognize the payroll liabilities incurred from the demission welfare on the earlier of the date when the Company could not unilaterally withdraw the demission welfare offered by the plan or layoff proposal owing to termination of the labour relationship or the date when the Company recognizes the cost related to the reorganization of the payment of the demission welfare, and include the payroll liabilities into the current profits and losses:

**(4) Accounting treatment of the welfare of other long-term staffs**

The other long-term welfare that the Company offers to the staff, if met with the setting drawing plan, shall be disposed of according to the relevant setting drawing plan; except for that, net liabilities or net assets of the welfare of other long-term staff shall be recognized and measured according to the setting drawing plan.

**35. Lease Liabilities**

The determination methods and accounting methods of leases are detailed in Note 42, Leases, under this note.

**36. Provisions**

The obligation pertinent to contingencies shall be recognized as provisions when that obligation is a current obligation of the Company, and it is likely to cause any economic benefit to flow out of the enterprise as a result of performance of the obligation, while the amount of the obligation can be measured in a reliable way. The Company conducts the initial measurement 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 midpoint estimate within the range; if the contingencies concern two or more items, the best estimate shall be calculated and determined in accordance with all possible outcomes and the relevant probabilities.

Review of the book value of provisions shall be conducted on the balance sheet date. The book value shall be adjusted in accordance with the current best estimate when there is definite evidence indicating that the book value cannot reflect the current best estimate in faithfulness.

**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

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

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

Transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer, excluding amounts collected on behalf of third parties and amounts



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

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

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

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

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

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

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

## 2. Specific methods

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

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

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

#### 40. Government Subsidies

##### 1. Category of and accounting treatment for government subsidies

Government subsidies refer to the monetary assets or non-monetary assets obtained by the Company from the government (excluding the capital invested by the government as an equity holder). 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 when the fair value cannot be obtained reliably.

Government subsidies related to the daily activities are included in other income in accordance with the nature of economic business. Government subsidies unrelated to the daily activities are included in non-operating revenue.

Government subsidies are recognized as asset-related subsidies when stipulated by government documents to be used for acquisition, construction or otherwise formation long-term assets. Government subsidies without subsidy object specified by the government document, able to form a long-lived asset, and corresponding to the asset value are asset-related government subsidies, while the rest are government subsidies related to income. For government subsidies containing both part related to asset and part related to income, the Company shall conduct the accounting treatment respectively to the different part; if the part is difficult to distinguish, it shall be classified as government subsidy related to income; government subsidies related to assets are recognized as deferred income. The amount recognized as deferred income is included in the current profits and losses in accordance with reasonable and systematic method in the useful life of relevant assets.

Government subsidies other than asset-related government subsidies are recognized as government subsidies related to income. Government subsidies related to income 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 cost, expenses or losses; 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 revenue).

In the case that the Company obtains a policy favourable loan interest subsidy, and the fiscal system allocates the fund of interest subsidy to the lending bank, who provides loans to the Company at a policy favourable interest rate, the actual loan amount received is recognized as the recorded value of the loan, and the relevant borrowing costs are calculated based on the loan principal and the policy favourable interest rate; if the fiscal system allocates the fund of interest subsidy to the Company directly, the Company reduces the corresponding interest subsidy against relevant borrowing costs.

##### 2. Recognition time of government subsidies

Government subsidies shall be recognized when the Company satisfies the conditions attached to the government subsidies and is able to receive them. Government subsidies measured according to the receivable amount shall be recognized when there is positive evidence at the end of the period that they can meet the relevant conditions stipulated by the financial support policies and are expected to receive financial support funds. Other government subsidies other than government subsidies measured by amount receivable are recognized when the Company actually receives the subsidies.

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

1. The Company recognizes the deferred income tax assets or deferred income tax liabilities in accordance with the applicable tax rate during the estimated period of recapturing the assets or paying the liabilities for the different amount between the book value of assets or liabilities and its tax base (for items not recognized as assets and liabilities, if its tax basis can be determined according to the tax law, the tax basis is recognized as the different amount).

2. The recognition of deferred income tax assets is subject to the amount of taxable income obtained to offset the deductible temporary differences. On the balance sheet date, deferred income tax assets without recognition during the former accounting period shall be recognized if there are definite indications representing that it is probable to have sufficient taxable income to offset the deductible temporary differences during the future period. 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.

3. For taxable temporary differences related to the investment in subsidiaries and associated enterprises, the deferred income tax liabilities are recognized unless the time of temporary differences reversal can be controlled by the Company and are probably not to be reversed in foreseeable future. For deductible temporary differences related to the investment in subsidiaries and associated enterprises, the deferred income tax assets are recognized if the temporary differences are probably to be reversed in foreseeable future and it is likely to have taxable income to offset the deductible temporary differences.

## 42. Lease

### (1) Accounting treatment of operating lease

#### 1. Accounting treatment of leased assets

On the start date of the lease term, the Company deems the right-of-use assets and lease liabilities of all the operating leases except for the short-term leases and low-value leases, and recognizes the depreciation expense and interest expense respectively within the lease term.

In each period in lease term, the Company includes the lease payment of short-term leases and low-value leases in the current expense with the straight-line method.

#### (1) Right-of-use assets

Right-of-use assets refer to the right of the lessees to use the leasehold property in the lease term. At the start date of the lease term. The Company initially measures the right-of-use assets at cost. The cost includes: a) The initial measurement amount of the lease liabilities; b) the lease payment paid on or before the start date of the lease term. If there is a lease incentive, the amount related to the lease incentive taken should be deducted; c) the initial direct cost incurred by the lessee; d) the estimated cost that the lessee will use to pull down and remove the leasehold property, and restore the site of the leasehold property or restore the leasehold property to the state agreed in the lease clauses.

The Company depreciates the right-of-use assets with the straight-line method. If it is reasonably certain that the ownership of the leasehold property will be obtained at the end of the lease term, the Company will depreciate the leasehold property over its estimated remaining service life. If it is not reasonably certain that the ownership of the leasehold property will be obtained at the end of the lease term, the Company will depreciate the leased assets over the lease term or the remaining service life, whichever is shorter.

The Company will determine the impairment of right-of-use assets and conduct accounting treatment in accordance with relevant provisions of the *Accounting Standards for Business Enterprises No.8 - Asset Impairment*.

#### (2) Lease liabilities

The Company initially measures the lease liabilities at the current value of the lease payments outstanding at the start date of the lease term. Lease payments include: a) fixed payment (including substantial fixed payment), and the relevant amount after deducting the lease incentive if any; b) variable lease payments depending on index or ratio; c) estimated payments due to the guaranteed residual value provided by the lessee; d) exercise price of the purchased option, provided that the lessee reasonably determines that the option will be exercised; and e) the amount to be paid for the exercise of the lease termination options, provided that the lease term reflects that the lessee will exercise the options to terminate the lease.

The Company uses the interest rate implicit in lease as the rate of discount. If the interest rate implicit in lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the rate of discount. The Company calculates the interest expenses of the lease liabilities during each period of the lease term at a fixed periodic interest rate, and includes them in financial expenses. The periodic interest rate refers to the rate of discount employed by the Company or the rate of discount after revision.

Variable lease payments that are not covered in the measurement of the lease liabilities are included in current profit or loss when actually incurred.

When there is a change in the Company's evaluation results of lease renewal options, lease termination options or purchase options, the Company will re-measure the lease liabilities utilizing the present value of the changed lease payment and the revised rate of discount, and adjust the book value of right-of-use assets accordingly. Where

there is a change in substantial lease payment, estimated payments due to the guaranteed residual value, or variable lease payments depending on index or ratio, the Company will re-measure the lease liabilities leveraging the present value of the changed lease payment and the original rate of discount, and adjust the book value of right-of-use assets accordingly.

## 2. Accounting treatment of lease assets

### (1) Accounting treatment of operating leases

The lease receivable of the operating lease in each period in the lease term is deemed as a rental on a straight-line basis. The Company capitalizes the initial direct cost related to the operating finance, amortizes and includes it in the current profits on the basis same as the recognition of rentals in the lease term.

### (2) Accounting treatment method of financial lease

On the start date of lease, the difference between the sum of finance lease receivable and unguaranteed residual value and its present value is recognized as unrealised lease income by the Company, which is recognized as lease income in each period when the rent is received in the future. The initial direct cost incurred related to lease business is included in the initial recorded value of financial lease receivable.

## 43. Other Significant Accounting Policies and Estimates

1. In December 2021, the Ministry of Finance (MOF) issued *Accounting Standard for Business Enterprises Interpretation No. 15* (C.K. [2021] No. 35) ("Interpretation No. 15"), in which "Accounting for the sale of products or by-products produced by an enterprise before the fixed assets reach their intended useable state or in the course of research and development" and "Judgment on loss-making contracts" shall be effective on 1 January 2022. The Company implemented the policies above, and the change in accounting policy has no impact on the Company's financial statements.

2. In November 2022, the Ministry of Finance ("MOF") issued *Accounting Standard for Business Enterprises Interpretation No. 16* (C.K. [2022] No. 31) ("Interpretation No. 16"), in which "Accounting method of the income tax effects of dividends on financial instruments classified as equity instruments by the issuer" and "Accounting method of the revision of share-based payment settled in cash to share-based payment settled in equity by an enterprise" shall be effective on the date of publication. The Company implemented the policies above, and the change in accounting policy has no impact on the Company's financial statements.

## 44. Changes in Main Accounting Policies and Estimates

### (1) Change in accounting policies

Applicable Not applicable

### (2) Changes in accounting estimates

Applicable Not applicable

## 45. Other

None

## VI. Taxes

### 1. Main Taxes and Tax Rates

Category of taxes	Tax basis	Tax rate
VAT	Sales volume from goods selling or taxable service	3%, 6%, 9%, 13%

Urban maintenance and construction tax	Turnover tax payable	7%, 5%
Enterprise income tax	Taxable income	10%, 15%, 25%
Education surcharge	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%

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

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

## 2. Tax Preference

1. The Company passed the re-examination for High-tech Enterprises in 2020, as well as won the “Certificate of High-tech Enterprise” after approval by Department of Science and Technology of Guangdong Province, Department of Finance of Guangdong Province, Guangdong Provincial Bureau of State Taxation and Guangdong Provincial Bureau of Local Taxation. In accordance with relevant provisions in Corporate Income Tax Law of the People’s Republic of China and the Administration Measures for Identification of High-tech Enterprises promulgated in 2007, the Company paid the corporate income tax based on a tax rate of 15% within three years since 1 January 2020.

2. Zhida Company and Chanchang Company passed the examination for High-tech Enterprises respectively in December 2019 and December 2021, and thus Zhida Company and Chanchang Company paid the corporate income tax based on a tax rate of 15% within three years respectively since 1 January 2019 and 1 January 2021 in accordance with relevant provisions in Corporate Income Tax Law of the People’s Republic of China and the Administration Measures for Identification of High-tech Enterprises promulgated in 2007.

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

4. After being examined and filed by the competent tax authorities, Chongqing Guinuo will enjoy the preferential tax reduction and exemption of enterprise income tax in the western development from 1 January 2019, and the enterprise income tax will be levied at a reduced rate of 15%.

5. According to the third batch of high-tech enterprises identified by the relevant authorities of Guangxi Zhuang Autonomous Region in 2022 publicized on 19 December 2022, Liuzhou Optoelectronics has been certified as a high-tech enterprise (certificate number: GR202245001221) for 2022 to 2024, with a high-tech enterprise preferential income tax rate of 15%.

6. According to the letter "Gui Ke Gao Han [2021] No. 237" issued jointly by the Department of Science and Technology of Guangxi Zhuang Autonomous Region, the Department of Finance and the Taxation Bureau of

Guangxi Zhuang Autonomous Region of the State Administration of Taxation on 30 November 2021, Liuzhou Fuxuan has been certified as a high-tech enterprise (certificate number: GR202145001045) for 2021 to 2023, with a high-tech enterprise preferential income tax rate of 15%.

7. Subsidiary NationStar Optoelectronics was recognized as a high-tech enterprise on 16 December 2008 with certificate number GR200844000097. In 2020, the company was re-certified as a high-tech enterprise with certificate number GR202044006337, issued on 9 December 2020, and the corporate income tax rate of the company is 15% for the years 2020 - 2022.

8. Foshan NationStar Semiconductor Co., Ltd., a wholly-owned subsidiary of subsidiary NationStar Optoelectronics, was recognized as a high-tech enterprise with certificate number GR201544001238 on 10 October 2015; NationStar Semiconductor was re-certified as a high-tech enterprise with certificate number GR202144008779 in 2021, issued on 20 December 2021, and the corporate income tax rate of the company is 15% for the years 2021-2023.

9. The subsidiary, Haolaite, passed the certification of high-tech enterprise in 2022 and obtained the certificate of high-tech enterprise (Certificate No. GR202244003711) approved by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province, the State Taxation Bureau of Guangdong Province and the Local Taxation Bureau of Guangdong Province. In accordance with the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China promulgated in 2007 and the Administrative Measures for the Recognition of High-tech Enterprises, the Company is entitled to a reduced corporate income tax rate of 15% for three years commencing from 1 January 2022.

10. On 14 December 2022, Qingdao Guige Lighting Technology Co., Ltd. was recognized as a high-tech enterprise and subject to the preferential tax rate of 15% for high-tech enterprise income tax in accordance with the relevant provisions of the Administrative Measures for the Recognition of High-tech Enterprises (Guo Ke Fa Huo [2016] No. 32) and the Administrative Guidelines for the Recognition of High-tech Enterprises (Guo Ke Fa Huo [2016] No. 195).

11. Fenghua Semiconductor, a majority-owned subsidiary of subsidiary NationStar Optoelectronics, was recognized as a high-tech enterprise on 31 December 2021 with certificate number GR202144008851, which is valid for three years and the applicable corporate income tax rate is 15% from 2022 to 2024.

12. The subsidiary, Zhicheng, is a small and micro enterprise. From 1 January 2022 to 31 December 2024, the people's governments of provinces, autonomous regions and municipalities directly under the Central Government shall determine, in accordance with the actual situation in the region and the needs of macroeconomic regulation and control, that resource tax, urban maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), arable land occupation tax and education surcharge and local education surcharge may be reduced within a tax range of 50% for small and micro enterprises.

### 3. Other

Pay in accordance with the relevant provisions of the tax law

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

### 1. Monetary Assets

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	52,093.54	24,635.14
Bank deposits	1,957,903,758.15	1,854,162,196.17
Other monetary assets (note 1)	522,361,684.92	578,256,164.30
To-be-received interest (note 2)	4,191,370.82	2,783,249.29
Total	2,484,508,907.43	2,435,226,244.90
Of which: Total amount deposited overseas	34,169,227.46	27,310,928.58
Total amount with restrictions on use due to mortgage, pledge or freeze	534,826,528.99	493,000,085.20

#### Other notes

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

Note 2: To-be-received interest was interest receivable on undue bank deposits and term deposits as of the end of the Reporting Period, which is not recognized as cash and cash equivalents.

## 2. Trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	261,541,896.45	348,248,125.61
Including:		
Wealth management products	260,569,863.53	342,422,447.43
Equity instrument investments	972,032.92	1,558,778.18
Others		4,266,900.00
Including:		
Total	261,541,896.45	348,248,125.61

## 3. Derivative Financial Assets

Naught

## 4. Notes Receivable

### (1) Notes Receivable Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	786,244,513.66	1,657,197,186.66
Commercial acceptance bill	35,293,260.41	30,803,389.08

Total	821,537,774.07	1,688,000,575.74
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Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Of which:										
Notes receivable withdrawn bad debt provision by group	822,258,044.69	100.00%	720,270.62	100.00%	821,537,774.07	1,688,629,216.33	100.00%	628,640.59	100.00%	1,688,000,575.74
Of which:										
Bank acceptance bill	786,244,513.66	95.62%	0.00	0.00%	786,244,513.66	1,657,197,186.66	98.14%	0.00	0.00%	1,657,197,186.66
Commercial acceptance bill	36,013,531.03	4.38%	720,270.62	100.00%	35,293,260.41	31,432,029.67	1.86%	628,640.59	100.00%	30,803,389.08
Total	822,258,044.69	100.00%	720,270.62	100.00%	821,537,774.07	1,688,629,216.33	100.00%	628,640.59	100.00%	1,688,000,575.74

Withdrawal of bad debt provision by group: 720,270.62

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	36,013,531.03	720,270.62	2.00%
Total	36,013,531.03	720,270.62	

Note:

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

Applicable  Not applicable

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

Withdrawal of bad debt provision:

Unit: RMB



Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Reversed or collected	Verified	Other	
Notes receivable withdrawn bad debt provision by group	628,640.59	91,630.03				720,270.62
<b>Total</b>	628,640.59	91,630.03				720,270.62

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

Applicable  Not applicable

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

Unit: RMB

Item	Amount pledged at the period-end
Bank acceptance bill	665,593,722.65
<b>Total</b>	665,593,722.65

### (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	780,866,698.44	85,686,916.85
<b>Total</b>	780,866,698.44	85,686,916.85

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

Naught

### (6) Notes Receivable with Actual Verification for the Reporting Period

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	

				on					on	
Accounts receivable withdrawn bad debt provision separately	25,123,263.57	1.23%	25,123,263.57	100.00%	0.00	33,870,795.83	1.59%	31,481,638.85	92.95%	2,389,156.98
Of which:										
Accounts receivable withdrawn bad debt provision by group	2,019,130,602.05	98.77%	98,359,660.29	4.87%	1,920,770,941.76	2,101,999,881.13	98.41%	86,282,613.68	4.10%	2,015,717,267.45
Of which:										
(1) General business portfolio	2,019,130,602.05	98.77%	98,359,660.29	4.87%	1,920,770,941.76	2,101,999,881.13	98.41%	86,282,613.68	4.10%	2,015,717,267.45
Total	2,044,253,865.62	100.00%	123,482,923.86	6.04%	1,920,770,941.76	2,135,870,676.96	100.00%	117,764,252.53	5.51%	2,018,106,424.43

Individual withdrawal of bad debt provision: RMB25,123,263.57

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Withdrawal reason
Customer A	11,220,827.14	11,220,827.14	100.00%	Involved in the lawsuit, the Company won the lawsuit in the second instance, which had not yet executed completely
Customer B	5,711,450.39	5,711,450.39	100.00%	Less likely to be recovered
Customer C	4,687,053.33	4,687,053.33	100.00%	The customer is

				insolvent, a judgment has been filed and enforcement has been applied for
Customer D	815,484.27	815,484.27	100.00%	Expectedly unlikely to recover
Customer E	761,769.31	761,769.31	100.00%	Expectedly irrecoverable
Customer F	526,858.54	526,858.54	100.00%	The customer is bankrupt, a judgment has been filed and enforcement has been applied for
Customer G	523,448.92	523,448.92	100.00%	The customer is bankrupt
Customer H	521,689.32	521,689.32	100.00%	The other party is bankrupt and going through legal proceedings
Customer I	171,282.32	171,282.32	100.00%	Expected to be unrecoverable
Customer J	145,321.00	145,321.00	100.00%	Expected to be unrecoverable
Customer K	21,928.68	21,928.68	100.00%	Expected to be unrecoverable
Customer L	16,150.35	16,150.35	100.00%	Expected to be unrecoverable
<b>Total</b>	<b>25,123,263.57</b>	<b>25,123,263.57</b>		

Withdrawal of bad debt provision by group: RMB98,359,660.29

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Credit risk group	2,019,130,602.05	98,359,660.29	4.87%
<b>Total</b>	<b>2,019,130,602.05</b>	<b>98,359,660.29</b>	

Note:

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

Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	1,799,959,881.31
1 to 2 years	161,368,649.46
2 to 3 years	25,396,115.75
Over 3 years	57,529,219.10
3 to 4 years	9,748,535.08
4 to 5 years	30,412,705.43

Over 5 years	17,367,978.59
Total	2,044,253,865.62

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

Bad debt provision withdrawn in the Reporting Period:

Unit: RMB

Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Reversed or collected	Verified	Other	
Bad debt provision separately accrued	31,481,638.85	2,364,455.12	1,203,963.23	7,518,867.17		25,123,263.57
Bad debt provision withdrawn according to groups	86,282,613.68	12,324,508.95	0.00	247,462.34		98,359,660.29
<b>Total</b>	117,764,252.53	14,688,964.07	1,203,963.23	7,766,329.51		123,482,923.86

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

Unit: RMB

Name of the entity	Amount collected or reversed	Way
No. 1	1,188,965.28	Bank transfer
No. 2	14,997.95	Bank transfer
<b>Total</b>	1,203,963.23	

The amount of expected credit losses accrued during the current period was RMB14,688,964.07 and the amount of expected credit losses recovered or reversed during the current period was RMB1,203,963.23, which was RMB7,101.14 different from the amount of credit impairment loss on accounts receivable accrued during the current period of RMB13,492,101.98, which was due to the difference in translation of foreign currency statements at the end of the current period.

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

Unit: RMB

Item	Amount
No. 1	7,400,681.91
No. 2	133,711.50
No. 3	117,018.83
No. 4	113,400.28
Other retails accounts	1,516.99

Of which, verification of significant accounts receivable:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
No. 1	Payment for goods	7,400,681.91	Unrecoverable	Expectedly irrecoverable due to the insolvency of the relevant company	Not
No. 2	Payment for goods	133,711.50	Historical litigation payments	Irrecoverable	Not
No. 3	Payment for goods	117,018.83	Unrecoverable	Irrecoverable	Not
No. 4	Payment for goods	113,400.28	Unrecoverable	Irrecoverable	Not
Other retails accounts	Payment for goods	1,516.99	Unrecoverable	Irrecoverable	Not
Total		7,766,329.51			

Note:

The approval procedure for the verification of accounts receivable during the Reporting Period had been performed in accordance with provisions of the bad debt management system of the Company.

#### (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	131,509,845.75	6.43%	3,945,295.37
No. 2	109,279,237.01	5.35%	3,278,377.11
No. 3	76,600,163.00	3.75%	2,298,004.89
No. 4	76,077,621.37	3.72%	2,282,328.64
No. 5	52,602,563.16	2.57%	1,052,051.26
Total	446,069,430.29	21.82%	

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

Naught

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

Naught

## 6. Accounts Receivable Financing

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance	569,868,831.79	10,660,409.19
Total	569,868,831.79	10,660,409.19

The changes of accounts receivable financing in the Reporting Period and the changes in fair value

Applicable  Not applicable

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 financing.

Applicable  Not applicable

Other notes:

The Company's business model for the management of notes receivable changed in 2022 to target both the collection of contractual cash flows and the sale of notes receivable (endorsed or discounted) and is therefore classified as a financial asset at fair value through other comprehensive income and presented in receivables financing.

## 7. Prepayment

### (1) Listed by Aging

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	36,419,452.21	80.00%	26,750,375.88	78.66%
1 to 2 years	3,345,048.70	7.35%	4,740,511.32	13.94%
2 to 3 years	3,313,296.20	7.28%	557,418.69	1.64%
Over 3 years	2,448,751.82	5.38%	1,957,342.86	5.76%
Total	45,526,548.93		34,005,648.75	

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

Naught

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

Unit: RMB

Name of units	Relationship with the Company	Ending balance	Proportion to total prepayments (%)	Repayment time
No. 1	Non-related party	9,083,410.92	19.95%	Within 1 year
No. 2	Non-related party	2,540,646.17	5.58%	2 to 3 years

No. 3	Non-related party	2,281,714.08	5.01%	Within 1 year
No. 4	Non-related party	2,092,681.22	4.60%	Within 1 year
No. 5	Non-related party	1,981,680.20	4.35%	Within 1 year
Total		17,980,132.59	39.49%	

## 8. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	32,902,865.98	37,605,156.73
Total	32,902,865.98	37,605,156.73

### (1) Interest Receivable

#### 1) Category of Interest Receivable

Unit: RMB

Item	Ending balance	Beginning balance
Total	0.00	0.00

#### 2) Significant Overdue Interest

Naught

#### 3) Withdrawal of Bad Debt Provision

 Applicable  Not applicable

### (2) Dividends Receivable

#### 1) Category of Dividends Receivable

Unit: RMB

Project (or investee)	Ending balance	Beginning balance
Total	0.00	0.00

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

Naught

#### 3) Withdrawal of Bad Debt Provision

 Applicable  Not applicable

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

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Other receipts and payments	45,041,494.42	46,700,271.18
Performance bonds	14,472,948.78	12,126,403.00
Export VAT rebates	10,011,271.72	4,674,335.06
Rents and utilities	1,220,591.91	2,564,557.87
Staff loans and imprests	1,164,918.15	4,018,439.87
<b>Total</b>	<b>71,911,224.98</b>	<b>70,084,006.98</b>

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

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2022	937,268.37	6,189,279.95	25,352,301.93	32,478,850.25
Balance of 1 January 2022 in the Current Period				
Withdrawal of the Current Period	-346,762.17	-1,129,673.37	3,316,365.74	1,839,930.20
Reversal of the Current Period				
Verification of the Current Period	-6,100.00	-274,321.45	-30,000.00	-310,421.45
Other			5,000,000.00	5,000,000.00
Balance of 31 December 2022	584,406.20	4,785,285.13	33,638,667.67	39,008,359.00

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

 Applicable  Not applicable

Disclosure by aging

aging	Ending balance
Within 1 year (including 1 year)	30,536,942.63
1 to 2 years	2,955,796.80
2 to 3 years	8,142,805.16



Over 3 years	30,275,680.39
3 to 4 years	4,691,584.24
4 to 5 years	1,234,886.46
Over 5 years	24,349,209.69
Total	71,911,224.98

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

Bad debt provision withdrawn in the Reporting Period:

Unit: RMB

Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Reversed or collected	Verified	Other	
Other receivables	32,478,850.25	1,839,930.20		310,421.45	5,000,000.00	39,008,359.00
Total	32,478,850.25	1,839,930.20		310,421.45	5,000,000.00	39,008,359.00

The expected credit losses accrued in the current period amounted to RMB1,839,930.20, the expected credit losses recovered or reversed in the current period was RMB0.00 and the expected credit losses written off in the current period was RMB310,421.45, which was different from the credit impairment loss on other receivables accrued in the current period of RMB1,839,930.20, mainly due to the impairment provision of RMB5,000,000.00 made by subsidiary NationStar Optoelectronics for its long-term equity investment in Jiangsu Fozhao Contract Energy Management Development Co., Ltd., which had been previously recorded in asset impairment provisions, was reclassified as other receivables with the carrying amount of the said long-term equity investment and the provision for bad debt.

Of which the important Bad debt provision reversal or recoverable amount in the Reporting period

Naught

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

Unit: RMB

Item	Amount
Customer A	246,628.45
Tender deposits and security deposits	32,743.00
Other	31,050.00

Of which significant actual verification of other receivables:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
No. 1	Current money	246,628.45	Litigation costs are high and there is a risk of losing	The approval procedure shall be carried out according to the	Not

				Company's rules for managing bad debts regarding to verification application before accounts can be verified	
No. 2	Security and deposit	30,000.00	The statute of limitations has expired and there is a risk of losing	The approval procedure shall be carried out according to the Company's rules for managing bad debts regarding to verification application before accounts can be verified	Not
No. 3	Security and deposit	10,000.00	The statute of limitations has expired and there is a risk of losing	The approval procedure shall be carried out according to the Company's rules for managing bad debts regarding to verification application before accounts can be verified	Not
No. 4	Current money	9,693.00	The statute of limitations has expired and there is a risk of losing	The approval procedure shall be carried out according to the Company's rules for managing bad debts regarding to verification application before accounts can be verified	Not
No. 5	Security and deposit	5,050.00	The statute of limitations has expired and there is a risk of losing	The approval procedure shall be carried out according to the	Not

				Company's rules for managing bad debts regarding to verification application before accounts can be verified	
No. 6	Security and deposit	5,000.00	The statute of limitations has expired and there is a risk of losing	The approval procedure shall be carried out according to the Company's rules for managing bad debts regarding to verification application before accounts can be verified	Not
No. 7	Current money	3,000.00	The statute of limitations has expired and there is a risk of losing	The approval procedure shall be carried out according to the Company's rules for managing bad debts regarding to verification application before accounts can be verified	Not
No. 8	Current money	1,050.00	The statute of limitations has expired and there is a risk of losing	The approval procedure shall be carried out according to the Company's rules for managing bad debts regarding to verification application before accounts can be verified	Not
Total		310,421.45			

**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	Other intercourse accounts	20,000,000.00	Over 5 years	27.81%	20,000,000.00
No. 2	VAT export tax refunds	10,011,271.72	Within 1 year	13.92%	300,338.15
No. 3	Other intercourse accounts	5,938,549.43	Within 2 years	8.26%	179,845.37
No. 4	Other intercourse accounts	5,000,000.00	Within 1 year	6.95%	5,000,000.00
No. 5	Other intercourse accounts	4,289,457.98	Within 3 years	5.96%	4,289,457.98
Total		45,239,279.13		62.90%	29,769,641.50

**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	Carrying value	Carrying amount	Falling price reserves of inventory or depreciation reserves of	Carrying value

		contract performance cost			contract performance cost	
Raw materials	414,134,452.55	6,893,242.38	407,241,210.17	384,214,026.01	8,746,846.57	375,467,179.44
Goods in process	239,412,167.33		239,412,167.33	320,205,615.06		320,205,615.06
Inventory goods	1,019,990,159.16	139,368,445.90	880,621,713.26	975,145,274.51	120,166,259.74	854,979,014.77
Goods in transit	391,149,213.49	9,805,170.06	381,344,043.43	337,255,469.51	7,129,722.56	330,125,746.95
Semi-finished goods	113,621,240.54	914,242.37	112,706,998.17	100,723,505.66	377,760.65	100,345,745.01
Low-value consumables	2,742,435.82		2,742,435.82	3,231,115.87		3,231,115.87
Others	7,568,833.69		7,568,833.69	5,177,062.67		5,177,062.67
Total	2,188,618,502.58	156,981,100.71	2,031,637,401.87	2,125,952,069.29	136,420,589.52	1,989,531,479.77

**(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	8,746,846.57	5,965,516.32		7,819,120.51		6,893,242.38
Goods in process						
Inventory goods	120,166,259.74	67,243,195.39		48,041,009.23		139,368,445.90
Semi-finished goods	377,760.65	960,653.50		424,171.78		914,242.37
Goods in transit	7,129,722.56	7,795,594.80		5,120,147.30		9,805,170.06
Total	136,420,589.52	81,964,960.01		61,404,448.82		156,981,100.71

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

Naught

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

Naught

**10. Contract Assets**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Contract assets	6,074,305.63	607,430.56	5,466,875.07	8,826,085.67	264,782.57	8,561,303.10
Total	6,074,305.63	607,430.56	5,466,875.07	8,826,085.67	264,782.57	8,561,303.10

Amount of significant changes in carrying value of contract assets in the Reporting Period and reasons thereof:

Naught

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

Applicable  Not applicable

Withdrawal of impairment provision for contract assets in the Reporting Period

Unit: RMB

Item	Withdrawal	Reversal	Verification	Reason
Contract assets	342,647.99			Normal withdrawal at aging
Total	342,647.99			——

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

Unit: RMB

Item	Ending carrying amount	Depreciation reserves	Ending carrying value	Fair value	Estimated disposal expense	Estimated disposal time
Houses, buildings and land involved in expropriation	17,147,339.84		17,147,339.84	183,855,895.00	55,718,333.95	31 December 2023
Total	17,147,339.84	0.00	17,147,339.84	183,855,895.00	55,718,333.95	

Other notes:

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

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

Naught

**13. Other Current Assets**

Unit: RMB

Item	Ending balance	Beginning balance
Input tax of VAT to be certified and deducted	72,851,826.53	111,647,463.39
Advance payment of enterprise income tax	3,676,607.32	10,562,615.78
Others	2,910,143.04	3,507,355.35
<b>Total</b>	<b>79,438,576.89</b>	<b>125,717,434.52</b>

**14. Investments in debt obligations**

Naught

**15. Other Investments in Debt Obligations**

Naught

**16. Long-term Accounts Receivable**

Naught

**17. Long-term Equity Investment**

Unit: RMB

Investees	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserves
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of depreciation reserves	Other		
<b>I. Joint ventures</b>											
<b>II. Associated enterprises</b>											
Jiangsu Fozhao Contract											

t Energy Manage ment Develo pment Co., Ltd.										
Shenzh en Primatr onix (Nanho ,123.09 ) Electro nics Ltd.	181,545 ,123.09			2,467,0 60.07			2,080,3 90.50			181,931 ,792.66
Subtota l	181,545 ,123.09			2,467,0 60.07			2,080,3 90.50			181,931 ,792.66
Total	181,545 ,123.09			2,467,0 60.07			2,080,3 90.50			181,931 ,792.66

Other notes:

1. The Company's subsidiary, NationStar Optoelectronics, entered into the *Contribution Agreement of Jiangsu Fozhao Contract Energy Management Development Co., Ltd.* with the natural persons, Ye Zongcai and Zhao Qiaoyue, on 3 August 2012, to jointly establish Jiangsu Fozhao Contract Energy Management Development Co., Ltd. (Jiangsu Fozhao) with the registered capital of RMB20 million, wherein NationStar Optoelectronics contributed RMB5 million, representing 25.00% of the total investment. Since its inception, Jiangsu Fozhao has been in a loss-making position, has ceased production and has low realisable value of its assets. The investment has obvious signs of impairment. In accordance with the relevant provisions of ASBE No. 8 - Impairment of Assets, etc., full provision for impairment was made. In 2022, NationStar Optoelectronics applied for the dissolution of the company, and the dispute resulted in the judgment of the Hefei Intermediate People's Court in Anhui Province, and the subsidiary NationStar Optoelectronics exited its investment in Jiangsu Fozhao on 20 September 2022. Due to the financial difficulties of the shareholders of the company, NationStar Optoelectronics made a full bad debt provision against its receivables.

## 18. Other Equity Instrument Investment

Unit: RMB

Item	Ending balance	Beginning balance
Hefei Guoxuan High-Tech Power Energy Co., Ltd.	493,967,194.53	887,464,218.75
Xiamen Bank Co.,Ltd.	328,664,290.95	575,955,944.40
China Guangfa Bank Co.,Ltd.	500,000.00	500,000.00
Beijing Guangrong Lianmeng Semiconductor lighting Industry Investment Center(L.P.)	8,059,860.92	8,059,860.92
Guangdong Rising Finance Co., Ltd.	30,000,000.00	30,000,000.00
Foshan Nanhai District United	3,000,000.00	3,000,000.00



Guangdong New Light Source Industry Innovation Center		
Total	864,191,346.40	1,504,980,024.07

Disclosure of non-trading equity instrument investment by items

Unit: RMB

Item	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for assigning to measure in fair value and the changes included in other comprehensive income	Reason for other comprehensive income transferred to retained earnings
Hefei Guoxuan High-Tech Power Energy Co., Ltd.	1,715,644.18	410,952,709.40		6,804,316.24	Not satisfied with the condition of trading equity instrument	Sale of shareholdings
Xiamen Bank Co.,Ltd.	14,339,628.75	175,706,684.12		94,112,907.95	Not satisfied with the condition of trading equity instrument	Sale of shareholdings
Beijing Guangrong Lianmeng Semiconductor lighting Industry Investment Center(L.P.)		601,263.41			Not satisfied with the condition of trading equity instrument	Not applicable
Guangdong Rising Finance Co., Ltd.	4,080.96	4,080.96			Not satisfied with the condition of trading equity instrument	Not applicable
Total	16,059,353.89	587,264,737.89		100,917,224.19		

## 19. Other Non-current Financial Assets

Naught

**20. Investment Property****(1) Investment Property Adopting the Cost Measurement Mode**

Applicable  Not applicable

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original carrying value				
1. Beginning balance	54,404,787.78			54,404,787.78
2. Increased amount of the period				
(1) Outsourcing				
(2) Transfer from inventories/fixed assets/construction in progress				
(3) Enterprise combination increase				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	54,404,787.78			54,404,787.78
II. Accumulative depreciation and accumulative amortization				
1. Beginning balance	7,302,573.44			7,302,573.44
2. Increased amount of the period	2,490,331.90			2,490,331.90
(1) Withdrawal or amortization	2,490,331.90			2,490,331.90
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	9,792,905.34			9,792,905.34
III. Depreciation reserves				
1. Beginning balance				
2. Increased amount of the period				

(1) Withdrawal				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance				
IV. Carrying value				
1. Ending carrying value	44,611,882.44			44,611,882.44
2. Beginning carrying value	47,102,214.34			47,102,214.34

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

Applicable  Not applicable

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

Naught

**21. Fixed Assets**

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	3,505,729,627.80	3,514,558,966.21
Disposal of fixed assets	2,364,654.61	164,686.99
Total	3,508,094,282.41	3,514,723,653.20

**(1) List of Fixed Assets**

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Other(Note:1)	Total
I. Original carrying value						
1. Beginning balance	1,845,382,179.08	4,842,806,253.19	45,166,265.31	68,041,654.21	85,697,154.74	6,887,093,506.53
2. Increased amount of the period	158,499,978.63	371,451,717.67	1,136,854.89	6,995,439.27	2,312,469.93	540,396,460.39
(1) Purchase	688,612.51	55,567,715.66	1,126,677.90	5,632,354.77	471,238.37	63,486,599.21
(2) Transfer from construction in progress	157,593,282.48	312,650,703.35	10,176.99	1,257,780.96	1,533,948.21	473,045,891.99

(3) Others (note 2)	218,083.64	3,233,298.66		105,303.54	307,283.35	3,863,969.19
3. Decreased amount of the period	58,376,198.96	187,732,226.78	3,369,032.26	3,490,714.51	777,133.35	253,745,305.86
(1) Disposal or scrap	58,365,421.75	172,369,242.62	3,360,983.98	3,475,757.96	776,575.89	238,347,982.20
(2) Equipment transformation		12,193,769.71				12,193,769.71
(3) Others (note 2)	10,777.21	3,169,214.45	8,048.28	14,956.55	557.46	3,203,553.95
4. Ending balance	1,945,505,958.75	5,026,525,744.08	42,934,087.94	71,546,378.97	87,232,491.32	7,173,744,661.06
<b>II.</b> Accumulative depreciation						
1. Beginning balance	689,409,014.96	2,529,306,663.11	33,757,191.68	51,265,111.78	61,292,077.18	3,365,030,058.71
2. Increased amount of the period	78,992,657.69	418,418,098.14	2,504,766.80	4,973,224.58	8,667,469.28	513,556,216.49
(1) Withdrawal	78,206,249.53	412,961,302.76	2,504,766.80	4,955,677.35	8,574,685.64	507,202,682.08
(2) Transfer from construction in progress		5,456,795.38				5,456,795.38
(3) Others (note 2)	786,408.16			17,547.23	92,783.64	896,739.03
3. Decreased amount of the period	46,619,060.98	167,972,125.72	2,867,042.08	3,316,759.43	1,271,197.74	222,046,185.95
(1) Disposal or scrap	46,614,504.24	156,777,911.13	2,865,540.66	3,298,743.55	736,792.81	210,293,492.39
(2) Equipment transformation		8,593,503.06				8,593,503.06
(3) Others (note)	4,556.74	2,600,711.53	1,501.42	18,015.88	534,404.93	3,159,190.50
4. Ending balance	721,782,611.67	2,779,752,635.53	33,394,916.40	52,921,576.93	68,688,348.72	3,656,540,089.25
<b>III.</b> Depreciation reserves						
1. Beginning		7,503,053.68		1,427.93		7,504,481.61

balance						
2. Increased amount of the period		3,651,651.37	69.83	342,427.13	1,587.18	3,995,735.51
(1) Withdrawal		3,651,651.37	69.83	342,427.13	1,587.18	3,995,735.51
3. Decreased amount of the period		25,273.11				25,273.11
(1) Disposal or scrap		25,273.11				25,273.11
4. Ending balance		11,129,431.94	69.83	343,855.06	1,587.18	11,474,944.01
IV. Carrying value						
1. Ending carrying value	1,223,723,347.08	2,235,643,676.61	9,539,101.71	18,280,946.98	18,542,555.42	3,505,729,627.80
2. Beginning carrying value	1,155,973,164.12	2,305,996,536.40	11,409,073.63	16,775,114.50	24,405,077.56	3,514,558,966.21

Note 1: Fixed assets-Other refers to the cooling system and sewage treatment station of NationStar Optoelectronics and tools of Nanning Liaowang, etc.

Note 2: Other increases or decreases in gross amount and accumulated depreciation are due to the addition of building accessories and adjustments made to the fixed asset classes during the current period.

## (2) List of Temporarily Idle Fixed Assets

Unit: RMB

Item	Original carrying value	Accumulated depreciation	Depreciation reserves	Carrying value	Note
Machinery equipment	50,680,329.86	40,037,101.10	3,651,651.37	6,991,577.39	Idle
Electronic equipment	7,785,983.92	7,353,662.39	342,427.13	89,894.40	Idle
Transportation equipment	137,560.60	130,682.57	69.83	6,808.20	Idle
Others	3,645.30	1,875.86	1,587.18	182.26	Idle
Total	58,607,519.68	47,523,321.92	3,995,735.51	7,088,462.25	

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

Naught

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

Other notes:

The Company's Fuwan Standard Workshop J3, Fuwan Standard Workshop K1, Building 8 of Gaoming Family Dormitory, Fuwan Staff Dormitory Building 7, Family Dormitory Building 3 to 6, Staff Village Dormitory Building A, Staff Village Dormitory Building 2, 3, 5, 6, 10 to 13, Staff Dormitory Building 1 to 4, Fuwan Energy Saving Lamp Workshop 2, Glass Workshop 8, Glass Workshop 9, Fluorescent Lamp Workshop, Standard Workshop A and led Workshop have been completed and put into use and carried forward fixed assets. As of 31 December 2022, the relevant real estate licenses are being processed. The management believed that there are no substantive legal barriers to the handling of these title certificates, and it will not have a significant adverse impact on the normal operation of the Company.

In addition, the T5 warehouse in the North Zone, the equipment warehouse, the materials warehouse (east end of the single-end workshop), the storage tank pond of the gas station in the North Zone, the LPG station in the North Zone, the subsidiary warehouse of the new finished goods warehouse, the 3662M2 new finished goods warehouse and the assembly plant of Gaoming LED lamps have no property ownership certificates due to historical matters, and these buildings and constructions are involved in the "pending expropriation" project, which is planned to be implemented by the relevant government departments, as detailed in Note VII (31) Other non-current assets.

**(5) Proceeds from Disposal of Fixed Assets**

Unit: RMB

Item	Ending balance	Beginning balance
Applying for scrapping updisposed equipment	2,364,654.61	164,686.99
Total	2,364,654.61	164,686.99

**22. Construction in progress**

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	1,282,780,335.14	1,087,564,087.47
Total	1,282,780,335.14	1,087,564,087.47

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

Unit: RMB

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

Construction in progress	1,284,307,890.13	1,527,554.99	1,282,780,335.14	1,088,882,887.47	1,318,800.00	1,087,564,087.47
Total	1,284,307,890.13	1,527,554.99	1,282,780,335.14	1,088,882,887.47	1,318,800.00	1,087,564,087.47

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

Unit: RMB

Item	Budget	Beginning balance	Increased amount	Transferred in fixed assets	Other decreased amount	Ending balance	Proportion of accumulative investment in constructions to budget	Job schedule	Accumulative amount of interest capitalization	Of which: amount of capitalized interests for the Reporting Period	Capitalization rate of interests for the Reporting Period	Capital resources
Kelian Building	726,738,900.00	501,594,852.04	64,659,894.57			566,254,746.61	88.05%	90.00%	36,640,953.02			Self-financing and Borrowing
The Project of the Geely Industrial Park	1,714,546,700.00	234,319,701.33	191,732,170.02	4,743,362.80		421,308,508.55	27.06%	27.06%	37,835.82	37,835.82	3.09%	Self-financing and Borrowing
Gaoming office building	115,000.00	22,209,451.41	51,012,788.28			73,222,239.69	63.67%	65.00%				Self-financing
The smart LED Lighting Production Plant in the Gaoming Production Base (1-3 building	148,271,900.00		68,275,373.87			68,275,373.87	46.05%	80.00%				Self-financing

gs)												
FSLHainan Industrial Park I	310,400,000.00		37,522,769.10			37,522,769.10	12.09%	60.00%				Self-financing
FSL intelligent manufacturing factory project	89,680,000.00	23,808,849.57				23,808,849.57	26.55%	30.00%				Self-financing
The LED R&D and Production Base on Jihua Second Road. Others (sporadic equipment)	75,630,000.00	7,348,850.20	40,322,208.01	35,041,414.44		12,629,643.77	60.25%	60.25%				Self-financing
The Project of Production Expansion of Packaging Components and Chips of New-generation LEDs	913,412,500.00	107,986,244.68	120,666,221.42	216,848,632.41		11,803,833.69	97.72%	97.72%				Self-financing
Gaoming Intelligent Warehouse phase II constr	26,180,000.00		7,854,436.33			7,854,436.33	30.00%	30.00%				Self-financing



uction project												
New electronic workshop decoration project	9,782,438.76		6,220,339.01			6,220,339.01	64.00%	64.00%				Self-financing
Gaoming R&D Workshop 11, 12, 13, 14 and 18	71,690,000.00	53,531,061.32	7,400,900.23	57,100,118.79	3,831,842.76	0.00	100.00%	100.00%				Self-financing
Overhaul of Gaoming No. 8 tank furnace Work order: 20029 Gaoming tank furnace	10,890,000.00	6,242,799.53	87,805.31	6,330,604.84			100.00%	100.00%				Self-financing
15th and 16th floors office buildings of R&F Center	115,752,763.00	106,195,222.94	2,896,780.26	109,092,003.20			100.00%	100.00%				Self-financing
<b>Total</b>	<b>4,327,975,201.76</b>	<b>1,063,237,033.02</b>	<b>598,651,686.41</b>	<b>429,156,136.48</b>	<b>3,831,842.76</b>	<b>1,228,900,740.19</b>			<b>36,678,788.84</b>	<b>37,835.82</b>		

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

Unit: RMB

Item	Amount withdrawn	Reason for withdrawal
Pad printing machine loading conveyor belt (19030) general bulb workshop	208,754.99	The project was suspended from Y2021, and there is no plan to continue using it for the time being.
<b>Total</b>	<b>208,754.99</b>	<b>--</b>

**(4) Engineering Materials**

Naught

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

Unit: RMB

Item	Houses and buildings	Land use right	Total
I. Original carrying value			
1. Beginning balance	17,864,418.29	25,688,364.03	43,552,782.32
2. Increased amount of the period	6,528,499.16		6,528,499.16
(1) Business combination increase	6,528,499.16		6,528,499.16
3. Decreased amount of the period	2,675,514.50	6,597,603.65	9,273,118.15
4. Ending balance	21,717,402.95	19,090,760.38	40,808,163.33
II. Accumulated amortization			
1. Beginning balance	5,377,288.39	24,049,287.85	29,426,576.24
2. Increased amount of the period	6,040,111.33	1,085,371.48	7,125,482.81
(1) Withdrawal	1,661,609.93	1,085,371.48	2,746,981.41
(2) Business combination increase	4,378,501.40		4,378,501.40
3. Decreased amount of the period	2,311,157.10	6,480,466.35	8,791,623.45
4. Ending balance	9,106,242.62	18,654,192.98	27,760,435.60
IV. Carrying value			
1. Ending carrying value	12,611,160.33	436,567.40	13,047,727.73
2. Beginning carrying value	12,487,129.90	1,639,076.18	14,126,206.08

## 26. Intangible Assets

### (1) List of Intangible Assets

Unit: RMB

Item	Land use right	Patent	Non-patent technology	Software	Others (note 1)	Total
I. Original carrying value						
1. Beginning balance	456,550,796.29	25,339,982.16		29,895,792.52	24,344,062.26	536,130,633.23
2. Increased amount of the period				5,428,033.42	-12,277.36	5,415,756.06
(1) Purchase				5,428,033.42	-12,277.36	5,415,756.06
3. Decreased amount of the period	48,537,036.60	1,141,509.42		5,421.50	24,282,675.00	73,966,642.52
(1) Disposal	48,537,036.60			5,421.50		48,542,458.10
(2) Lapsed and derecognized parts		1,141,509.42			24,282,675.00	25,424,184.42
4. Ending balance	408,013,759.69	24,198,472.74		35,318,404.44	49,109.90	467,579,746.77
II. Accumulated amortization						
1. Beginning balance	99,103,256.74	24,618,597.10		13,864,588.55	24,332,807.83	161,919,250.22
2. Increased amount of the period	8,960,274.04	313,922.07		2,881,532.11	-1,022.93	12,154,705.29

(1) Withdrawal	8,960,274.04	313,922.07		2,881,532.11	-1,022.93	12,154,705.29
3. Decreased amount of the period	21,837,047.45	929,952.53			24,282,675.00	47,049,674.98
(1) Disposal	21,837,047.45					21,837,047.45
(2) Lapsed and derecognized parts		929,952.53			24,282,675.00	25,212,627.53
4. Ending balance	86,226,483.33	24,002,566.64		16,746,120.66	49,109.90	127,024,280.53
III. Depreciation reserves						
1. Beginning balance				388,613.87		388,613.87
2. Increased amount of the period						
3. Decreased amount of the period						
4. Ending balance				388,613.87		388,613.87
IV. Carrying value						
1. Ending carrying value	321,787,276.36	195,906.10		18,183,669.91	0.00	340,166,852.37
2. Beginning carrying value	357,447,539.55	721,385.06		15,642,590.10	11,254.43	373,822,769.14

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 0.00%.

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

Naught

Other notes:

Note 1: Intangible assets-others mainly included the customer relationships and sales networks obtained through the accounting of acquired enterprises, which were amortised in 2021 and liquidated in 2022.

Note 2: The original value and the increase in cumulated amortisation of “intangible assets-others” in the current period were negative, because Nanning Liaowang’s emission right estimated and recorded in 2021 was confirmed to have no such asset in 2022 and the estimated original value and amortisation were offset.

## 27. Development Costs

Naught

## 28. Goodwill

### (1) Original Carrying Value of Goodwill

Unit: RMB

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

Note: Guangdong Electronics Information Industry Group Ltd., a wholly-owned subsidiary of Guangdong Rising Holdings Group Co., Ltd., acquired NationStar Optoelectronics in 2014, and the difference between the fair value and the net assets attributable to shareholders of the listed company at the date of acquisition of NationStar Optoelectronics resulted in a goodwill of RMB405,620,123.64.

### (2) Goodwill impairment provisions

Naught

Information on the Assets Groups or Combination of Assets Groups which Goodwill Belongs to

The Company's management uses the smallest combination of assets that can independently generate cash inflows

under the management or control of production and operating activities as the criteria for identifying an asset group or combination of asset groups.

#### Goodwill impairment testing process and key parameters

In testing goodwill for impairment, the Company compares the carrying amount of the relevant asset group (including goodwill) with its recoverable amount, and if the recoverable amount is less than the carrying amount, the relevant difference is recognized in profit or loss for the current period. The recoverable amount of an asset group is determined as the present value of the estimated future cash flows. The present value of cash flows is based on the Company's management's projections of future cash flows over a five-year detailed forecast period and subsequent stabilisation periods. The projected future cash flows for the detailed forecast period are based on the business plan developed by management; the projected future cash flows for the subsequent stabilisation period are determined at the level of the last year of the detailed forecast period. The key assumptions used by the Company in projecting the present value of future cash flows include business volume growth rates and discount rates, with pre-tax discount rates ranging from 9.52% to 11.14% for 2022 and growth rates ranging from 2% to 15.31% for the detailed forecast period. The Company's management determined the parameters associated with each key assumption in a manner consistent with the Company's historical experience or external sources of information.

#### Influence of goodwill impairment testing:

The goodwill impairment testing of the Company has no influence on statements.

Other notes:

Naught

## 29. Long-term Prepaid Expense

Unit: RMB

Item	Beginning balance	Increased amount	Amortization amount of the period	Other decreased amount	Ending balance
Mould	87,127,962.04	120,854,878.97	49,500,170.13	34,781,315.04	123,701,355.84
Expense on maintenance and decoration	53,715,154.13	19,852,103.36	19,630,249.81		53,937,007.68
Boarding box	2,991,248.46	332,672.57	2,952,192.39		371,728.64
Other	8,892,147.93	10,257,340.57	7,032,952.75		12,116,535.75
Total	152,726,512.56	151,296,995.47	79,115,565.08	34,781,315.04	190,126,627.91

**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	355,634,218.16	53,741,627.33	336,793,647.28	51,513,913.81
Unrealized profit of internal transactions	52,989,043.64	7,948,356.52	21,583,736.24	3,237,560.44
Deductible loss	72,901,011.65	12,503,679.82	36,016,962.39	7,312,677.73
Depreciation of fixed assets	57,459,943.55	8,618,991.55	63,273,361.51	9,491,004.25
Accrued liabilities	9,579,783.06	1,436,967.46	7,671,948.69	1,150,792.30
Change in fair value of trading financial assets	5,013,923.26	752,088.49		
Long-term deferred expenses	3,888,860.58	583,329.09		
Payroll payable			51,262,888.11	7,689,433.22
Change in fair value of trading financial liabilities			154,129.55	23,119.43
Others	18,675,496.41	2,802,165.99	11,486,383.38	1,843,287.40
<b>Total</b>	<b>576,142,280.31</b>	<b>88,387,206.25</b>	<b>528,243,057.15</b>	<b>82,261,788.58</b>

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

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Assets assessment appreciation from business consolidation not under the same control	88,576,232.73	13,286,434.92	93,485,366.87	14,022,805.03
Changes in fair value of other investments in equity instruments	580,809,393.51	87,121,409.03	1,152,615,606.86	172,892,341.03
Changes in the fair value of trading financial instruments and derivative financial instruments	14,216.68	2,132.50	4,912,265.32	776,194.13
One-off depreciation of fixed assets	680,398,140.98	102,059,721.15	616,542,996.01	92,481,449.40
<b>Total</b>	<b>1,349,797,983.90</b>	<b>202,469,697.60</b>	<b>1,867,556,235.06</b>	<b>280,172,789.59</b>

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

Unit: RMB

Item	Mutual set-off amount of deferred income tax assets and liabilities at the period-end	Amount of deferred income tax assets or liabilities after off-set at the period-end	Mutual set-off amount of deferred income tax assets and liabilities at the period-begin	Amount of deferred income tax assets or liabilities after off-set at the period-begin
Deferred income tax assets		88,387,206.25		82,261,788.58
Deferred income tax liabilities		202,469,697.60		280,172,789.59

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

Naught

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

Naught

**31. Other Non-current Assets**

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Advance payment for equipment and project	44,132,869.26		44,132,869.26	43,706,539.24		43,706,539.24
Long-term assets to be disposed (note)	36,553,212.64		36,553,212.64			
Prepayments for equity acquisition	10,000,000.00	10,000,000.00		465,129,434.98	10,000,000.00	455,129,434.98
Assets of subsidiaries to be cleared and cancelled	613,072.43		613,072.43	903,887.30		903,887.30
Other	244,358.52		244,358.52			
<b>Total</b>	<b>91,543,512.85</b>	<b>10,000,000.00</b>	<b>81,543,512.85</b>	<b>509,739,861.52</b>	<b>10,000,000.00</b>	<b>499,739,861.52</b>

Other notes:

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



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

3. Note: The Company intends to hand over the plots of land located on the south and north sides of the Gongye Road to the government for revitalisation in the form of "pending expropriation". When the government successfully sells the plots through a public auction, the Company will be given the compensation for the land transfer according to the policy. The buildings and constructions to be revitalized include the plant of LED Workshop 3, the added plant of LED Workshop 3, South Plant (single-end workshop), North Plant (4 buildings), spark plug workshop of energy-saving lamps warehouse, T8 Workshop 1 (Building 2), LED Workshop 2, Iodine Lamp Workshop 3155m (building 14), the Company's new finished goods warehouse 3662M2, materials warehouse (east end of single-end workshop), North Zone LPG station , T5 warehouse in the North Zone, etc.

### 32. Short-term Borrowings

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

Unit: RMB

Item	Ending balance	Beginning balance
Mortgage loans	100,000,000.00	
Guarantee loans		97,700,000.00
Credit loans	37,596,526.02	128,914,000.00
Acceptance bill discount	20,000,000.00	
Interest from short-term borrowings	118,833.33	165,997.01
Total	157,715,359.35	226,779,997.01

Note: For details about the collateral for mortgage loans please refer to XIV-(III) Other in Part X.

Letter of credit

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

Naught

### 33. Trading Financial Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Trading financial liabilities	4,679,000.00	9,367.37
Including:		
Other	4,679,000.00	9,367.37
Including:		
Total	4,679,000.00	9,367.37

Other notes:

As of 31 December 2022, the loss from changes in fair value of hedge instrument of the Company was RMB4,679,000.00 which was recorded into the trading financial liabilities to account.

### 34. Derivative Financial Liabilities

Naught

### 35. Notes Payable

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	1,923,641,752.28	2,067,479,953.98
letter of credit	52,101,816.43	
Total	1,975,743,568.71	2,067,479,953.98

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

### 36. Accounts Payable

#### (1) List of Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Accounts payable	2,513,177,458.14	2,455,934,273.28
Total	2,513,177,458.14	2,455,934,273.28

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

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
Supplier A	52,949,523.64	It has not reached the settlement period
Supplier B	11,091,509.09	Unsettled for bankruptcy
Supplier C	6,460,648.00	Equipment has not been accepted
Supplier D	3,484,654.24	It has not reached the settlement period
Supplier E	3,435,466.98	It has not reached the settlement period
Supplier F	3,407,500.00	Equipment has not been accepted
Supplier G	2,563,292.33	Failed to settle since part of the product pricing failed to reach an agreement
Supplier H	2,110,178.88	Unsettled
Total	85,502,773.16	

**37. Advances from Customer****(1) List of Advances from Customers**

Unit: RMB

Item	Ending balance	Beginning balance
Advances from customers	2,532,442.44	8,106,923.79
Total	2,532,442.44	8,106,923.79

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

Naught

**38. Contract Liabilities**

Unit: RMB

Item	Ending balance	Beginning balance
Advances on sales	125,143,161.61	141,336,712.44
Total	125,143,161.61	141,336,712.44

**39. Employee Benefits Payable****(1) List of Employee Benefits Payable**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	181,785,253.31	1,297,265,600.67	1,310,115,734.49	168,935,119.49
II. Post-employment benefit-defined contribution plans	670,312.10	103,889,334.63	100,669,575.22	3,890,071.51
III. Termination benefits		2,621,830.38	2,412,869.20	208,961.18
IV. Current portion of other benefits				0.00
Total	182,455,565.41	1,403,776,765.68	1,413,198,178.91	173,034,152.18

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

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	178,777,798.91	1,136,389,060.85	1,150,510,888.93	164,655,970.83
2. Employee welfare	793,469.95	63,353,308.12	63,479,853.04	666,925.03
3. Social insurance	477,866.35	51,145,609.34	50,255,777.12	1,367,698.57
Of which: Medical insurance premiums	409,349.38	48,655,317.26	47,864,025.86	1,200,640.78

Work-related injury insurance	68,516.97	2,490,292.08	2,391,751.26	167,057.79
4. Housing fund	242,880.71	34,068,543.35	33,852,467.68	458,956.38
5. Labor union budget and employee education budget	1,493,237.39	12,309,079.01	12,016,747.72	1,785,568.68
Total	181,785,253.31	1,297,265,600.67	1,310,115,734.49	168,935,119.49

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

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits	435,529.62	97,346,651.90	94,124,158.60	3,658,022.92
2. Unemployment insurance	14,782.48	1,983,229.54	1,866,368.03	131,643.99
3. Annuity	220,000.00	4,559,453.19	4,679,048.59	100,404.60
Total	670,312.10	103,889,334.63	100,669,575.22	3,890,071.51

Other notes:

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

**(4) Termination Benefits**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Compensation for termination of labor relations		2,621,830.38	2,412,869.20	208,961.18
2. Estimated internal staff expenditure				
Total		2,621,830.38	2,412,869.20	208,961.18

**40. Taxes Payable**

Unit: RMB

Item	Ending balance	Beginning balance
VAT	35,832,025.02	19,366,830.68
Corporate income tax	9,503,893.79	55,204,098.83
Personal income tax	2,569,142.68	3,613,227.79
Urban maintenance and construction tax	2,934,691.53	2,589,765.78
Property tax	8,147,187.30	855,233.46
Education surcharge	2,015,767.71	1,915,052.36
Land use tax	1,817,585.50	545,215.31
Other	1,475,258.57	7,507,467.30

Total	64,295,552.10	91,596,891.51
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**41. Other Payables**

Unit: RMB

Item	Ending balance	Beginning balance
Interest payable	0.00	0.00
Dividends payable	15,646.07	15,646.07
Other payables	440,214,434.98	376,053,534.67
Total	440,230,081.05	376,069,180.74

**(1) Interest Payable**

Unit: RMB

Item	Ending balance	Beginning balance
Total	0.00	0.00

**(2) Dividends Payable**

Unit: RMB

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

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

Unit: RMB

Item	Ending balance	Beginning balance
Payment for equity transfer	134,409,650.00	-
Account current	133,618,069.56	220,566,219.57
Performance bond	67,039,416.12	59,185,869.60
Payments for demolition	36,734,144.44	54,990,047.00
Relevant expense of sales	29,232,738.55	12,531,559.28
Other	39,180,416.31	28,779,839.22
Total	440,214,434.98	376,053,534.67

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

Unit: RMB

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

**42. Liabilities Held for sale**

Naught

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

Unit: RMB

Item	Ending balance	Beginning balance
Current portion of long-term borrowings	60,322,923.28	
Current portion of long-term payables		19,423,561.38
Current portion of lease liabilities	5,217,587.39	8,176,624.77
<b>Total</b>	<b>65,540,510.67</b>	<b>27,600,186.15</b>

**44. Other Current Liabilities**

Unit: RMB

Item	Ending balance	Beginning balance
Pending chagerover output VAT and others	8,370,764.15	10,716,009.78
Reversed notes that are endorsed and undue	91,821,916.85	
<b>Total</b>	<b>100,192,681.00</b>	<b>10,716,009.78</b>

**45. Long-term Borrowings****(1) Category of Long-term Borrowings**

Unit: RMB

Item	Ending balance	Beginning balance
Credit borrowings	808,253,946.99	
Less: Current portion of long-term borrowings	60,322,923.28	
<b>Total</b>	<b>747,931,023.71</b>	<b>0.00</b>

**46. Bonds Payable**

Naught

**47. Lease Liabilities**

Unit: RMB

Item	Ending balance	Beginning balance
Lease liabilities	12,273,129.57	16,242,185.35
Less: current portion of lease liabilities	5,217,587.39	8,176,624.77
<b>Total</b>	<b>7,055,542.18</b>	<b>8,065,560.58</b>

**48. Long-term Payables**

Naught

**49. Long-term Employee Benefits Payable**

Naught

**50. Provisions**

Unit: RMB

Item	Ending balance	Beginning balance	Reason for formation
Product quality assurance	9,587,043.31	17,418,343.01	Withdrawal of customers' claims for quality and product quality assurance expenses
Total	9,587,043.31	17,418,343.01	

**51. Deferred Income**

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
Government grants	126,304,272.50	22,636,696.87	51,862,735.94	97,078,233.43	
Total	126,304,272.50	22,636,696.87	51,862,735.94	97,078,233.43	--

Item involving government grants:

Unit: RMB

Item	Beginning balance	Amount of newly subsidy	Amount recorded into non-operating income in the Reporting Period	Amount recorded into other income in the Reporting Period	Amount offset cost in the Reporting Period	Other changes	Ending balance	Related to assets/related to income
Government grants related to assets	99,798,518.52	10,582,700.00		35,196,150.45			75,185,068.07	
Of which:								
The Subsidy for Metal-organic Chemical Vapour	42,090,261.19			19,999,999.20			22,090,261.99	Related to assets

Deposition (MOCVD)								
The Projects of the Production Expansion and Technological Transformation of Components of Small-spacing and Outdoor LED Displays	22,197,600.80			4,064,551.68			18,133,049.12	Related to assets
The Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with High Colour Rendering Index for Illumination	4,590,348.80	6,822,700.00		1,990,360.99			9,422,687.81	Related to assets
The Project of the Innovation in Packaging Technology	6,299,718.30			1,020,885.84			5,278,832.46	Related to assets



and Technological Transformation of Key Packaging Equipment of LEDs with Small Spacing for Display								
The Project of Resource Conservation and Environmental Protection	6,059,215.88			1,809,367.44			4,249,848.44	Related to assets
The First Batch of 2022 Special Funds for Industrial Technological Transformation by the Finance Bureau of Liang Jiang New Area		2,560,000.00		255,999.99			2,304,000.01	Related to assets
The 2019 Second Batch of Special Funds for the Industrial and Information Development	2,100,000.00			300,000.00			1,800,000.00	Related to assets

nt of the City								
The 2019 14th Batch of Industrial Support Funds	1,050,000.00			150,000.00			900,000.00	Related to assets
The Light-converting Films and Components of Highly Efficient White-light LEDs	1,322,376.26			588,076.92			734,299.34	Related to assets
Research and Development and Industrialization of TD-LTE Terminal Rf Chip	1,714,151.29			1,329,277.68			384,873.61	Related to assets
Research and Development and Industrialization of LGBT, the Key Power Electronic Device of Electric Vehicle	2,229,614.82			1,864,300.03			365,314.79	Related to assets
Others	10,145,231.18	1,200,000.00		1,823,330.68			9,521,900.50	Related to assets
Government grants related to income	26,505,753.98	12,053,996.87		16,666,585.49			21,893,165.36	
Of which:								

The Research on the Key Technology of 4K/8K Full-colour Micro-LED Displays with Ultra High Definition (UHD)		3,900,000.00		492,543.45			3,407,456.55	Related to income
The Research on Full-colour and Integrated Packaging of Micro-LED Display with High Brightness and Contrast	2,096,708.45	1,098,996.87		960,995.46			2,234,709.86	Related to income
Research Project on Key Technologies of the Third Generation of High Efficiency and Frequency Semiconductor Electronic Power Module	1,661,468.98	1,575,000.00		1,464,522.72			1,771,946.26	Related to income
The First Batch of Special	2,166,666.85			399,999.96			1,766,666.89	Related to income

Funds for the Industrial and Information Development for the Guangxi Zhuang Autonomous Region for 2017 (Technological Transformation) for Liuzhou Guige								
The Second Batch of Support Funds for the “Technological Transformation of Thousands of Enterprises” in the Guangxi Zhuang Autonomous Region for 2021	1,966,666.66			200,000.04			1,766,666.62	Related to income
The Project of the First Batch of Support Funds for Enterprises in Liuzhou	1,800,000.00			300,000.00			1,500,000.00	Related to income

City for 2017 for Liuzhou Guige								
Research and Development and Industrialization of Potassium Nitride-based Rf Devices in the Field of Next Generation Mobile Communication	1,143,201.24	1,800,000.00		1,972,219.14			970,982.10	Related to income
The Key Labs of Semiconductor Micro Display Enterprises in Guangdong Province (for 2020)	1,216,601.56			706,601.56			510,000.00	Related to income
The Research on the Key Technology and Innovative Application of Deep Ultraviolet Solid-state Light Sources	1,067,475.44			875,475.44			192,000.00	Related to income
The Research	1,537,498.09			1,387,498.09			150,000.00	Related to income

and Industrialization of New and High-performance Display Components								
The Research and Development of Chip-on-Board (COB) Integrated Packaging and Systems of LED Displays with High Density and Small Spacing	84,920.52	1,100,000.00		1,112,123.36			72,797.16	Related to income
The Research on the Key Technology of High-lumen Compound Reflex LED Chips for Automobiles and High-density Matrix Packaging	367,534.48	1,800,000.00		2,122,534.48			45,000.00	Related to income
Others	11,397,011.71	780,000.00		4,672,071.79			7,504,939.92	Related to income

Total	126,304,27 2.50	22,636,696. 87		51,862,735. 94			97,078,233. 43	
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## 52. Other Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Pending chagerover output VAT	307,696.87	
Liabilities of subsidiaries to be cleared and cancelled	1,083.74	22,653.46
<b>Total</b>	<b>308,780.61</b>	<b>22,653.46</b>

## 53. Share Capital

Unit: RMB

	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Bonus issue from profit	Other (note)	Subtotal	
The sum of shares	1,399,346,15 4.00				- 37,351,507.0 0	- 37,351,507.0 0	1,361,994,64 7.00

Other notes:

Unit: RMB

Item/Investor	Beginning balance		Increase	Decrease	Ending balance	
	Invested amount	Proportion			Invested amount	Proportion
Restricted shares	13,169,196.00	0.94%		2,415,538.00	10,753,658.00	0.79%
Unrestricted shares	1,386,176,958.00	99.06%		34,935,969.00	1,351,240,989.00	99.21%
<b>Total</b>	<b>1,399,346,154.00</b>	<b>100.00%</b>		<b>37,351,507.00</b>	<b>1,361,994,647.00</b>	<b>100.00%</b>

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

## 54. Other Equity Instruments

Naught

## 55. Capital Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium (premium on stock)	1,043,912,642.64		1,043,912,642.64	
Other capital reserves	7,245,971.54			7,245,971.54
<b>Total</b>	<b>1,051,158,614.18</b>		<b>1,043,912,642.64</b>	<b>7,245,971.54</b>

Other notes, including changes and reason of change:

1. The cancellation of treasury shares offset the capital reserve of RMB4,825,948.60.
2. Due to the merger of NationStar Optoelectronics under the same control in the current period, the opening balance of the capital reserve, upon retroactive adjustment, was RMB1,036,001,099.28. The merger in the current period decreased by RMB1,039,086,694.04.

## 56. Treasury Shares

Unit: RMB

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

Other notes, including changes and reason of change:

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

## 57. Other Comprehensive Income

Unit: RMB

Item	Beginning balance	Reporting Period						Ending balance
		Income before taxation in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred to profit or loss in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred to retained earnings in the Current Period	Less: Income tax expense	Attributable to owners of the Company as the parent after tax	Attributable to non-controlling interests after tax	
I. Other comprehensive income that may not subsequently be reclassified	983,157,254.51	— 451,270,053.94		100,917,224.19	— 67,690,508.09	— 484,496,770.04		498,660,484.47



to profit or loss								
Changes in fair value of other equity instrument investment	983,157,254.51	- 451,270,053.94		100,917,224.19	- 67,690,508.09	- 484,496,770.04		498,660,484.47
II. Other comprehensive income that may subsequently be reclassified to profit or loss	- 169,800.43	- 122,008.25				- 349,665.34	227,657.09	- 519,465.77
Differences arising from translation of foreign currency-denominated financial statements	- 169,800.43	- 122,008.25				- 349,665.34	227,657.09	- 519,465.77
Total of other comprehensive income	982,987,454.08	- 451,392,062.19		100,917,224.19	- 67,690,508.09	- 484,846,435.38	227,657.09	498,141,018.70

## 58. Specific Reserve

Naught

## 59. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus	699,673,077.00	11,785,496.74	661,779,817.55	49,678,756.19

reserves				
Discretionary surplus reserves	41,680,270.96			41,680,270.96
Total	741,353,347.96	11,785,496.74	661,779,817.55	91,359,027.15

Notes including changes and reasons thereof:

1. The increase for the Reporting Period refers to the accrued surplus reserves of RMB11,785,496.74.
2. The decrease in surplus reserves for the Reporting Period is mainly due to the de-registration of treasury shares and the combination of NationStar Optoelectronics under the same control in the Reporting Period.

## 60. Retained Earnings

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments		1,758,462,062.48
Beginning balance of total retained earnings of adjustments (“+” for increase, “-“ for decrease)		148,592,079.08
Beginning balance of retained earnings after adjustments	3,111,864,076.86	1,907,054,141.56
Add: Net profit attributable to owners of the Company as the parent	230,394,235.91	299,614,354.88
Less: Withdrawal of statutory surplus reserves	11,785,496.74	
Dividend of ordinary shares payable	134,899,464.70	135,847,668.70
Add: Others (note)	100,917,224.19	1,041,043,249.12
Ending retained earnings	3,296,490,575.52	3,111,864,076.86

Note: When selling stocks in the Reporting Period, the accumulative fair value changes previously included in other comprehensive income were transferred into retained earnings.

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) RMB148,592,079.08 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	8,494,775,305.34	7,040,206,010.36	8,495,224,683.73	7,059,866,653.21
Other operations	265,189,970.62	183,765,491.17	231,016,369.77	182,792,408.54

Total	8,759,965,275.96	7,223,971,501.53	8,726,241,053.50	7,242,659,061.75
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Whether the lower of the net profit before and after deduction of non-recurring gains and losses through audit is negative

Yes  No

Relevant information of revenue:

Unit: RMB

Category of contracts	Total
Types of products	8,759,965,275.96
Of which:	
General lighting products	3,136,174,210.72
LED packaging and component products	2,562,831,923.06
Vehicle lamp products	1,729,839,032.11
Trade and other products	1,331,120,110.07
By operating places	8,759,965,275.96
Of which:	
Domestic	6,625,258,201.57
Overseas	2,134,707,074.39

Information related to performance obligations:

Naught

Information in relation to the transaction price apportioned to the residual contract performance obligation:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB312,334,915.47.

## 62. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	16,433,160.03	22,722,495.15
Education surcharge	8,648,196.05	12,429,031.47
Property tax	21,704,695.10	15,987,326.40
Land use tax	6,829,390.37	6,557,198.44
Vehicle and vessel use tax	45,539.98	36,967.26
Stamp duty	7,098,838.10	5,984,571.34
Local education surcharge	2,959,947.15	3,900,946.03
Environmental protection tax	129,730.62	127,434.40
VAT of land	-2,047,738.45	
Others	225,457.17	393,432.00
Total	62,027,216.12	68,139,402.49

Other notes:

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

**63. Selling Expense**

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	124,898,336.26	110,595,613.31
Business propagandize fees and advertizing fees	54,868,902.89	47,924,059.61
After-sales expenses	15,001,278.36	39,986.89
Sales promotion fees	12,365,392.75	12,840,438.91
Office expenses	10,546,333.93	13,040,259.46
Business travel charges	8,486,981.36	12,521,726.49
Commercial insurance premium	5,802,490.36	4,762,651.65
Other	24,850,877.91	34,270,721.57
Total	256,820,593.82	235,995,457.89

**64. Administrative Expense**

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	253,446,528.98	217,818,947.11
Depreciation charge	48,169,909.92	41,691,181.03
Office expenses	23,802,294.29	20,489,882.18
Intermediary agency fee	10,681,650.48	9,686,674.93
Utilities	8,318,833.90	5,070,688.64
Amortization of intangible assets	7,406,254.55	6,856,771.02
Engineering decoration cost	6,308,994.29	6,980,479.30
Labor cost	3,790,883.26	2,802,839.41
Security fund for the disabled	2,773,339.56	2,722,348.51
Rent of land and management charge	1,636,038.99	4,477,445.47
Others	41,784,681.00	33,342,014.75
Total	408,119,409.22	351,939,272.35

**65. Development Costs**

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	196,235,469.02	152,596,071.77
Material consumption	144,117,100.51	143,852,260.60
Depreciation and long-term prepaid expense	50,965,688.04	38,423,035.97
Certification and testing fee	14,678,874.32	10,471,002.67
Expense on equipment debugging	8,256,764.80	9,255,666.89
Charges related to patents	2,525,432.48	1,169,438.63
Others	24,008,604.89	19,207,465.11

Total	440,787,934.06	374,974,941.64
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Other notes:

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	22,311,206.70	11,811,659.37
Less: Interest income	29,169,641.75	30,522,913.04
Foreign exchange gains or losses	-26,718,075.66	15,599,915.72
Others	2,098,422.28	2,705,641.88
Total	-31,478,088.43	-405,696.07

## 67. Other Income

Unit: RMB

Sources	Reporting Period	Same period of last year
The Subsidy for Metal-organic Chemical Vapour Deposition (MOCVD)	19,999,999.20	19,999,999.20
One-time Stay Allowance	5,257,845.00	
The Subsidy for Employees' On-the-job Training	4,887,500.00	2,663,240.00
The Projects of the Production Expansion and Technological Transformation of Components of Small-spacing and Outdoor LED Displays	4,064,551.68	4,064,551.68
Grants for High-tech Enterprises	2,870,936.00	5,845,000.00
The Special Fund for Promoting High-quality Economic Development	2,865,247.03	2,438,064.00
Science and Technology Fund Allocated by the Government	2,484,900.99	
The Research on the Key Technology of High-lumen Compound Reflex LED Chips for Automobiles and High-density Matrix Packaging	2,122,534.48	
The 2021 Support Fund of the Foshan Municipal Financial Bureau for Promoting the Digital Intelligent Transformation of the Manufacturing Industry in Foshan City	2,000,000.00	

The Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with High Colour Rendering Index for Illumination	1,990,360.99	
Research and Development and Industrialization of Potassium Nitride-based Rf Devices in the Field of Next Generation Mobile Communication	1,972,219.14	1,051,721.76
Research and Development and Industrialization of LGBT, the Key Power Electronic Device of Electric Vehicle	1,864,300.03	379,098.36
The Project of Resource Conservation and Environmental Protection	1,809,367.44	1,809,367.44
Research on Key Technologies of the Third Generation of High Frequency Semiconductor Electronic Power Module in Colleges and Universities	1,464,522.72	85,485.02
The Subsidy for Stabilizing Employment	1,440,668.72	2,993,359.27
The Research and Industrialization of New and High-performance Display Components	1,387,498.09	
Research and Development and Industrialization of TD-LTE Terminal Rf Chip	1,329,277.68	315,537.48
The Special Support Fund for the Industrial Internet of Things (IIOT) Development	1,320,000.00	809,900.00
Refund of Individual Income Tax	1,146,553.80	501,207.64
The Research and Development of Chip-on-Board (COB) Integrated Packaging and Systems of LED Displays with High Density and Small Spacing	1,112,123.36	
The Demonstration of Industrial Internet of Things (IIOT) Applications for LED Production Control	441,702.63	1,097,962.93
The Research and Application of Epitaxial Wafers, Chips, and Packaging of Near-ultraviolet Silica-based AlGaIn Vertical LEDs with High Power	369,238.72	5,987,959.60
2020 Supporting Fund for Guangdong Provincial Science and Technology		3,000,000.00

Award of Foshan Municipal Government		
The Research and Application on the Key Technology of High-lumen Compound Reflex LED Chips for Automobiles and High-density Matrix Packaging		1,518,820.56
Support Funds for Industrial Design Industry Development in Chancheng District, Foshan City		1,000,000.00
Other	20,693,446.22	18,380,382.55
Total	84,894,793.92	73,941,657.49

## 68. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	2,467,060.07	2,260,497.27
Investment income from disposal of long-term equity investment		-995,989.54
Investment income from holding of trading financial assets	-9,764,664.95	6,357,117.65
Investment income from disposal of trading financial assets	285,376.51	
Dividend income from holding of other equity instrument investment	16,059,353.89	23,643,370.02
Income received from financial products and structural deposits	1, 586, 828. 50	2,048,985.41
Total	10,633,954.02	33,313,980.81

## 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	-4, 839, 428. 58	4,523,330.79
Of which: gains on changes in fair value of derivative financial instrument	-4, 839, 428. 58	4,523,330.79
Trading financial liabilities	-4, 679, 000. 00	-27,790.90
Total	-9,518,428.58	4,495,539.89

**71. Credit Impairment Loss**

Unit: RMB

Item	Reporting Period	Same period of last year
Bad debt loss on other receivables	-1,839,930.20	64,660.67
Expected credit loss on accounts receivable	-13,492,101.98	-8,552,761.66
Expected credit loss on contract assets		-264,782.57
Others	-72,731.43	
Total	-15,404,763.61	-8,752,883.56

**72. Asset Impairment Loss**

Unit: RMB

Item	Reporting Period	Same period of last year
II. Loss on inventory valuation and contract performance cost	-79,344,281.60	-72,264,251.24
V. Loss on impairment of fixed assets	-3,995,735.51	-398,525.90
VII. Loss on impairment of construction in progress	-208,754.99	-1,318,800.00
X. Loss on impairment of intangible assets		-388,613.87
XII. Loss on impairment of contract assets	-342,647.99	
XIII. Others	-7,625,958.29	-19,723,413.98
Total	-91,517,378.38	-94,093,604.99

**73. Assets Disposal Income**

Unit: RMB

Sources	Reporting Period	Same period of last year
Disposal income of fixed assets	968,273.19	77,714,217.87

**74. Non-operating Income**

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Government grants	976,090.45	0.00	976,090.45
Total income from scrap of non-current assets	1,324,933.00	2,003,455.62	1,324,933.00
Of which: income from scrap of fixed assets	1,324,933.00	2,003,455.62	1,324,933.00
Income from default money	5,810,061.05	7,060,000.00	5,810,061.05
Confiscated income	65,728.35	14,228,534.73	65,728.35
Other	10,580,244.78	15,817,044.20	10,580,244.78
Total	18,757,057.63	24,880,499.82	18,759,974.73



Government grants recorded into 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 income
Supporting fund for industrial development		Subsidy		No	No	976,090.45	0.00	Related to income

**75. Non-operating Expense**

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Loss on non-monetary assets exchange	10,610,248.46	1,618,655.31	10,610,248.46
Donations		100,000.00	
Losses on inventories		311,858.32	
Penalty and delaying payment	701,242.02	190,278.72	701,242.02
Others	5,501,043.60	4,103,945.65	5,501,043.60
Total	16,812,534.08	6,324,738.00	16,812,534.08

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

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	28,931,905.70	33,326,112.43
Deferred income tax expense	1,942,422.33	25,035,603.51
Total	30,874,328.03	58,361,715.94

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

Unit: RMB

Item	Reporting Period
Profit before taxation	381,717,683.75
Current income tax expense accounted at statutory/applicable tax rate	57,257,652.56
Influence of applying different tax rates by subsidiaries	2,373,228.24

Influence of income tax before adjustment	5,724,192.96
Influence of non-taxable income	-3,248,653.74
Influence of non-deductible costs, expenses and losses	2,487,911.51
The effect of using deductible losses of deferred income tax assets that have not been recognized in the previous period	-1,602,765.18
Influence of unrecognized deductible temporary differences and deductible losses	12,138,013.09
Influence of deduction	-45,841,241.76
Regarded as sales	1,465,678.68
Change in beginning deferred income tax asset/liability balance due to tax rate adjustment	120,311.67
Income tax expense	30,874,328.03

## 77. Other Comprehensive Income

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

## 78. Cash Flow Statement

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

Unit: RMB

Item	Reporting Period	Same period of last year
Income from subsidy	62,131,715.65	51,478,912.74
Margin income	35,275,803.41	40,666,019.15
Income from waste	33,443,489.15	27,289,018.10
Deposit interest	27,525,377.17	34,906,276.94
Rental income from property and equipment, utility	7,071,449.02	12,980,397.19
Income from insurance compensation		25,003.20
Collection of tax on transfer of equity interests of the original shareholders of Nanning Liaowang		48,637,165.49
Others	58,928,366.38	32,958,058.25
<b>Total</b>	<b>224,376,200.78</b>	<b>248,940,851.06</b>

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

Unit: RMB

Item	Reporting Period	Same period of last year
Administrative expense paid in cash	130,797,239.14	127,589,873.25
Selling expense paid in cash	89,476,822.32	61,331,324.84
Returned cash deposit	27,259,278.23	42,863,242.64
Finance costs paid in cash	1,887,258.78	1,302,431.92
Payment of tax on transfer of equity interests of the original shareholders of Nanning Liaowang		48,637,165.49
Others	117,228,372.83	40,770,593.51
<b>Total</b>	<b>366,648,971.30</b>	<b>322,494,631.65</b>

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

Unit: RMB

Item	Reporting Period	Same period of last year
Compensation received for demolition		54,990,047.00
Total		54,990,047.00

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

Naught

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

Unit: RMB

Item	Reporting Period	Same period of last year
Receipt of financing notes	12,225,701.60	
Cash deposit collected	6,916,618.99	
Total	19,142,320.59	0.00

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

Unit: RMB

Item	Reporting Period	Same period of last year
Cash paid for acquisition of NationStar Optoelectronics under the same control	1,061,968,681.64	464,531,545.66
Cash paid for acquisition of Fenghua Semiconductor under the same control	134,409,650.00	
Finance lease rental		49,995,876.21
Repurchase of treasury shares		250,814,566.13
Payment for cash deposit of bank acceptance bills		25,540,463.98
Others	3,792,167.09	49,492.70
Total	1,200,170,498.73	790,931,944.68

**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	350,843,355.72	499,751,566.84
Add: Provision for impairment of assets	106,922,141.99	102,846,488.55
Depreciation of fixed assets, oil-gas assets, and productive living assets	509,693,013.98	438,529,743.34
Depreciation of right-of-use assets	7,125,482.81	7,338,716.52

Amortization of intangible assets	12,154,705.29	14,504,737.18
Amortization of long-term prepaid expenses	79,115,565.08	57,320,573.64
Loss from disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	-968,273.19	-77,714,217.87
Losses from scrapping of fixed assets (gains: negative)	9,285,315.46	-251,165.05
Losses from changes in fair value (gains: negative)	9,518,428.58	-4,495,539.89
Finance costs (gains: negative)	22,311,206.70	12,729,250.18
Investment loss (gains: negative)	-10,633,954.02	-33,313,980.81
Decrease in deferred income tax assets (increase: negative)	-6,125,417.67	16,357,779.25
Increase in deferred income tax liabilities (“-” for decrease)	-77,703,091.99	8,757,301.94
Decrease in inventory (“-” for increase)	-62,666,433.29	-41,037,550.29
Decrease in operating receivables (“-” for increase)	434,804,727.86	-492,603,920.16
Increase in operating payables (“-” for decrease)	-318,788,452.62	-75,245,835.03
Others		
Net cash generated from/used in operating activities	1,064,888,320.69	433,473,948.34
2. Significant investing and financing activities without involvement of cash receipts and payments		
Transfer of debts into capital		
Current portion of convertible corporate bonds		
Fixed assets leased in for financing		
3. Net increase/decrease of cash and cash equivalents:		
Ending balance of cash	1,945,971,307.26	1,940,209,052.92
Less: Beginning balance of cash	1,940,209,052.92	1,369,319,225.08
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	5,762,254.34	570,889,827.84

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

Unit: RMB

	Amount
Cash or cash equivalents paid in the current period for the business combination occurring in the current period	1, 199, 095, 022. 30
Of which:	
Foshan NationStar Optoelectronics Co., Ltd.	1, 061, 968, 681. 64
Guangdong Fenghua Semiconductor Technology Co., Ltd.	134, 409, 650. 00
Of which:	
Of which:	
Net cash paid for acquisition of subsidiaries	1, 199, 095, 022. 30

### (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, 945, 971, 307. 26	1, 940, 209, 052. 92
Including: Cash on hand	52, 093. 54	24, 635. 14
Bank deposit on demand	1, 944, 304, 141. 61	1, 840, 860, 114. 33
Other monetary assets on demand	1, 615, 072. 11	99, 324, 303. 45
III. Ending balance of cash and cash equivalents	1, 945, 971, 307. 26	1, 940, 209, 052. 92

### 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	534,826,528.99	Security deposit of notes, letter of guarantee, pre-sale house payment, L/C guarantee deposits, etc.
Notes receivable	751,280,639.50	Endorsed outstanding notes receivable, pledged notes receivable
Fixed assets	149,146,773.04	Mortgaged for short-term borrowings from banks and borrowings by related parties
Intangible assets	10,963,743.21	Lands mortgaged for short-term borrowings from banks

Total	1,446,217,684.74	
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## 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			141,775,489.42
Of which: USD	16,913,082.96	6.9646	117,792,972.64
EUR	829,331.00	7.4229	6,156,041.08
HKD	51,802.62	0.8933	46,273.73
IDR	39,955,510,046.82	0.000445	17,780,201.97
Accounts receivable			290,496,511.21
Of which: USD	41,006,458.60	6.9646	285,593,581.59
EUR	261,766.21	7.4229	1,943,064.41
HKD	40,459.39	0.8933	36,141.09
IDR	6,570,166,561.80	0.000445	2,923,724.12
Long-term borrowings			181,079,600.00
Of which: USD	26,000,000.00	6.9646	181,079,600.00
Other receivables			1,210,226.93
Of which: EUR	3,428.15	7.4229	25,446.81
IDR	2,662,427,225.50	0.000445	1,184,780.12
Accounts payable			12,261,879.17
Of which: USD	524,630.87	6.9646	3,653,844.16
EUR	600.00	7.4229	4,453.74
IDR	19,333,890,494.38	0.000445	8,603,581.27
Other non-current assets			512,409.25
Of which: EUR	69,030.87	7.4229	512,409.25
Other non-current liabilities			932,202.67
Of which: EUR	125,584.70	7.4229	932,202.67
Other current assets			693,021.22
Of which: IDR	1,557,351,052.71	0.000445	693,021.22

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

Applicable  Not applicable

## 83. Arbitrage

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

Naught

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

Unit: RMB

Category	Amount	Listed items	Amount recorded in the current profit or loss
The Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with High Colour Rendering Index for Illumination (Phase II)	6,822,700.00	Deferred income	1,333,317.79
One-time Stay Allowance	5,271,945.00	Other income	5,271,945.00
The Research on the Key Technology of 4K/8K Full-colour Micro-LED Displays with Ultra High Definition	3,900,000.00	Deferred income	492,543.45
Technical Transformation Project of Chongqing Liang Jiang New Area	2,560,000.00	Deferred income	255,999.99
The 2021 Support Fund of the Foshan Municipal Financial Bureau for Promoting the Digital Intelligent Transformation of the Manufacturing Industry in Foshan City	2,000,000.00	Other income	2,000,000.00
The Fund of Foshan City for Promoting the Robot Application and Industry	2,000,000.00	Other income	2,000,000.00
The Special Fund for Promoting High-quality Economic Development	1,922,388.51	Other income	1,922,388.51
The Research on the Key Technology of High-lumen Compound Reflex LED Chips for Automobiles and High-density Matrix Packaging	1,800,000.00	Deferred income	1,779,018.22
Research and Development and Industrialization Project of Potassium Nitride-based Rf Devices in the Field of Next Generation Mobile Communication	1,800,000.00	Deferred income	1,800,000.00
Research Project on Key Technologies of the Third Generation of High Efficiency and Frequency Semiconductor Electronic	1,575,000.00	Deferred income	1,575,000.00

Power Module			
The Subsidy for Stabilizing Employment	2,004,363.49	Other income	2,004,363.49
The Special Support Fund for the Industrial Internet of Things (IIOT) Development in Foshan City for 2021 (the Special Project of IIOT Demonstration) (the First Batch)	1,320,000.00	Other income	1,320,000.00
The Subsidy of the Chancheng District Human Resources and Social Security Bureau, Foshan City, for the Skill Training of Millions of Workers for March 2022	1,148,000.00	Other income	1,148,000.00
The Research and Development of Chip-on-Board (COB) Integrated Packaging and Systems of LED Displays with High Density and Small Spacing	1,100,000.00	Deferred income	1,100,000.00
The Research on the Key Technology of Full-colour Micro-LED Displays with High Brightness and Contrast	1,098,996.87	Deferred income	93,365.93
Special Funds for High-quality Economic Development in Foshan in 2022 (Foreign Trade Direction) Import Discount Project Funds	1,000,000.00	Other income	1,000,000.00
The 2021 Annual Research and Development Subsidy	919,061.00	Other income	919,061.00
The Special Support Fund for the Industrial Internet of Things (IIOT) Development in Foshan City	892,500.00	Other income	892,500.00
The Special Fund for the Vocational Skill Improvement Campaign	848,000.00	Other income	848,000.00
Foshan Chancheng District Market Supervision Bureau obtain the 2022 quality award project incentive (Township)	750,000.00	Other income	750,000.00
Intelligent Transformation Incentive Subsidy of Small and Medium-sized Manufacturing Enterprises in Chongqing (The First Batch of Special Funds for Industrial Technological Transformation by the Finance Bureau of Liang	700,000.00	Deferred income	70,000.00



Jiang New Area in 2022)			
The Research and Development Subsidy for High-tech Enterprises of Foshan Science and Technology Bureau	670,414.00	Other income	670,414.00
Industrial Support Fund of the Finance Bureau of Liang Jiang New Area, Chongqing (The L.J.C.Y. [2021] No. 557 Industrial Support Fund of the Finance Bureau of Liang Jiang New Area, Chongqing)	610,000.00	Other income	610,000.00
The Annual Incentive for Developing Technological Innovation Platforms in Nanhai District —Large Outstanding Enterprises— Research and Development Subsidies	504,068.20	Other income	504,068.20
2021 Guangxi Digital Workshop Incentive Funds	500,000.00	Other income	500,000.00
The Management Committee of the Liuzhou High-tech Industrial Development Zone 10 Enterprises After the First Batch of Electricity Subsidy in 2020	500,000.00	Other income	500,000.00
Guangxi Industrial Leading Award in 2021 from Nanning City of the Management Committee of the Nanning New & High-tech Industrial Development Zone	500,000.00	Non-operating income	500,000.00
Chongqing Liang Jiang New Area Resumption of Work and Production Incentive Funds	449,488.45	Other income	449,488.45
Special Fund for Advanced Manufacturing Development	427,200.00	Other income	427,200.00
2021 Management Contribution Award (10 Advanced Manufacturing Industries 2.0)	410,000.00	Other income	410,000.00
Policy Enjoyment of Preferential Reduction and Exemption for the Poor with Set up Files	369,850.00	Other income	369,850.00
The Visible Light Communication and Positioning System for the Industrial Internet of Things (IIOT)	360,000.00	Deferred income	

The Technology Research and Industrialization of the Micro Display Module Based on Highly Efficient Colour Conversion	340,000.00	Deferred income	285,998.55
Supplementary Awards for the 22nd China Patent Award The 8th Guangdong Patent Award	300,000.00	Other income	300,000.00
N.C.G.J. [2021] No. 452 "Fund for Specialized and Refined Projects" in Nanning City of the Management Committee of the Nanning New & High-tech Industrial Development Zone	300,000.00	Other income	300,000.00
N.C.G.J. [2022] No.235 "the Subsidy for Electricity Consumption of Enterprises in the First Quarter of 2022" in Nanning City of the Management Committee of the Nanning New & High-tech Industrial Development Zone	300,000.00	Other income	300,000.00
Others	8,036,347.17	Other income, non-operating income, deferred income	7,139,313.17
Total	56,010,322.69		41,841,835.75

## (2) Return of Government Grants

Applicable  Not applicable

### 85. Other

Naught

## VIII. Changes of Consolidation Scope

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

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

Naught

#### (2) Combination Cost and Goodwill

Naught

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

Naught

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

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

Yes No

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

Naught

**(6) Other Notes**

Naught

**2. Business Combination under the Same Control****(1) Business Combination under the Same Control during the Reporting Period**

Unit: RMB

Combined party	Proportion of the equity	Basis	Combination date	Recognition basis of combination date	Income from the period-begin to the combination date of the acquiree	Net profits from the period-begin to the combination date of the acquiree	Income of the acquiree during the period of comparison	Net profits of the acquiree during the period of comparison
Foshan NationStar Optoelectronics Co., Ltd.	21.48%	Under the control of the Company's actual controller both before and after the combination	28 February 2022	The actual control has achieved and the industrial and commercial changes have been completed	453,644,780.94	9,568,639.83	580,345,830.39	29,049,597.07
Foshan Sigma Venture Capital Co., Ltd.	100.00%	Under the control of the Company's actual controller both before	28 February 2022	The actual control has achieved and the industrial and commercial		-700.00		

		and after the combination		changes have been completed				
Guangdong Fenghua Semiconductor Technology Co., Ltd.	21.45%	Under the control of the Company's actual controller both before and after the combination	30 November 2022	The actual control has achieved and the industrial and commercial changes have been completed	136,258,589.74	12,935,605.25	216,574,892.37	28,593,060.57

## Other notes:

1. The Company held the 19th meeting of the ninth Board of Directors and the Third Extraordinary General Meeting in 2021 on 27 October 2021 and 31 December 2021 respectively, where the untop on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft) and Its Summary" and other proposals related to this trading was deliberated and adopted. It was agreed that the Company will purchase 100% equity of Sigma held by Electronics Group (Sigma holds 79,753,050 shares of NationStar Optoelectronics) and 52,051,945 tradable shares of NationStar Optoelectronics held by Rising Group and Rising Capital in total by paying cash. Before the spin-off, FSL held 1,014,900 shares of NationStar Optoelectronics, accounting for 0.16% of the total share capital of NationStar Optoelectronics. Upon completion of the spin-off, FSL and its wholly-owned subsidiary will hold 132,819,895 shares of NationStar Optoelectronics in total, accounting for 21.48% of the total share capital of NationStar Optoelectronics, making FSL the controlling shareholder of NationStar Optoelectronics. As of the end of February 2022, the Company has paid 100% of the equity acquisition amount, and the industrial and commercial change registration of Sigma has been completed.

2. Reviewed and approved by the general meetings of the Company and its majority-owned subsidiary NationStar Optoelectronics, NationStar Optoelectronics acquired 99.87695% equity of Guangdong Fenghua Semiconductor Technology Co., Ltd. held by Guangdong Fenghua Advanced Technology Holding Co., Ltd. with RMB268.8193 million. On 25 November 2022, the transfer of the subject assets involved in the transaction was completed. Henceforth, the Company indirectly holds 24.45% equity of Guangdong Fenghua Semiconductor Technology Co., Ltd. in total

As the Company, NationStar Optoelectronics, Sigma and Fenghua Semiconductor are all controlled by the actual controller Guangdong Rising Holdings Group Co., Ltd. before and after the equity change and such control is not temporary, the merger falls under the previous data of retrospective adjustment of business combination under the same control.

**(2) Combination Cost**

Unit: RMB

Combination cost	Foshan NationStar Optoelectronics Co., Ltd., Foshan Sigma Venture Capital Co., Ltd.	Guangdong Fenghua Semiconductor Technology Co., Ltd.
--Cash	1,517,098,116.62	268,819,271.98
--Carrying value of non-cash assets		
--Carrying value of debts issued or assumed		
--Face value of equity securities issued		
--Contingent consideration		

Contingent consideration and changes thereof:

Naught

Other notes:

Naught

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

Unit: RMB

	Foshan NationStar Optoelectronics Co., Ltd.		Foshan Sigma Venture Capital Co., Ltd.		Guangdong Fenghua Semiconductor Technology Co., Ltd.	
	Combination date	Period-end of the last period	Combination date	Period-end of the last period	Combination date	Period-end of the last period
Assets:						
Monetary assets	921,042,415.96	997,688,184.63	4,226.45	4,926.45	46,578,599.90	53,314,589.55
Accounts receivable	525,596,155.73	554,384,717.05			21,692,360.84	36,567,580.17
Inventories	894,257,346.12	905,045,064.13			19,098,236.50	15,873,522.63
Fixed assets	2,035,468,559.47	2,037,263,584.35			139,179,341.12	154,383,742.25
Intangible assets	103,117,840.45	103,886,463.82			5,133,659.92	4,868,606.80
Held-for-trading financial assets	20,000,000.00	20,000,000.00				
Notes receivable	1,000,511,991.86	1,102,333,515.11				
Accounts receivable financing					7,650,917.92	10,660,409.19
Prepayments	13,259,667.27	13,354,147.30			397,325.47	531,544.43
Other receivables	2,748,733.29	3,451,162.14			399,345.10	289,084.71
Other current assets	41,339,558.12	39,981,159.43			47,374.91	42,286.35
Long-term equity investments	16,852,876.19	16,852,876.19	73,096,690.00	73,096,690.00		
Other investments in equity instruments	41,059,860.92	41,059,860.92				
Construction in progress	326,952,490.30	356,665,733.21			315,034.84	303,034.84
Right-of-use	574,365.58	629,067.08				

assets						
Long-term prepaid expense	26,736,143.96	27,487,572.51				
Deferred income tax assets	28,064,526.77	28,064,526.77				
Investment property					3,639,628.87	3,754,390.00
Other non-current assets	30,051,607.66	29,197,939.66			781,708.31	390,091.11
<b>Liabilities:</b>						
<b>Borrowings</b>						
Accounts payable	717,846,900.05	899,927,502.97			29,133,036.70	25,318,591.28
Held-for-trading financial liabilities	2,224.02	9,367.37				
Notes payable	1,184,541,823.20	1,247,131,988.05				
Contract liabilities	75,559,067.88	55,409,842.62			920,910.83	1,108,584.60
Employee benefits payable	50,815,459.88	78,858,200.44			5,963,148.10	14,671,475.77
Taxes payable	9,532,874.37	8,970,415.15			2,649,790.65	615,416.91
Other payables	31,251,670.01	34,566,878.65			1,429,418.90	42,931,543.43
Current portion of non-current liabilities	323,784.42	320,912.61			123,133.72	
Other current liabilities	1,983,259.30	2,538,611.14				138,927.49
Lease liabilities	166,405.64	202,757.36				
Provisions	8,545,934.02	9,746,394.32				
Deferred income	100,184,002.53	102,346,903.64			5,106,849.15	9,542,702.15
Deferred income tax liabilities	92,481,449.40	92,481,449.40				
<b>Net assets</b>	<b>3,754,399,284.93</b>	<b>3,744,834,350.58</b>	<b>73,100,916.45</b>	<b>73,101,616.45</b>	<b>199,587,245.65</b>	<b>186,651,640.40</b>
<b>Less: Non-controlling interests</b>	<b>-117,113.13</b>	<b>-117,113.13</b>			<b>245,592.11</b>	
<b>Net assets acquired</b>	<b>3,754,516,398.06</b>	<b>3,744,951,463.71</b>	<b>73,100,916.45</b>	<b>73,101,616.45</b>	<b>199,341,653.54</b>	

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

Naught

Other notes:

Naught

### 3. Counter Purchase

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

Naught

### 4. Disposal of Subsidiary

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

Yes  No

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

Yes  No

### 5. Changes in Combination Scope for Other Reasons

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

Naught

### 6. Other

Naught

## IX. Equity in Other Entities

### 1. Equity in Subsidiary

#### (1) Subsidiaries

Name	Main operating place	Registration place	Nature of business	Holding percentage		Way of gaining
				Directly	Indirectly	
Foshan Fozhao Zhicheng Technology Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established

FSL Chanchang Optoelectronics Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	Foshan	Foshan	Production and sales	70.00%		Newly established
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	Xinxiang	Xinxiang	Production and sales	100.00%		Newly established
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	Nanjing	Nanjing	Production and sales	100.00%		Acquired
FSL Zhida Electric Technology Co., Ltd.	Foshan	Foshan	Production and sales	51.00%		Newly established
FSL LIGHTING GMBH	Germany	Germany	Production and sales	100.00%		Newly established
Foshan Haolaite Lighting Co., Ltd.	Foshan	Foshan	Production and sales	51.00%	10.53%	Newly established
NationStar Optoelectronics (Germany) Co., Ltd.	Germany	Germany	Trade		61.53%	Business combination under the same control
Foshan Kelian New Energy Technology Co., Ltd.	Foshan	Foshan	Property development	100.00%		Acquired
Fozhao (Hainan) Technology Co., Ltd.	Haikou	Haikou	Production and sales	100.00%		Newly established
Nanning Liaowang Auto Lamp Co., Ltd.	Nanning	Nanning	Manufacturing of vehicle lamps	53.79%		Acquired
Liuzhou Guige	Liuzhou	Liuzhou	Manufacturing		53.79%	Acquired



Lighting Technology Co., Ltd.			of vehicle lamps			
Liuzhou Guige Foreshine Technology Co., Ltd.	Liuzhou	Liuzhou	Manufacturing of automotive electronic products		53.79%	Acquired
Chongqing Guinuo Lighting Technology Co., Ltd.	Chongqing	Chongqing	Manufacturing of vehicle lamps		53.79%	Acquired
Qingdao Guige Lighting Technology Co., Ltd.	Qingdao	Qingdao	Manufacturing of vehicle lamps		53.79%	Acquired
Indonesia Liaowang Auto Lamp Co., Ltd.	Indonesia	Indonesia	Manufacturing of vehicle lamps		53.79%	Acquired
Foshan Sigma Venture Capital Co., Ltd.	Foshan	Foshan	Business services	100.00%		Business combination under the same control
Foshan NationStar Optoelectronics Co., Ltd. (note)	Foshan	Foshan	Electronic manufacturing	21.48%		Business combination under the same control
Foshan NationStar Semiconductor Technology Co., Ltd.	Foshan	Foshan	Electronic manufacturing		21.48%	Business combination under the same control
Foshan NationStar Electronic Manufacturing Co., Ltd.	Foshan	Foshan	Electronic manufacturing		21.48%	Business combination under the same control
Nanyang Baoli Vanadium Industry Co., Ltd.	Henan	Nanyang	Mining		12.89%	Business combination under the same control
Guangdong New Electronic Information Ltd.	Guangzhou	Guangzhou	Trade		21.48%	Business combination under the same control
Guangdong Fenghua Semiconductor Technology Co., Ltd.	Guangzhou	Guangzhou	Electronic manufacturing		21.45%	Business combination under the same control

Notes to holding proportion in subsidiary different from voting proportion:

Naught

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

Naught

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

Naught

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

Naught

Other notes:

Note: Foshan Guoxing Electronic Manufacture Co., Ltd., Foshan NationStar Semiconductor Co., Ltd. Nanyang Baoli Vanadium Industry Co., Ltd., Guangdong New Electronics Information Ltd. and Guangdong Fenghua Semiconductor Technology Co., Ltd. are subsidiaries of Foshan NationStar Optoelectronics Co., Ltd.

## (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%	904,663.00		12,355,214.98
FSL Zhida Electric Technology Co., Ltd.	49.00%	4,907,076.81		29,533,842.68
Foshan Haolaite Lighting Co., Ltd.	38.47%	1,023,597.00		14,256,475.38
Nanning Liaowang Auto Lamp Co., Ltd.	46.21%	18,484,083.51	1,848,270.19	439,367,591.89
Foshan NationStar Optoelectronics Co., Ltd.	78.52%	95,129,699.49	24,282,863.70	2,931,767,610.92

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

Naught

Other notes:

Naught

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

Unit: RMB

Name	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	72,330,352.64	14,293,589.70	86,623,942.34	45,439,892.42		45,439,892.42	135,829,008.12	17,573,437.36	153,402,445.48	115,233,938.88		115,233,938.88
FSL Zhida Electric Technology Co., Ltd.	148,999,066.65	8,928,180.94	157,927,247.59	85,320,425.79		85,320,425.79	126,777,943.85	12,494,211.78	139,272,155.63	76,679,776.30		76,679,776.30
Foshan Haolai Lighting Co., Ltd.	65,960,025.19	10,224,679.49	76,184,704.68	39,268,890.83		39,268,890.83	62,819,525.66	12,890,560.24	75,710,085.90	41,069,777.21		41,069,777.21
Nanning Liaowang Auto Lamp Co., Ltd.	1,587,631,841.28	864,846,568.82	2,452,478,410.10	1,547,730,991.04	29,231,051.82	1,576,962,042.86	1,346,863,737.14	817,363,839.98	2,164,227,577.12	1,305,420,077.19	23,058,696.78	1,328,478,773.97
Foshan Nation Star Optoelectronics Co., Ltd.	3,793,005,331.67	2,786,809,474.96	6,579,814,806.63	2,079,712,881.27	746,557,864.73	2,826,270,746.00	3,753,516,966.82	2,804,807,489.51	6,558,324,456.33	2,412,518,258.48	214,320,206.87	2,626,838,465.35

Total	5,667,926,617.43	3,685,102,493.91	9,353,029,111.34	3,797,473,081.35	775,788,916.55	4,573,261,997.90	5,425,807,181.59	3,665,129,538.87	9,090,936,720.46	3,950,921,828.06	237,378,903.65	4,188,300,731.71
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Unit: RMB

Name	Reporting Period				Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	137,883,002.63	3,015,543.32	3,015,543.32	218,572.66	147,525,074.10	2,474,926.17	2,474,926.17	3,103,173.55
FSL Zhida Electric Technology Co., Ltd.	211,155,180.35	10,014,442.47	10,014,442.47	1,675,831.36	164,800,910.54	5,129,689.55	5,129,689.55	10,852,478.65
Foshan Haolaite Lighting Co., Ltd.	61,703,120.95	2,718,786.93	2,534,205.16	15,893,975.30	109,953,100.11	3,027,751.57	3,000,758.76	191,537.05
Nanning Liaowang Auto Lamp Co., Ltd.	1,559,021,639.99	44,172,944.70	43,767,419.46	24,278,302.67	707,022,757.31	28,862,888.63	28,924,930.33	13,797,867.21
Foshan NationStar Optoelectronics Co., Ltd.	3,579,885,727.44	121,273,711.19	121,801,228.10	391,449,155.58	4,044,638,683.41	233,275,576.92	233,248,584.11	710,512,416.91
Total	5,549,648,671.36	181,195,428.61	181,132,838.51	433,515,837.57	5,173,940,525.47	272,770,832.84	272,778,888.92	716,369,441.97

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

Naught

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

Naught

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

### (1) Note to the Owner's Equity Share Changed in Subsidiary

Naught

### (2) The Transaction's Influence on the Equity of Non-controlling Interests and the Owner's Equity Attributable to the Company as the Parent

Naught

## 3. Equity in Joint Ventures or Associated Enterprises

### (1) Significant Joint Ventures or Associated Enterprises

Naught

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

Naught

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

Naught

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

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/Same period of last year
Joint ventures:		
The total of following items according to the shareholding proportions		
Associated enterprises:		
Total carrying value of investment	181,931,792.66	181,545,123.09
The total of following items according to the shareholding proportions		
--Net profit	2,467,060.07	2,260,497.27
--Total comprehensive income	2,467,060.07	2,260,497.27

### (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**

Notes to the structured entity excluded in the scope of consolidated financial statements:

Naught

**6. Other**

Naught

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

The financial instruments of the Company included: equity investment, notes receivable, accounts receivable, accounts payable, etc. The details of each financial instrument see relevant items of Note V.

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

**(I) Credit risk**

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

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

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

**(II) Liquidity Risk**

Liquidity risk is referred to their risk of incurring capital shortage when performing settlement obligation in the way of cash payment or other financial assets. The policies of the Company are to ensure that there was sufficient cash to pay the due liabilities. The liquidity risk is centralized controlled by the Financial Department of the

Company. The financial department through supervising the balance of the cash and securities can be convert to cash at any time and the rolling prediction of cash flow in future 12 months to ensure the Company have sufficient cash to pay the liabilities under the case of all reasonable prediction.

### (III) Market risk

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

#### 1. Exchange rate risk

Exchange rate risk refers to the risk of loss due to exchange rate changes. The Company's exposure to foreign exchange risk is mainly related to the US dollar and the euro. As of 31 December 2022, the Company's assets and liabilities were in RMB, except for the balances of usd, euro, Hong Kong dollar and rupiah as set out in this Note VII-82, Foreign Currency Monetary Items. Foreign exchange risk arising from the assets and liabilities of such foreign currency balances may have a certain impact on the Company's operating results. The Company made efforts to avoid exchange rate risk through forward exchange settlement, improving operation management and promoting the international competitiveness of the Company, etc.

#### 2. Interest rate risk

Interest rate risk is refers to fluctuation risk of the fair value or future cash flow of financial instrument change due to the change of market interest rates. The interest rate risk faced by the Company mainly comes from bank borrowings. By establishing a good bank-enterprise relationship, the Company reasonably designed the credit line, credit variety and credit period, ensured sufficient credit line of banks, and met various short-term financing needs of the Company with preferential loan interest rates. As of 31 December 2022, the Company's fixed interest rate loan balance was RMB945,969,306.34, accounting for 100% of the total loan balance, and the risks in this part were controllable.

#### 3. Other price risk

Naught

## XI. The Disclosure of Fair Value

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

Unit: RMB

Item	Ending fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
(I) Trading financial assets	972,032.92	260,569,863.53		261,541,896.45
1. Financial assets at fair value through profit or loss	972,032.92	260,569,863.53		261,541,896.45
(1) Wealth management products		260,569,863.53		260,569,863.53
(2) Investments in	972,032.92			972,032.92

equity instruments				
(II) Other equity instrument investment	822,631,485.48		41,559,860.92	864,191,346.40
(III) Receivable financing			569,868,831.79	569,868,831.79
Total assets measured at fair value on a recurring basis	823,603,518.40	260,569,863.53	41,559,860.92	1,125,733,242.85
(VII) Refer as financial liabilities measured by fair value and the changes included in the current gains and losses	4,679,000.00			4,679,000.00
Total liabilities of consistent fair value measurement	4,679,000.00			4,679,000.00
II. Inconsistent fair value measurement	--	--	--	--

## 2. Basis for determining the market value of continuing and discontinuing level 1 fair value measurement items

Level 1 fair value measurements are determined based on the market price of equities at the balance sheet date and the mid-price of the RMB exchange rate published by the State Administration of Foreign Exchange as quoted prices in an active market.

## 3. Continuing and discontinuing Level 2 fair value measurement items, qualitative and quantitative information on the valuation techniques used and significant parameters

The fair value of financial products subscribed by the Group that are measured at fair value is determined by reference to the expected rate of return provided by the financial institutions.

## 4. Continuing and discontinuing Level 3 fair value measurement items, qualitative and quantitative information on the valuation techniques used and significant parameters

- (1) The Company measured the investment at cost as a reasonable estimate of fair value because there were no significant changes in the business environment and operating and financial conditions of the investee, GF Bank.
- (2) The Company measured the investee, Shenzhen Zhonghao (Group) Company Limited, at nil as a reasonable estimate of fair value due to the deterioration of its business environment and operating and financial conditions.
- (3) The Company measured the investment at cost as a reasonable estimate of fair value because there were no significant changes in the business environment and operating and financial conditions of the investee companies,



Foshan Nanhai District United Guangdong New Light Source Industry Innovation Center, Beijing Guang Rong Union Semiconductor Lighting Industry Investment Center and Guangdong Rising Finance Co., Ltd.

(4) The receivables financing represents bank acceptance notes held by the Company with a short remaining maturity, the face value of which approximates the fair value and the face amount is used to recognize the fair value at the statement date.

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

Naught

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

Naught

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

Naught

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

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

### **9. Other**

Naught

## **XII. Related Party and Related-party Transactions**

### **1. The parent company of the Company**

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the Company as the parent against the Company (%)	Proportion of voting rights owned by the Company as the parent against the Company (%)
Hongkong Wah Shing Holding Company Limited	Hong Kong	Investment	HKD110,000	13.84%	13.84%

Guangdong Electronics Information Industry Group Ltd.	Guangzhou	Production and sales	RMB462 million	9.01%	9.01%
Guangdong Rising Holdings Group Co., Ltd.	Guangzhou	Investment	RMB10 billion	6.10%	6.10%
Rising Investment Development Limited	Hong Kong	Investment	RMB200 million and HKD1 million	1.87%	1.87%
Total				30.82%	30.82%

Notes: Information on parent company of the Company

Hongkong Wah Shing Holding Company Limited (hereinafter referred to as "Hongkong Wah Shing"), the largest shareholder of the Company, is a wholly-owned subsidiary of Guangdong Electronics Information Industry Group Ltd. (hereinafter referred to as "Electronics Group"), and Electronics Group, Shenzhen Rising Investment Development Co., Ltd. (hereinafter referred to as "Shenzhen Rising"), Guangdong Rising Holdings Group Co., Ltd. (renamed Guangdong Rising Capital Investment Co., Ltd. on 13 December 2021, hereinafter referred to as "Rising Capital") and Rising Investment Development Limited (hereinafter referred to as "Rising Investment") are wholly-owned subsidiaries of Guangdong Rising Holdings Group Co., Ltd. (hereinafter referred to as "Rising Holdings Group"). According to the relevant provisions of the Company Law and the Measures for the Administrative Measures on Acquisition of Listed Companies, Electronics Group, Shenzhen Rising, Rising Capital and Rising Investment are concerted actors, and Rising Holdings Group becomes the actual controller of the Company. On 15 December 2021, Shenzhen Rising and Rising Capital transferred all their shares of the Company to Rising Holdings Group. After the transfer, Rising Holdings Group, Electronics Group and Rising Investment acted in concert with each other. As of 31 December 2022, the above-mentioned persons acting in concert held a total of 419,803,826.00 A and B shares of the Company, accounting for 30.82% of the total share capital of the Company.

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

## 2. Subsidiaries of the Company

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

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

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

## 4. Information on Other Related Parties

Name	Relationship with the Company
Prosperity Lamps & Components Limited	Shareholder owning over 5% shares
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	Under same actual controller
Guangdong Electronic Technology Research Institute	Under same actual controller

Guangdong Zhongnan Construction Co., Ltd.	Under same actual controller
Guangdong Yixin Changcheng Construction Group	Under same actual controller
Guangdong Zhongren Group Construction Co., Ltd	Under same actual controller
Shenzhen Yuepeng Construction Co., Ltd.	Under same actual controller
Foshan Fulong Environmental Technology Co., Ltd.	Under same actual controller
Jiangmen Dongjiang Environmental Company Limited	Under same actual controller
Zhuhai Doumen District Yongxingsheng Environmental Industry Waste Recovery and Comprehensive Treatment Co., Ltd.	Under same actual controller
Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.	Under same actual controller
Guangdong Zhongjin Lingnan Equipment Technology Co., Ltd.	Under same actual controller
Guangdong Rising South Construction Co., Ltd.	Under same actual controller
Guangdong Electronics Information Industry Group Ltd.	Under same actual controller
Guangdong Zhongjin Lingnan Junpeng Intelligent Equipment Co., Ltd.	Under same actual controller
Guangdong Rising Rare Metals and New Photoelectric Materials Co., Ltd.	Under same actual controller
Guangdong Heshun Property Management Co., Ltd.	Under same actual controller
Guangdong Zhongjin Construction and Installation Engineering Co., Ltd.	Under same actual controller
Guangzhou Huajian Engineering Construction Co., Ltd.	Under same actual controller
Guangdong Heshun Property Management Co., Ltd. The Pinnacle Branch	Under same actual controller
Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.	Under same actual controller
Guangdong Huajian Enterprise Group Co., Ltd.	Under same actual controller
Guangdong Rising Capital Investment Co., Ltd.	Under same actual controller
MTM Semiconductor Equipment Co., Ltd.	Under same actual controller
Dongguan Hengjian Environmental Protection Technology Co., Ltd.	Under same actual controller
Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd.	Under same actual controller
Guangdong Electronic Technology Research Institute	Under same actual controller
Guangzhou Wanshun Investment Management Co., Ltd.	Under same actual controller
Guangdong The Great Wall Building Co., Ltd.	Under same actual controller
Guangzhou Shengdu Investment Development Co., Ltd.	Under same actual controller
Guangdong Rising Finance Co., Ltd.	Under same actual controller
Primatronix Nanho Technology Ltd.	Under same actual controller
Fenghua Research Institute (Guangzhou) Limited	Under same actual controller
Guangdong Rising Research and Development Institute Co. Ltd.	Under same actual controller
Zhaoqing Fenghua Machinery and Electronic Import & Export Co., Ltd.	Under same actual controller
Hangzhou Times Lighting Electric Appliances Co., Ltd.	Enterprise controlled by related natural person

Prosperity (China) Electrical Company Limited	Enterprise controlled by related natural person
Nanning Ruixiang Industrial Investment Co., Ltd.	Enterprise significantly affected by related natural person

## 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
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	Purchase of materials	5,695,752.29	26,100,000.00	Not	8,358,519.13
Prosperity Lamps & Components Limited	Purchase of materials	773,460.05	6,000,000.00	Not	2,654,442.36
Hangzhou Times Lighting Electric Appliances Co., Ltd.	Purchase of materials	222,265.48			646,501.00
Prosperity (China) Electrical Company Limited	Purchase of materials				1,394,588.50
MTM Semiconductor Equipment Co., Ltd.	Purchase of materials				128,389.38
Guangdong Electronic Technology Research Institute	Purchase of equipment				1,151,902.67
Guangdong Zhongren Group Construction Co., Ltd	Receiving labor service	289,930,912.14			218,330,275.23
Guangdong Yixin Changcheng Construction Group	Receiving labor service	111,475,305.10			16,489,569.63
Guangdong Zhongnan	Receiving labor service	103,677,209.29			60,430,362.16

Construction Co., Ltd.					
Shenzhen Yuepeng Construction Co., Ltd.	Receiving labor service	3,386,152.77			611,333.38
Guangdong Electronic Technology Research Institute	Receiving labor service	823,008.85			2,734.91
Foshan Fulong Environmental Technology Co., Ltd.	Receiving labor service	584,364.15			52,830.19
Jiangmen Dongjiang Environmental Company Limited	Receiving labor service	534,608.11	3,000,000.00	Not	1,088,182.44
Dongguan Hengjian Environmental Protection Technology Co., Ltd.	Receiving labor service	411,123.02			358,241.80
Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd.	Receiving labor service	243,366.03			
Zhuhai Doumen District Yongxingsheng Environmental Industry Waste Recovery and Comprehensive Treatment Co., Ltd.	Receiving labor service	194,018.86			5,660.38
Guangdong The Great Wall Building Co., Ltd.	Receiving labor service	68,616.45			3,396.23
Total		518,020,162.59	35,100,000.00		311,706,929.39

Information of sales of goods and provision of labor service

Unit: RMB

Related party	Content	Reporting Period	Same period of last year
Prosperity Lamps & Components Limited	Sale of products	21,966,484.49	25,442,505.36
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Sale of products	14,629,816.41	19,106,120.12
Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.	Sale of products	1,325,641.06	3,104,398.07
Guangzhou Wanshun Investment Management Co., Ltd.	Sale of products	538,207.40	
Guangdong Yixin Changcheng Construction Group	Sale of products	441,210.93	3,089,642.46
Guangzhou Shengdu Investment Development Co., Ltd.	Sale of products	281,946.91	
Guangdong Rising South Construction Co., Ltd.	Sale of products	174,054.95	14,356.46
Guangdong Zhongjin Lingnan Equipment Technology Co., Ltd.	Sale of products	122,855.75	225,710.62
Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.	Sale of products	103,340.71	
Prosperity (China) Electrical Company Limited	Sale of products	66,276.48	26,984.56
Guangdong Zhongnan Construction Co., Ltd.	Sale of products	44,383.37	1,863,057.74
Guangdong Electronics Information Industry Group Ltd.	Sale of products	27,796.46	8,013.27
Guangdong Zhongjin Lingnan Junpeng Intelligent Equipment Co., Ltd.	Sale of products	23,742.48	49,674.33
Guangdong Electronic Technology Research Institute	Sale of products	8,792.92	
Guangdong Rising Rare Metals and New Photoelectric Materials Co., Ltd.	Sale of products		8,100,954.40
Guangdong Heshun Property Management Co., Ltd.	Sale of products		73,458.68
Guangdong Heshun Property Management Co., Ltd. Rising International Building Branch	Sale of products		619,220.36
Guangdong Zhongjin Construction and Installation Engineering Co., Ltd.	Sale of products		108,592.02
Guangdong Rising Holdings Group Co., Ltd.	Sale of products		30,226.55
Guangzhou Huajian Engineering Construction Co., Ltd.	Sale of products		6,145.47
Primatronix Nanho Technology Ltd.	Sale of products		857.79
Total		39,754,550.32	61,869,918.26

Notes:

1. The pricing policy for related-party transactions between the Company and its related parties is as follows:

The pricing of related-party transactions should be market-oriented and subject to the market prices when such a transaction occurs. The relevant funds should be paid on time according to the actual transaction.

2. The related-party transactions between the Company and its subsidiaries and between subsidiaries have been offset during report consolidation.

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

Lists of trusteeship/contract:

Naught

Lists of entrust/contractee:

Unit: RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Start date	Due date	Pricing basis	Charge recognized in this Reporting Period
Foshan NationStar Optoelectronics Co., Ltd.	Guangdong Zhongren Group Construction Co., Ltd		30 December 2020	31 December 2022		
Fozhao (Hainan) Technology Co., Ltd.	Guangdong Zhongnan Construction Co., Ltd.		30 March 2022	24 April 2023		
Foshan Electrical and Lighting Co., Ltd.	Guangdong Yixin Changcheng Construction Group		28 May 2021	28 February 2023		
Foshan Kelian New Energy Technology Co., Ltd.	Guangdong Zhongnan Construction Co., Ltd.		23 June 2021	23 December 2022		

Notes to entrust/contractee:

1. The Company's subsidiary Foshan NationStar Optoelectronics Co., Ltd. entered into the *General Contracting Contract of NationStar Optoelectronics for the Survey, Design, and Construction of the Geely Industrial Park* with Guangdong Zhongren Group Construction Co., Ltd., Guangdong Architectural Design & Research Institute Co., Ltd., and CSIC International Engineering Co., Ltd. on 30 December 2020. The above parties take charge of the survey, design, and construction of the Geely Industrial Park. The total price of the contract is RMB509,292,500. The project is in progress now.

2. The Company's subsidiary Fozhao (Hainan) Technology Co., Ltd. entered into the *General Contracting Contract for Design and Construction of FSL Hainan Industrial Park Phase I* with Guangdong Zhongnan Construction Co., Ltd. and Guangdong Architectural Design & Research Institute Co., Ltd. on 30 March 2022. The above parties take charge of the design and construction of FSL Hainan Industrial Park. The total price of the contract is RMB179,051,600, and the planned total construction period is 390 calendar days (50 days for design and 340 days for construction). The project is in progress now.

3. The Company entered into the *General Contracting Contract of Foshan Electrical and Lighting Co., Ltd. for the Design and Construction of the Office Buildings of Gaoming Headquarters Production Base Phase II* with Guangdong Yixin Changcheng Construction Group Co., Ltd. and Guangdong Architectural Design & Research Institute Co., Ltd. on 28 May 2021. The above parties take charge of the design and construction of Gaoming office buildings. The total price of the contract is RMB175,025,600, and the planned total construction period is 650 calendar days (90 days for design and 560 days for construction). The overall project is expected to be completed, accepted and filed by 28 February 2023. The project is in progress now.

4. The Company's subsidiary Foshan Kelian New Energy Technology Co., Ltd. entered into the General Contracting Contract for Design and Construction of the Foshan Kelian Building Decoration Engineering with Guangdong Zhongnan Construction Co., Ltd. and Guangdong Architectural Design & Research Institute Co., Ltd. on 23 June 2021. The above parties take charge of the survey, design and construction of Kelian Building. The total price of the contract is RMB189,070,200, and the planned total construction period is 240 calendar days. The overall project is expected to be completed, accepted and filed by 23 December 2022. Among them, except for the self-used layers, the construction period shall be counted from the date when the construction actually begins. The project is in progress now.

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

The Company was lessor:

Unit: RMB

Name of lessee	Category of leased assets	The lease income confirmed in the Reporting Period	The lease income confirmed in the same period of last year
Guangdong Rising Research and Development Institute Co., Ltd. and its majority-owned subsidiaries	Plant	1,194,370.76	885,499.49

The Company served as the lessee:

Unit: RMB

Name of lessor	Type of assets leased	Rental expenses of short-term lease simplified treated and low-value asset lease (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Paid rent		Income expense of lease liabilities undertaken		Increased right-of-use assets	
		Reporting Period	The same period of last	Reporting Period	The same period of last	Reporting Period	The same period of last	Reporting Period	The same period of last	Reporting Period	The same period of last



			year		year		year		year		year
Guangdong Great Wall Building Co., Ltd.	Operating lease					237,451.34	18,285.71	1,557.46	15,572.39	54,673.41	428,496.18

#### (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	1,284,350.64	1,503,487.93
General Manager	1,215,545.40	1,425,147.02
Chairman of the Supervisory Committee	778,048.20	1,328,797.52
Secretary of the Board	483,110.98	306,708.16
Chief Financial Officer	982,355.46	1,302,654.16
Other	7,936,351.27	10,793,083.07
Total	12,679,761.95	16,659,877.86

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

##### (8.1) Share acquisition from related parties

In October 2021, Electronics Group signed the Equity Transfer Agreement with the Company on Foshan Sigma Venture Capital Co., Ltd., and transferred its 100% equity of Sigma (Sigma holds 79,753,050 shares of NationStar Optoelectronics) to the Company at a consideration of RMB917,980,229.67. In the same month, Rising Holdings Group and Rising Capital respectively signed the Share Transfer Agreement on Foshan NationStar Optoelectronics Co., Ltd. with the Company, and transferred their total 52,051,945 tradable shares of NationStar Optoelectronics with unlimited selling conditions to the Company at a consideration of RMB599,117,886.95 (RMB11.51/share). As of 31 December 2022, the Company has paid 100% of the equity acquisition amount. For details of the equity acquisition, please refer to Note VIII-2. Business Combination under the Same Control.

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

In accordance with the Financial Service Agreement signed by the Company in 2022, the total maximum daily

deposit balance of the Company and its majority-owned subsidiaries deposited in Guangdong Rising Finance Co., Ltd. shall not exceed RMB1.2 billion, and the general credit limit provided by Guangdong Rising Finance Co., Ltd. for the Company and its majority-owned subsidiaries shall not exceed RMB2 billion. As of 31 December 2022, the deposit balance of the Company and its subsidiaries deposited in Guangdong Rising Finance Co., Ltd. is RMB1,191,722,800. The Company and its majority-owned subsidiaries have signed a credit agreement of RMB1.5 billion with Guangdong Rising Finance Co., Ltd., of which RMB20.18 million has been used.

(8.3) Equity acquisition by the subsidiary NationStar Optoelectronics from the related party

In August 2022, NationStar Optoelectronics, the Company's majority-owned subsidiary, planned to acquire 99.87695% equity of Guangdong Fenghua Semiconductor Technology Co., Ltd. held by Guangdong Fenghua Advanced Technology Holding Co., Ltd. with RMB268.8193 million. On 25 November 2022, the transfer of the subject assets involved in the transaction was completed, and 50% of the purchase price was paid. The Company indirectly holds 21.45% of shares in Fenghua Semiconductor which will be included in the Company's consolidated financial statements. For details, please refer to Note VIII-2. Business Combination under the Same Control.

## 6. Accounts Receivable and Payable of Related Party

### (1) Accounts Receivable

Unit: RMB

Item	Related party	Ending balance		Beginning balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Monetary capital-accrued interest	Guangdong Rising Finance Co., Ltd.	3,774,186.39		1,514,111.47	
Accounts receivable	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	2,805,991.79	56,119.84	4,615,675.06	
Accounts receivable	Prosperity Lamps & Components Limited	2,754,557.10	82,636.71	7,536,111.98	226,083.36
Accounts receivable	Guangdong Yixin Changcheng Construction Group	2,049,187.54	266,394.38	5,752,518.74	172,575.56
Accounts receivable	Guangdong Zhongjin Lingnan Equipment Technology Co., Ltd.	703,256.00	103,815.51	670,784.00	46,301.49
Accounts receivable	Guangdong Heshun Property Management Co., Ltd. Rising Internatioal Building Branch	669,790.40	66,979.04	669,790.40	20,093.71
Accounts receivable	Fenghua Research Institute (Guangzhou) Limited	582,275.60	11,645.51	93,811.81	4,690.59
Accounts receivable	Shenzhen Zhongjin Lingnan Nonfemet Co.,	546,626.00	16,398.78	2,621,178.80	78,635.36

	Ltd.				
Accounts receivable	Guangdong Rising Rare Metals and New Photoelectric Materials Co., Ltd.	457,703.96	45,770.40	6,455,385.93	193,661.58
Accounts receivable	Guangdong Zhongnan Construction Co., Ltd.	218,038.46	18,816.26	1,095,727.04	32,871.81
Accounts receivable	Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.	116,775.00	3,503.25	10,118.00	303.54
Accounts receivable	Guangzhou Huajian Engineering Construction Co., Ltd.	44,297.00	13,289.10	44,823.00	4,445.48
Accounts receivable	Guangdong Zhongjin Lingnan Junpeng Intelligent Equipment Co., Ltd.	20,179.00	605.37		
Accounts receivable	Guangdong Rising Research and Development Institute Co. Ltd.	3,080.00	61.60		
Accounts receivable	Guangdong Heshun Property Management Co., Ltd.			2,303.60	69.11
Prepayments	Prosperity (China) Electrical Company Limited	39,428.00			
Prepayments	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	148.68			
Prepayments	Guangdong Electronic Technology Research Institute			194,000.00	
Prepayments	Guangdong Yixin Changcheng Construction Group			126,896.06	
Other receivables	Guangdong The Great Wall Building Co., Ltd.	53,041.92	4,708.84	45,600.00	912.00
Other receivables	Guangdong Huajian Enterprise Group Co., Ltd.			7,060,000.00	211,800.00
Other non-current assets	Guangdong Electronics Information Industry Group Ltd.			275,394,068.90	
Other non-current assets	Guangdong Rising Holdings Group Co., Ltd.			159,735,852.51	
Other non-current	Guangdong Rising Capital Investment			19,999,513.57	

assets	Co., Ltd.				
Total		14,838,562.84	690,744.59	493,638,270.87	992,443.59

**(2) Accounts Payable**

Unit: RMB

Item	Related party	Ending carrying amount	Beginning carrying amount
Notes payable	Guangdong Zhongren Group Construction Co., Ltd	52,101,816.43	
Notes payable	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	449,283.50	798,496.60
Accounts payable	Guangdong Zhongren Group Construction Co., Ltd	129,250,643.46	163,292,707.38
Accounts payable	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	3,038,287.38	2,417,521.87
Accounts payable	Prosperity Lamps & Components Limited	773,460.05	1,337,304.32
Accounts payable	Guangdong Electronic Technology Research Institute	736,000.00	
Accounts payable	Hangzhou Times Lighting Electric Appliances Co., Ltd.	99,115.04	178,185.14
Accounts payable	Foshan Fulong Environmental Technology Co., Ltd.	64,375.00	
Accounts payable	Dongguan Hengjian Environmental Protection Technology Co., Ltd.	46,520.40	118,352.30
Accounts payable	Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd.	14,010.00	
Accounts payable	Guangdong Zhongnan Construction Co., Ltd.		12,370,475.74
Accounts payable	Guangdong Yixin Changcheng Construction Group		3,825,018.07
Accounts payable	Prosperity (China) Electrical Company Limited		567,218.00
Other payables	Nanning Ruixiang Industrial Investment Co., Ltd.	120,352,181.20	120,352,181.20
Other payables	Guangdong Huajian Enterprise Group Co., Ltd.	3,216,344.40	1,726,264.40
Other payables	Shenzhen Yuepeng	2,359,738.14	298,300.64

	Construction Co., Ltd.		
Other payables	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	1,037,278.57	1,008,558.26
Other payables	Guangdong Zhongnan Construction Co., Ltd.	846,938.10	
Other payables	Guangdong Electronic Technology Research Institute		391,025.00
Other payables	Zhaoqing Fenghua Machinery and Electronic Import & Export Co., Ltd.		202,103.81
Contract liabilities, other current liabilities	Prosperity (China) Electrical Company Limited	59,428.00	59,428.00
Contract liabilities, other current liabilities	Guangdong Rising South Construction Co., Ltd.		3,233.00
Contract liabilities, other current liabilities	Guangdong Heshun Property Management Co., Ltd.		2,303.60
Total		314,445,419.67	308,948,677.33

## 7. Commitments of Related Party

### 1. Commitment on Avoidance of Horizontal Competition

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

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

Date of commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

(2) Commitment maker: Rising Group

Contents of Commitment: 1. The Promisor will take active measures to avoid any business or activity that competes or may compete with the principal business of the Company and its auxiliary enterprises, and urge the

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

Date of commitment making: 4 November 2021

Term of commitment: Long-standing

Fulfillment: In execution

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

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

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

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

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

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

Date of commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

**(2) Commitment maker: Rising Group**

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

Date of commitment making: 4 November 2021

Term of commitment: Long-standing

Fulfillment: In execution

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

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

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

**3. Commitment on Independence****(1) Commitment maker: Electronics Group and Hong Kong Rising Investment**

Contents of Commitment: In order to ensure the independence of FSL in business, personnel, asset, organization and finance, Electronics Group and Hong Kong Rising Investment have made the following commitments: 1. They will ensure the independence of FSL in business: (1) They promise that FSL will have the assets, personnel, qualifications and capabilities for it to operate independently as well as the ability of independent, sustainable operation in the market. (2) They promise not to intervene in FSL's business activities other than the execution of their rights as FSL's shareholders. (3) They promise that they and their related parties will not be engaged in business that is substantially in competition with FSL's business. And (4) They promise that they and their related parties will try their best to reduce related-party transactions between them and FSL; for necessary and unavoidable related-party transactions, they promise to operate fairly following the market-oriented principle and

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

Date of commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

(2) Commitment maker: Rising Group

Contents of Commitment: To maintain the independence of the Company, the Promisor has made the following commitments: 1. It will ensure the personnel independence of the Company. It promises to ensure personnel independence with the Company, and GM, deputy GMs, CFO, Secretary of the Board of Directors and other senior management personnel of the Company will not hold positions other than directors and supervisors in the enterprises wholly owned, controlled or actually controlled by it and its subsidiaries (hereinafter referred to as "subsidiaries"), and will not receive salaries from it or its subsidiaries. the Company: To maintain the independence of the Company, the Promisor has made the following commitments: 1. It will ensure the personnel independence of the Company. It promises to ensure personnel independence with the Company, and GM, depnd (2) It promises that it and its subsidiaries will not illegally occupy the Company's funds and assets in any way. 3. It will ensure the financial independence of the Company: (1) It promises that the Company will have an independent financial department and financial accounting system. (2) It promises that the Company will have a standardized and independent financial accounting system. (3) It promises that the Company will have independent bank accounts and not share bank accounts with it. (4) It promises that the Company's financial personnel do not hold concurrent positions in it or its subsidiaries. And (5) It promises that the Company can make financial decisions independently and that they will not illegally intervene in the Company's use of its funds.



4. It will ensure the independence of the Company in organization: (1) It promises that the Company can operate independently with an independent and complete organization structure. (2) It promises that the office and production and business premises of the Company are separated from those of Rising Holdings Group. And (3) It promises that the Board of Directors, the Supervisory Committee and various functional departments of the Company operate independently, and there is no subordinate relationship with the functional departments of Rising Holdings Group. And 5, It will ensure the independence of the Company in business: (1) It promises that the Company will have independence in business. And (2) It promises that the Company will have the assets, personnel, qualifications and capabilities for it to operate independently as well as the ability of independent, sustainable operation in the market.

Date of commitment making: 4 November 2021

Term of commitment: Long-standing

Fulfillment: In execution

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

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

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

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

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

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

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

Date of commitment making: 28 September 2021.

Term of commitment: Until the completion of this trading.

Fulfillment: Complete

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

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

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

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

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

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

Contents of Commitment: 1. During the preliminary negotiation between the listed company and the counterparty on this trading, necessary and sufficient confidentiality measures were taken to limit the scope of knowledge of relevant sensitive information. According to the requirements of the SZSE, the listed company has completed the submission and online reporting of the memorandum of trading process, relevant materials of insider information insiders. The listed company has hired independent financial advisers, legal advisers, audit institutions, valuation institutions and other intermediaries, and signed confidentiality agreements or appointment agreements with confidentiality clauses with the above intermediaries, clearly stipulating the scope of confidential information and the confidentiality responsibilities of each intermediary. 2. In communicating with the transaction counterparties, the listed company made clear to them that they shall be strictly confidential about the relevant information, shall not leak the information to others, and shall not trading in shares of the listed company with the information. 3. When discussing the problems, solutions, suggestions, ideas and solutions with respect to the transaction, the transaction counterparties did not leak the restructuring information to any other irrelevant entities or individuals. 4. Before the listed company discloses information in relation to the transaction, the transaction counterparties strictly abided by the confidentiality obligation and did not conduct any insider trading using the information.

Date of commitment making: 27 October 2021.

Term of commitment: Until the completion of this trading.

Fulfillment: Complete.

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

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

Contents of Commitment: 1. They promise that the information provided is true, accurate and complete, and there are no false records, misleading statements or material omissions. 2. They have provided relevant information and documents (including but not limited to original written materials, duplicate materials or oral testimony, etc.) related to this trading to the intermediaries. They promise that the copies or photocopies of the documents and materials provided are consistent with the originals, and that the signatures and seals of the documents and materials are authentic, and the signatories of the documents have been legally authorized and effectively signed the documents; that there are no false records, misleading statements or material omissions. 3. They promise that the explanations and confirmations issued by them are true, accurate and complete, and there are no false records, misleading statements or material omissions. 4. During this trading, they will disclose the information about this trading in a timely manner in accordance with relevant laws and regulations, the CSRC and the SZSE, and ensure the authenticity, accuracy and completeness of such information. 5. They shall bear legal responsibility for the authenticity, accuracy and completeness of the information, documents, materials, explanations and confirmations

provided. In case of any violation or losses caused to the listed company, investors, parties to the trading and intermediaries participating in this trading, they will be liable for compensation according to law. 6. Where the information provided or disclosed by them in this trading is suspected of false records, misleading statements or material omissions, and they are filed for investigation by the judicial organ or by the CSRC, the shares with interests in the listed company will not be transferred until the investigation conclusion is formed.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

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

(1) Commitment maker: Electronics Group

Contents of Commitment: Electronics Group promises that the 100% equity of Sigma it held is clear in ownership and is not subject to any dispute or potential dispute, and there is no situation affecting its legal existence; and there is no pending or potential litigation, arbitration and any other administrative or judicial procedure that may lead to the seizure, freezing, expropriation or restriction of transfer of the above-mentioned equity by the relevant judicial or administrative organs. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Electronics Group.

Term of commitment: Long-standing.

Fulfillment: In execution.

(2) Commitment maker: Rising Group and Rising Capital

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

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

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

Commitment maker: Rising Group and Rising Capital

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

Date of commitment making: 27 October 2021.

Term of commitment: Until the completion of this trading.

Fulfillment: Complete.

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

Commitment maker: Electronics Group

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

Date of commitment making: 27 October 2021

Term of commitment: Until the completion of this trading.

Fulfillment: Complete.

**12. About absence of insider trading**

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

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

Date of commitment making: 27 October 2021

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

Fulfillment: Complete.

**8. Other**

Naught

### XIII. Stock Payment

#### 1. The Overall Situation of Stock Payment

Applicable  Not applicable

#### 2. The Stock Payment Settled in Equity

Applicable  Not applicable

#### 3. The Stock Payment Settled in Cash

Applicable  Not applicable

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

Naught

#### 5. Other

Naught

### XIV. Commitments and Contingency

#### 1. Significant Commitments

Significant commitments on the balance sheet date

##### (1) Commitment to cash dividends

Commitment maker: The Company.

Contents: The annual profits distributed in cash by the Company shall be not less than 30% of the distributable profits of the year.

Date of commitment making: 27 May 2009.

Term of commitment: Long-standing.

Fulfilment: In execution.

##### (2) Commitment to the development of Haikou plot

In November 2021, Hainan Technology, a wholly-owned subsidiary of the Company, acquired an industrial land located in Mei'an Science and Technology New City, Haikou, with a land area of 34,931.13 square meters and a land price of RMB26,596,784.43. In the same month, Hainan Technology signed the *Agreement on Industrial Project Development and Land Access* with Haikou National High-tech Industrial Development Zone Management Committee (hereinafter referred to as the "Haikou Development Zone Management Committee"). The agreement stipulates that the above-mentioned plot is used for the development of marine lighting R&D and manufacturing base projects, and the investment of fixed assets is approximately RMB314 million (including plants, equipment, and land, equivalent to RMB6 million per mu (1 mu equals to 666.67 square meters)). Hainan Technology promises to complete the planning scheme design within two months from the date of signing the *Confirmation of Listing and Transferring the Right to Use State-owned Construction Land*; complete the construction drawing design within three months after completing the planning scheme design and

obtain the *Building Construction Permits* and start construction at the same time (subject to the foundation concrete pouring of the main buildings). The project will be put into production within 18 months from the date of signing the *Confirmation of Listing and Transferring the Right to Use State-owned Construction Land*. From the date of signing the contract to the first year after the project is put into production, the accumulated tax payment is not less than RMB10 million; the accumulated tax payment in the first two years is not less than RMB27.4 million; the accumulated tax payment in the first three years is not less than RMB67.1 million; the accumulated tax payment in the first four years is not less than RMB117 million; the accumulated tax payment in the five years is not less than RMB203 million. The total industrial output value (or revenue) in the first year after the project is put into production is not less than RMB218 million; the accumulated value in the first two years is not less than RMB433 million; the accumulated value in the first three years is not less than RMB929 million; the accumulated value in the first four years is not less than RMB1,578 million; the accumulated value in the five years is not less than RMB2.62 billion. If the project fails to start construction within 12 months from the date of signing the *Confirmation of Listing and Transferring the Right to Use State-owned Construction Land* due to Hainan Technology reasons, the Haikou Development Zone Management Committee has the right to unilaterally terminate the contract and the municipal government will recover the land use rights according to law; if the total amount of tax paid in the year after the project is put into production does not reach the total annual tax payment as agreed, Hainan Technology shall pay liquidated damages to the Haikou Development Zone Management Committee according to the difference; if Hainan Technology has idle land not due to government reasons and force majeure, the municipal government shall collect idle land fees or recover the right to use state-owned construction land.

## 2. Contingency

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

#### 1. Litigation between Foshan Kelian and Shenzhen Chuanglian Real Estate Agency Co., Ltd.

The plaintiff Shenzhen Chuanglian Real Estate Agency Co., Ltd. (hereinafter referred to as “Chuanglian”) and Foshan Kelian New Energy Technology Co., Ltd. (hereinafter referred to as “Foshan Kelian”) signed the Exclusive Sales Agreement of Property of Foshan Kelian Center Project in August 2019, which was terminated by both parties through consultation. Chuanglian sued for the refund of the house purchase funds paid before [Case No.: (2021) Y. 0604 M.CH. No. 42183]. On 16 August 2022, judgment of first instance issued by Foshan Chancheng District People’s Court was received and as follows: 1. Foshan Kelian shall return the deposit of RMB3.65 million and pay interest to Chuanglian within ten days from the effective date of the judgment; 2. other claims of Chuanglian were rejected. Both parties appealed against the ruling [Second Trial Case No.: (2022) Y. 06 M.ZH. No. 17185] and the judgment of second instance issued by Foshan Intermediate People’s Court was received on 28 March 2023: The appeal is rejected and the original decision is affirmed.

#### 2. Litigation between FSL Zhida Electric Technology Co., Ltd. and Shenzhen Secket Electrician Technology Co., Ltd.

The plaintiff Shenzhen Secket Electrician Technology Co., Ltd. (hereinafter referred to as “Secket”) claimed that it enjoyed the utility model patent of a safety socket and that the defendants Chengdu ArGangle Insulated Electrical Manufacturing Co., Ltd., Chengdu ArGangle Yuanhu Technology Co., Ltd., FSL Zhida Electric Technology Co., Ltd. and Zhejiang Tmall Network Co., Ltd. produced and sold the products involved without its authorization. Therefore the plaintiff sued to the court for compensation of RMB11 million. The plaintiff filed the lawsuit in three cases and Guangzhou Intellectual Property Court heard the three cases together [Case No.: (2021) Y. 73 M.ZH. No. 1775, 1776 and 1880]. The case was heard on 25 April 2022, for the second time

on 20 June, for the third time on 23 September and for the fourth time on 22 November, and has not been concluded as of the date of this report.

3. Litigation between the Company and Kunming Guodong Economic & Trade Co., Ltd.

Kunming Guodong Economic & Trade Co., Ltd. (hereinafter referred to as “Guodong Economic & Trade”) is a distributor of the Company for many years and defaulted on the payment for goods of the Company totaling RMB1,987,021.16 as of April 2022. Therefore the Company filed a lawsuit with Chancheng District People’s Court [(2022) Y. 0604 M.ZH. No. 20844] and the judgment of first instance issued by Foshan Chancheng District People’s Court on 2 November 2022 was received and as follows: 1. Guodong Economic & Trade shall pay FSL RMB1,881,849 and interest; 2. Bi Lingqing and Li Peng shall assume joint-and-several liability; 3. other claims of FSL were rejected. Guodong Economic & Trade appealed against the ruling [Second Trial Case No.: (2023) Y. 06 M.ZH. No. 1205] and the judgment of second instance issued by Foshan Intermediate People's Court was received on 27 March 2023: The appeal is rejected and the original decision is affirmed. The case has concluded as of the date of this report. The Company owns the property of Guodong Economic & Trade as collateral and provides bad debt allowance of RMB152,339.88 based on expected credit losses.

4. Litigation between the Company and Xuzhou Longxiang Lighting Equipment Sales Co., Ltd.

Xuzhou Longxiang Lighting Equipment Sales Co., Ltd. (hereinafter referred to as “Longxiang”) is a distributor of the Company for many years and defaulted on the payment for goods of the Company totaling RMB2,427,830.95 as of August 2022. Therefore the Company filed a lawsuit with Chancheng District People’s Court [(2022) Y. 0604 M.ZH. No. 32528]. The trial of the case was held on 21 February 2023 in the Foshan Chancheng District People’s Court. As of the date of this report, the above case has not been concluded. The Company owns the property of Long Xiang as collateral and has provided a bad debt provision of RMB184,212.00 based on expected credit losses.

5. Guangzhou CM Punk Optoelectronics Co., Ltd. (hereinafter referred to as "CM Punk") sued the Company in a dispute over the sales contract, involving an amount of RMB4,361,300, the basic situation and progress of the case are as follows: CM Punk supplied the Company with light guide plate products, due to the quality defects of CM Punk's products, resulting in the quality problems of the Company's products. As a result, the Company withheld a deposit of RMB2 million from CM Punk. CM Punk sued the Company for RMB4,361,300,000 in arrears of payment and interest, and the Company filed an application for jurisdictional objection. The second instance ruling rejected CM Punk's request and the jurisdictional objection was upheld and transferred to the Foshan Chancheng District People's Court. The Foshan Chancheng District People's Court filed a case on 7 May 2022, and the Company filed a counterclaim on 27 May 2022, arguing that CM Punk's claims had no factual or legal basis and counterclaiming that CM Punk was liable for quality losses of approximately RMB2.02 million. The case was heard for the first time on 15 June 2022, for the second time on 13 July 2022 and for the third time on 1 September 2022. During the trial, CM Punk applied for an appraisal of the signature handwriting in the Sales Contract and the Quality Discount Agreement, and the court shook the beads to determine the appraisal agency in September. The identification agency responded with a letter on 30 December 2022, regarding additional information. As of the date of this report, the case is in the process of first instance hearing and the court has not yet decided.

6. Litigation between Liuzhou Lighting, Nanning Liaowang and Laster Electronic Tech (Dongguan) Co., Ltd.

Laster Electronic Tech (Dongguan) Co., Ltd. (hereinafter referred to as "Laster Electronic") is the supplier of Liuzhou Guige and Nanning Liaowang. Laster Electronic requests that: 1. Liuzhou Lighting shall pay the arrears of RMB77,932.00 and the corresponding interest loss, and compensate for the material loss RMB405,461.00 caused by the production of the products in question and interest loss of RMB25,337.10, as well as compensate for the loss of storage fee and labor storage fee of RMB26,000.00 caused by the material

stagnation; 2, Nanning Liaowang shall pay the arrears of RMB34,822.00 and the corresponding interest loss, and compensate for the material loss of RMB401,029.00 and interest loss of RMB23,385.81 caused by the production of the product in question, as well as compensate for the loss of storage fee and manpower storage fee of RMB24,000.00 caused by the material stagnation; 3. Liuzhou Lighting and Nanning Liaowang shall pay RMB309,793.00 and RMB1,595,680.00 respectively to Laster Electronic for the apportioned cost of mold test. The lawsuit is expected to be heard in April 2023, no litigation results yet.

#### 7. Litigation between the Company and Guiyang Zhengtianhe Trading Co., Ltd.

Guiyang Zhengtianhe Trading Co., Ltd. (hereinafter referred to as "Zhengtianhe"), a distributor of the Company for many years, owed the Company RMB4,384,929.27 for the goods, and the Company filed a lawsuit with Foshan Chancheng District People's Court [(2022) Yue 0604 Civil No. 21387]. The first instance judgment from Foshan Chancheng District People's Court was received on 3 November 2022: 1. Zhengtianhe paid the purchase price of RMB4,364,929.27 and interest to the Company; 2. Meng Qingning, Meng Qingan and Lu Shufen assumed joint and several liabilities for the settlement; 3. The Company was entitled to a priority right of payment for one of Meng Qingning's properties; 4. The Company was entitled to a priority right of payment for two of Meng Qingning's properties; 5. Rejected other litigation requests of the Company. On 9 January 2023, the Company applied for court enforcement, and Foshan Chancheng District People's Court accepted the case on 13 February 2023. As of the date of this report, pending the execution of the judgment by Zhengtianhe, the Company owns Zhengtianhe's properties as collateral and has made a bad debt provision of RMB449,788.82 based on expected credit losses.

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

There was no significant contingency in the Company.

### 3. Other

As of 31 December 2022, guarantees of subsidiaries were as follows (RMB'0,000):

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



	Leasing Co., Ltd.	Hanhua			
Nanning Liaowang, Liuzhou Foreshine, Liuzhou Lighting Bank (note 5)	Nanning Branch of Industrial Bank	Nanning Liaowang Auto Lamp Co., Ltd.	Mortgage	4,500.00	4,500.00
Nanning Liaowang (note 6)	Nanning Branch of Industrial Bank	Chongqing Guinuo Lighting Technology Co., Ltd.	Mortgage	8,100.00	6,510.64
Nanning Liaowang, Liuzhou Fuxuan, Liuzhou Lighting Bank (note 7)	Nanning Branch of Industrial Bank	Liuzhou Guige Lighting Technology Co., Ltd.	Mortgage	9,100.00	9,100.00
NationStar Semiconductor (note 8)	Foshan Branch of China Merchants Bank	Foshan NationStar Optoelectronics Co., Ltd.	Joint-liability guarantee	30,000.00	0.00
Total	—	—	—	93,299.00	20,110.64

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

**Note 2:** On 18 May 2020, Nanning Liaowang and Far East International Financial Leasing Co., Ltd. (hereinafter referred to as "Far East Leasing") signed the Sale Lease Contract (Contract No.: IFELC20DE24MZT-L-01), with a financing loan amount of RMB26 million, and the actual loan amount obtained was RMB24 million (the difference with the financing loan amount was RMB2 million as a deposit, which was withheld by Far East Leasing), and the loan term of finance lease is 30 months. Liuzhou Guige Lighting, Qingdao Lighting, Yang Shiyue, Gu Hanhua, Kuang Linchang and Liang Xiaoling provide joint and several liability guarantee for this financing loan. Nanning Liaowang signed the Ownership Transfer Agreement with Far East Leasing. According to the General Terms and Conditions of the Sale and Return Lease Contract: Under the condition that Party B (Nanning Liaowang, the same below) enjoys all the rights under this contract and does not affect Party B's normal use, Party A (Far East Leasing, the same below) may transfer its ownership of the leased items to any third party, or mortgage the leased items and other guarantees, and the validity of the contract will not be affected. Party A undertakes not to adversely affect Party B's rights (especially the performance of this contract) due to the transfer/mortgage. Party B shall perform this contract according to the contract, and Party A shall guarantee that Party B shall have the right to use the leased items and the ownership after the expiration of the lease period according to the contract. This guarantee has been terminated on 26 November 2022.

**Note 3:** Liuzhou Guige Lighting and Nanning Branch of Industrial Bank signed loan contracts numbered

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

**Note 4:** On 21 June 2020, Chongqing Guinuo signed the Sale and Return Lease Contract with Far East Leasing (Contract No.: IFELC20DE2XZX-M-L-01), with a financing loan amount of RMB39.9 million and an actual loan amount of RMB35.99 million (the difference with the financing loan amount is RMB4 million as a deposit, which is withheld by Far East Leasing), and the loan term of finance lease is 30 months. This financial lease loan is mortgaged by Chongqing Guinuo with 28 fixed assets and 104 molds owned by itself. Chongqing Guinuo signed the Ownership Transfer Agreement with Far East Leasing, and Nanning Liaowang, Liuzhou Guige Lighting, Qingdao Lighting, Liang Xiaoling, Yang Shiyue, Gu Hanhua and Kuang Linchang provided joint and several liability guarantee for the lease loan. According to the General Terms and Conditions of the Sale and Return Lease Contract: Under the condition that Party B (Chongqing Guinuo, the same below) enjoys all the rights under this contract and does not affect Party B's normal use, Party A (Far East Leasing, the same below) may transfer its ownership of the leased items to any third party, or mortgage the leased items and other guarantees, and the validity of the contract will not be affected. Party A undertakes not to adversely affect Party B's rights (especially the performance of this contract) due to the transfer/mortgage. Party B shall perform this contract according to the contract, and Party A shall guarantee that Party B shall have the right to use the leased items and the ownership after the expiration of the lease period according to the contract. This guarantee has been terminated on 20 December 2022.

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

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

**Note 7:** Liuzhou Guige Photoelectric Technology Co., Ltd. (Liuzhou Guige) and Nanning Branch of Industrial

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

**Note 8:** Foshan NationStar Optoelectronics Co., Ltd. convened the 9<sup>th</sup> Meeting of the 4<sup>th</sup> Board of Directors on 18 September 2017, on which, the Proposal on Providing Guarantee for the Company's Wholly-owned Subsidiary was reviewed and approved and the Company was agreed to provide a credit guarantee not exceeding RMB300 million for the corporation overdraft conducted by its wholly-owned subsidiary NationStar Semiconductor at China Merchants Bank. NationStar Semiconductor signed the Credit Agreement, numbered 757XY2018015331 with Foshan Branch of China Merchants Bank which agreed to provide the credit line of RMB100 million for NationStar Semiconductor within the credit period stipulated in the Credit Agreement (from 28 May 2018 to 27 May 2019). The guarantor Foshan NationStar Optoelectronics Co., Ltd. has given the Letter of Irrevocable Guarantee for Maximum Amount, numbered 757XY201801533101 to undertake joint liability guarantee for the principal debtor valid from 12 June 2018 to 27 May 2022. This guarantee has expired on 27 May 2022.

## XV. Events after Balance Sheet Date

### 1. Significant Non-adjusted Events

Naught

### 2. Distribution of Profit

Unit: RMB

Profit or dividend to be distributed	134,899,464.70
Profit distribution plan	Based on the share capital of 1,348,994,647 shares (the total share capital of 1,361,994,647 shares minus the remaining 13,000,000 A-shares repurchased in the share repurchase account at the disclosure date of the 2022 Annual Report, a cash dividend of RMB1 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves. Where any change occurs to the total shares entitled to the final dividend due to any new issue, grant of equity incentives, etc. when the final dividend plan is implemented, the dividend per share shall remain the same while the total payout amount shall be adjusted accordingly. This profit distribution plan is subject to the approval of the company's general meeting of

shareholders before it can be implemented.

### 3. Sales Return

Naught

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

#### (I) Pre-plan for the Issuance of A-shares to Specific Objects in 2023

The Company reviewed and approved the Proposal on the Company's Issuance of A-Shares to Specific Objects in 2023 at the 39<sup>th</sup> Meeting of 9<sup>th</sup> Board of Directors held on 14 March 2023, and intended to issue additional A-shares to no more than 35 specific targets, including the Company's de facto controller Rising Group, who meet the conditions stipulated by the CSRC. The number of shares to be issued to the specific targets will not exceed 30% of the total share capital before issuance, i.e. not more than 408,598,394 shares (inclusive), and the total amount of funds to be raised will not exceed RMB 1,094,551,800 (inclusive).

The raised funds will be invested in FSL automation transformation and digital transformation project, FSL Hainan Industrial Park I, smart street light construction project, vehicle lamp module production construction project and R & D center construction project, the use of raised funds is closely related to the Company's future development strategy and existing main business.

After the completion of the issuance, the total share capital and net assets of the Company will be increased substantially and the overall capital strength of the Company will be enhanced. Since the implementation and benefit generation of the investment projects with raised funds will take a certain process and time, the net profit of the Company may not be able to keep the same growth as the share capital and net assets in the short term, resulting in a decrease in the indicators of earnings per share and return on net assets of the Company compared to those before the issuance. There is a risk that the earnings per share and return on net assets will be diluted after the completion of the issuance to the specific targets. The Company has measured the impact of the issuance of shares to specific targets on the dilution of shareholders' immediate return and considered and approved the analysis of the dilution of immediate return of the financing, the measures to fill immediate return and the commitments of the relevant commitment bodies at the 39<sup>th</sup> meeting of the 9<sup>th</sup> Board of Directors. The issuance of shares to specific targets is subject to the approval of the Company's general meeting, the review and approval of the Shenzhen Stock Exchange and the consent of the CSRC to the registration decision

before implementation.

## (II) Equity Incentive Plan

In order to further improve the Company's long-term incentive mechanism, fully mobilize the enthusiasm and creativity of the Company's management and core staff, effectively combine the interests of shareholders, the Company's interests and the personal interests of employees, pay attention to the long-term development of the Company and work together for it, in accordance with the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Administrative Measures for the Implementation of Equity Incentives for Listed Companies (Domestic) and other relevant laws, regulations and normative documents as well as the provisions of the Articles of Association of the Company, it is proposed to plan the launch of the Restricted Stock Incentive Plan (hereinafter referred to as "Incentive Plan").

The Incentive Plan is proposed to be in the form of restricted stock incentive. The source of the shares is the repurchased RMB A ordinary shares in the special repurchased securities account of the Company, and the scope of the incentive objects are the directors, senior management, middle management and core and key personnel of the Company, excluding independent directors, supervisors, shareholders holding more than 5% of shares individually or in aggregate or the actual controller and their spouses, parents and children, and the number of restricted shares to be granted does not exceed 13 million shares, representing approximately 0.95% of the total share capital of the Company at present.

The matter of the equity incentive plan is still in the planning stage, and there is uncertainty whether it can be implemented eventually.

## **XVI. Other Significant Events**

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

### **2. Debt Restructuring**

Naught

### **3. Assets Replacement**

Naught

### **4. Pension Plans**

In accordance with provisions of Measures for Enterprise Annuity (RSBL No. 36), Measures for Managing Enterprise Annuity Fund (RSBL No. 11) and other policies, the Company has formulated the Enterprise Annuity

Plan of Foshan Electrical and Lighting Co., Ltd. (hereinafter referred to as the “Plan”).

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

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

## 5. Discontinued Operations

Naught

## 6. Segment Information

Item	General lighting and vehicle lamp products	LED packaging and component products and other products	Offset among segments	Total
I. Operating revenue	5,240,011,434.90	3,579,885,727.44	-59,931,886.38	8,759,965,275.96
II. Cost of sales	4,139,363,944.10	3,145,045,565.85	-60,438,008.42	7,223,971,501.53
III. Income from investments to joint ventures and associates	2,467,060.07	1,309,748.51	-1,309,748.51	2,467,060.07
IV. Credit impairment loss	-17,343,728.93	2,003,200.53	-64,235.21	-15,404,763.61
V. Asset impairment loss	-45,335,149.00	-46,182,229.38		-91,517,378.38
VI. Depreciation and amortization cost	232,221,176.22	375,867,590.94		608,088,767.16
VII. Total profits	257,921,463.39	130,307,220.67	-6,511,000.31	381,717,683.75
VIII. Income tax expense	21,687,405.69	9,039,564.19	147,358.15	30,874,328.03
IX. Net profits	236,234,057.70	121,267,656.48	-6,658,358.46	350,843,355.72
X. Total assets	9,573,672,136.23	6,579,901,330.87	-866,512,347.40	15,287,061,119.70
XI. Total liabilities	3,897,838,225.60	2,826,270,746.00	-37,394,683.51	6,686,714,288.09

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

Naught

## 8. Other

(I) Plan of the Major Assets Reorganization by NationStar Optoelectronics

NationStar Optoelectronics intends to acquire 60% of equity (the final shareholding ratio is subject to the specific share transfer agreement signed by the parties) in Yancheng Dongshan Precision Manufacturing Co.,

Ltd. (hereinafter referred to as “Target Company”), the wholly-owned subsidiary of Suzhou Dongshan Precision Manufacturing Co., Ltd. (hereinafter referred to as “shareholder of the Target Company” or “Dongshan Precision”). Upon completion of the transaction, NationStar Optoelectronics will hold 60% of equity interest in the Target Company, and the Target Company will become a majority-owned subsidiary of the Company and be included in the scope of the Company's consolidated financial statements. As of the disclosure date of this Report, NationStar has actively organized various intermediaries to actively carry out due diligence investigation as well as audit and appraisal of the underlying assets in accordance with relevant regulations.

#### (II) Application for Registration and Issuance of SCP by NationStar Optoelectronics

NationStar Optoelectronics reviewed and approved the Proposal on Application for Registration and Issuance of SCP at the 22nd Meeting of the 5th Board of Directors and the 19th Meeting of the 5th Supervisory Committee held on 29 August 2022 and submitted it to the 3rd Extraordinary General Meeting of 2022 of NationStar Optoelectronics for consideration. On 11 November 2022, NationStar Optoelectronics convened the 3rd Extraordinary General Meeting of 2022 to vote on above-mentioned proposal and agreed the application for registration and issuance of SCP by NationStar Optoelectronics with the scale not exceeding RMB1 billion (inclusive). The final registration amount will be subject to the amount stated in the registration notice of China Interbank Market Dealers Association. The registration is valid for two years and may be issued multiple times within the registration period with each issuance period not exceeding 270 days (inclusive). The project is currently progressing in an orderly manner.

#### (III) Demolition Matters of Nanjing Fozhao

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

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

### 1. Accounts Receivable

#### (1) Category of Accounts Receivable

Unit: RMB

Item	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Account	11,220,8	1.13%	11,220,8	100.00%	0.00	11,220,8	1.00%	8,976,66	80.00%	2,244,16

s receivable for which bad debt provision separately accrued	27.14		27.14			27.14		1.72		5.42
Of which:										
Accounts receivable for which bad debt provision separately accrued	11,220,827.14	1.13%	11,220,827.14	100.00%	0.00	11,220,827.14	1.00%	8,976,661.72	80.00%	2,244,165.42
Accounts receivable for which bad debt provision accrued by group	979,581,821.17	98.87%	64,706,145.17	6.61%	914,875,676.00	1,108,641,819.86	99.00%	51,950,320.95	4.69%	1,056,691,498.91
Of which:										
(1) Common business portfolio	921,740,497.75	93.03%	64,706,145.17	7.02%	857,034,352.58	1,022,005,643.56	91.26%	51,950,320.95	5.08%	970,055,322.61
(2) Internal business portfolio	57,841,323.42	5.84%			57,841,323.42	86,636,176.30	7.74%			86,636,176.30
Total	990,802,648.31	100.00%	75,926,972.31	7.66%	914,875,676.00	1,119,862,647.00	100.00%	60,926,982.67	5.44%	1,058,935,664.33

Individual withdrawal of bad debt provision by single item: RMB11,220,827.14



Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal
Customer A	11,220,827.14	11,220,827.14	100.00%	Expectedly irrecoverable for involvement in lawsuit
<b>Total</b>	<b>11,220,827.14</b>	<b>11,220,827.14</b>		

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)	792,004,489.20
1 to 2 years	139,049,799.35
2 to 3 years	17,633,235.95
Over 3 years	42,115,123.81
3 to 4 years	6,563,656.53
4 to 5 years	20,564,402.16
Over 5 years	14,987,065.12
<b>Total</b>	<b>990,802,648.31</b>

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

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

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	
Bad debt provision withdrawn separately	8,976,661.72	2,244,165.42				11,220,827.14
Bad debt provision withdrawn by group	51,950,320.95	12,869,499.54		113,675.32		64,706,145.17
<b>Total</b>	<b>60,926,982.67</b>	<b>15,113,664.96</b>		<b>113,675.32</b>		<b>75,926,972.31</b>

Note: In the current period, the provision for expected credit losses was RMB15,113,664.96, and RMB0.00 of expected credit losses was recovered or reversed.

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

单位：元

Item	Amount
No. 1	113,400.28
No. 2	275.04

Of which, verification of significant accounts receivable:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
No. 1	Payment for goods	113,400.28	Irrecoverable	The approval procedure is carried out according to the Company's rules for managing bad debt.	Not
No. 2	Payment for goods	275.04	Irrecoverable	The approval procedure is carried out according to the Company's rules for managing bad debt.	Not
Total		113,675.32			

Notes to verification of accounts receivable:

The write-offs of accounts receivable during the period were all other small and sporadic amounts, for which the approval process had been performed in accordance with the Company's bad debt management system

### (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	131,509,845.75	13.27%	3,945,295.37
No. 2	76,077,621.37	7.68%	2,282,328.64
No. 3	62,916,149.22	6.35%	2,100,690.83
No. 4	25,857,388.73	2.61%	2,378,852.92
No. 5	24,804,411.54	2.50%	2,231,110.45
Total	321,165,416.61	32.41%	

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

Naught

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

Naught

**2. Other Receivables**

Unit: RMB

Item	Ending balance	Beginning balance
Interest receivable	0.00	
Dividend receivable	0.00	
Other receivables	511,036,345.72	511,056,231.24
Total	511,036,345.72	511,056,231.24

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

Naught

**2) Significant Overdue Interest**

Naught

**3) Information of Withdrawal of Bad Debt Provision**Applicable  Not applicable**(2) Dividend Receivable**

Naught

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

Unit: RMB

Nature	Ending balance	Beginning balance
Other current accounts	499,569,435.12	497,805,458.10
Export VAT rebates	9,247,208.98	4,674,335.06
Performance bonds	2,535,349.17	5,597,832.99

Rents and utilities	2,211,666.93	2,564,557.87
Staff loans and imprests	1,467,513.80	3,486,778.81
<b>Total</b>	<b>515,031,174.00</b>	<b>514,128,962.83</b>

## 2) Information of Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2022	763,248.72	2,309,482.87		3,072,731.59
Balance of 1 January 2022 in the Current Period				
Withdrawal of the Current Period	-192,812.04	1,114,908.73		922,096.69
Balance of 31 December 2022	570,436.68	3,424,391.60		3,994,828.28

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)	107,707,632.83
1 to 2 years	402,271,482.67
2 to 3 years	1,736,367.27
Over 3 years	3,315,691.23
3 to 4 years	1,049,621.10
4 to 5 years	763,885.44
Over 5 years	1,502,184.69
<b>Total</b>	<b>515,031,174.00</b>

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

Information of bad debt provision withdrawn:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	
Other receivables	3,072,731.59	922,096.69				3,994,828.28

Total	3,072,731.59	922,096.69				3,994,828.28
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Note: In the current period, the provision for expected credit losses was RMB922,096.69, and RMB0.00 of expected credit losses was recovered or reversed.

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

Naught

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

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables (%)	Ending balance of bad debt provision
No. 1	Internal business group	454,153,471.06	Within 2 years	88.18%	0.00
No. 2	Internal business group	21,486,135.57	Within 1 year	4.17%	0.00
No. 3	VAT export tax refunds	9,247,208.98	Within 1 year	1.80%	277,416.27
No. 4	Internal business group	8,031,040.17	Within 2 years	1.56%	0.00
No. 5	Internal business group	3,987,471.15	Within 2 years	0.77%	0.00
Total		496,905,326.93		96.48%	277,416.27

#### 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	2,323,631,238.41		2,323,631,238.41	1,061,536,766.02		1,061,536,766.02

subsidiaries						
Investment to joint ventures and associated enterprises	181,931,792.66		181,931,792.66	181,545,123.09		181,545,123.09
Total	2,505,563,031.07		2,505,563,031.07	1,243,081,889.11		1,243,081,889.11

**(1) Investment to Subsidiaries**

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Depreciation reserves withdrawn	Other		
FSL Chanchang Optoelectronics Co., Ltd.	82,507,350.00					82,507,350.00	
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	350,000.00					350,000.00	
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	72,000,000.00					72,000,000.00	
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	35,418,439.76					35,418,439.76	
Foshan Fozhao Zhicheng Technology 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 EUROPE GMBH	195,812.50					195,812.50	
Foshan Haolaite	16,685,000.00					16,685,000.00	

Lighting Co., Ltd.							
Fozhao (Hainan) Technology Co., Ltd.	150,000,000.00	50,000,000.00				200,000,000.00	
Nanning Liaowang Auto Lamp Co., Ltd.	493,880,163.76					493,880,163.76	
Foshan Kelian New Energy Technology Co., Ltd.	170,000,000.00					170,000,000.00	
Foshan Sigma Venture Capital Co., Ltd.	0.00	4,226.45				4,226.45	
Foshan NationStar Optoelectronics Co., Ltd.	0.00	1,212,090,245.94				1,212,090,245.94	
<b>Total</b>	<b>1,061,536,766.02</b>	<b>1,262,094,472.39</b>				<b>2,323,631,238.41</b>	

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

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease							Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision		
<b>I. Joint ventures</b>										
<b>II. Associated enterprises</b>										
Shenzhen Primatronix (Nanhu) Electronics Ltd.	181,545,123.09			2,467,060.07			2,080,390.50			181,931,792.66
<b>Subtotal</b>	<b>181,545,123.09</b>			<b>2,467,060.07</b>			<b>2,080,390.50</b>			<b>181,931,792.66</b>

1											
Total	181,545,123.09			2,467,060.07			2,080,390.50			181,931,792.66	

### (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	3,140,930,568.54	2,545,166,965.71	3,548,713,016.46	3,011,542,500.00
Other business	173,106,570.74	138,938,600.08	169,595,356.00	142,496,679.53
Total	3,314,037,139.28	2,684,105,565.79	3,718,308,372.46	3,154,039,179.53

Information related to transaction value assigned to residual performance obligations:

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

## 5. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by cost method	8,704,927.43	38,645,385.25
Long-term equity investment income accounted by equity method	2,467,060.07	2,260,497.27
Investment income from disposal of long-term equity investment		7,349,443.02
Dividend income from holding of other investments in equity instruments	16,055,272.93	23,643,370.02
Investment income from financial products and structural deposits	1,595,691.60	971,514.99
Other	-9,764,664.95	6,013,450.00
Total	19,058,287.08	78,883,660.55

## 6. Other

Naught



**XVIII. Supplementary Materials****1. Items and Amounts of Non-recurring Profit or Loss**

Applicable  Not applicable

Unit: RMB

Item	Amount	Note
Gain/Loss arising from disposal of non-current assets	-8,216,871.49	
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	68,903,156.89	
Capital occupation charges on non-financial enterprises that are recorded into current profit or loss	339,583.00	
Current net profit or loss of subsidiaries acquired in business combination under the same control from period-beginning to combination date	22,504,245.08	
Gain/loss from change of fair value of trading financial assets and liabilities, and investment gains from disposal of trading financial assets and liabilities, and available-for-sale financial assets, other than valid hedging related to the Company's common businesses	-19,057,137.27	
Reverse of provision for impairment of accounts receivable individually conducting impairment test	1,203,963.23	
Other non-operating income and expenses other than the above	10,557,819.17	
Less: Income tax effects	4,465,855.78	
Non-controlling interests effects	62,919,728.02	
Total	8,849,174.81	--

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

Applicable  Not applicable

No such cases in the Reporting Period.

Explain the reasons if the Company classifies any extraordinary gain/loss item mentioned in the Explanatory

Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses as a recurrent gain/loss item

Applicable  Not applicable

## 2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	4.13%	0.1708	0.1692
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	4.12%	0.1642	0.1627

## 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

Wu Shenghui, legal representative

Foshan Electrical and Lighting Co., Ltd.

6 April 2023