



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

**ANNUAL REPORT 2023**

**April 2024**

# ANNUAL REPORT 2023

## 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.

Wan Shan, 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 1,535,778,230 shares (the total share capital of 1,548,778,230 shares minus the remaining 13,000,000 A-shares repurchased in the share repurchase account at the disclosure date of the 2023 Annual Report, a cash dividend of RMB1.2 (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 Holdings 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             | Wan Shan  |            |               |
| 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. 8, Zihui Road, Chancheng District, Foshan City, Guangdong Province, P.R.China           |            |               |
| Zip code                         | 528051  |            |               |
| 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. 8, Zihui Road, Chancheng District, Foshan City, Guangdong Province, P.R.China | No. 8, Zihui 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, 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. 8, Zihui Road, Chancheng                               |

District, Foshan City, Guangdong Province, P.R.China

#### 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. In February 2022, the Company repurchased and retired certain shares, and Rising Holdings Group and its parties acting in concert held 30.82% of shares in the Company. In November 2023, the Company carried out a private placement of 186,783,583 shares of A-stock to specific parties, of which Rising Holdings Group subscribed for 46,695,895 shares. As of the date of this Report, Rising Holdings Group and its parties acting in concert hold 30.12% 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 Wang Jingkun                              |

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

Reporting Period:

Applicable  Not applicable

| Name of sponsor                   | Office address   | Name of representative     | Period of supervision                    |
|-----------------------------------|--|----------------------------|--|
| Guotai Junan Securities Co., Ltd. | No. 618, Shangcheng Road, China (Shanghai) Pilot Free Trade Zone | Xu Zhenyu, and Yang Haoyue | From 4 December 2023 to 31 December 2024 |

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, Shenyue Shangcheng (South Zone), 5001 Huanggang Road, Futian District, Shenzhen | Qiu Kaijuan, and Guo Xiaomin | From 23 February 2022 to 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:

Change to accounting policies

|   | 2023                 | 2022                 |                      | 2023-over-2022<br>change (%) | 2021                 |                      |
|---|----------------------|----------------------|----------------------|------------------------------|----------------------|----------------------|
|   |                      | Before               | Restated             |                              | Restated             | Before               |
| Operating revenue (RMB)   | 9,057,292,00<br>3.90 | 8,759,965,27<br>5.96 | 8,759,965,27<br>5.96 | 3.39%                        | 8,726,241,05<br>3.50 | 8,726,241,05<br>3.50 |
| Net profit attributable to the listed company's shareholders (RMB)              | 290,357,652.<br>22   | 230,394,235.<br>91   | 230,320,570.<br>67   | 26.07%                       | 299,614,354.<br>88   | 299,633,273.<br>10   |
| Net profit attributable to the listed company's shareholders before exceptional | 274,838,768.<br>63   | 221,545,061.<br>10   | 222,164,265.<br>49   | 23.71%                       | 149,573,177.<br>56   | 149,612,843.<br>61   |



|   |                           |                           |                           |  |                           |                           |
|---|---------------------------|---------------------------|---------------------------|--|---------------------------|---------------------------|
| gains and losses<br>(RMB)   |                           |                           |                           |  |                           |                           |
| Net cash<br>generated<br>from/used in<br>operating<br>activities<br>(RMB)     | 1, 174, 389, 97<br>8. 98  | 1, 064, 888, 32<br>0. 69  | 1, 064, 888, 32<br>0. 69  | 10. 28%  | 433, 473, 948.<br>34      | 433, 473, 948.<br>34      |
| Basic earnings<br>per share<br>(RMB/share)                                    | 0. 2128                   | 0. 1708                   | 0. 1707                   | 24. 66%  | 0. 2221                   | 0. 2161                   |
| Diluted<br>earnings per<br>share<br>(RMB/share)                               | 0. 2108                   | 0. 1692                   | 0. 1691                   | 24. 66%  | 0. 2200                   | 0. 2141                   |
| Weighted<br>average return<br>on equity (%)                                   | 5. 51%                    | 4. 13%                    | 4. 13%                    | 1. 38%   | 4. 20%                    | 4. 20%                    |
|   | 31 December<br>2023       | 31 December 2022          |                           | Change of 31<br>December 2023<br>over 31<br>December 2022<br>(%) | 31 December 2021          |                           |
|   |                           | Before                    | Restated                  | Restated   | Before                    | Restated                  |
| Total assets<br>(RMB)   | 16, 934, 439, 9<br>15. 02 | 15, 287, 061, 1<br>19. 70 | 15, 288, 917, 9<br>18. 86 | 10. 76%  | 16, 599, 918, 6<br>28. 35 | 16, 601, 816, 7<br>77. 69 |
| Equity<br>attributable to<br>the listed<br>company's<br>shareholders<br>(RMB) | 6, 285, 442, 80<br>8. 19  | 5, 173, 066, 09<br>5. 76  | 5, 173, 011, 34<br>8. 74  | 21. 50%  | 7, 036, 108, 77<br>2. 54  | 7, 036, 127, 69<br>0. 76  |

Reason for changes in accounting policies and correction of accounting error:

The Ministry of Finance issued in November 2022 Interpretation No. 16 for the Accounting Standards for Business Enterprises (hereinafter referred to as “Interpretation No. 16”), which stipulates the accounting treatments for deferred income taxes associated with assets and liabilities arising from a single transaction to which the initial recognition exemption does not apply. For further information, see “43. (1) Changes to significant accounting policies” under Item V of Part X.

The Company has adopted the Explanatory Announcement No. 1 on Information Disclosure for Companies

Offering Their Securities to the Public—Exceptional Gain/Loss Items (Revised in 2023), and carried out the relevant retrospective restatements.

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  | 2,193,613,606.54 | 2,372,449,122.48 | 2,230,945,274.66 | 2,260,284,000.22 |
| Net profit attributable to the listed company's shareholders                                     | 66,221,546.43    | 102,713,686.11   | 69,756,568.65    | 51,665,851.03    |
| Net profit attributable to the listed company's shareholders before exceptional gains and losses | 59,526,020.95    | 120,863,190.58   | 49,838,998.43    | 44,610,558.67    |

|  |               |                |                |                |
|--|---------------|----------------|----------------|----------------|
| Net cash generated from/used in operating activities | 74,718,240.10 | 313,150,817.10 | 365,697,164.52 | 420,823,757.26 |
|--|---------------|----------------|----------------|----------------|

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  | 2023           | 2022           | 2021          | Note |
|---|----------------|----------------|---------------|------|
| Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)   | 11,286,004.48  | -8,216,871.49  | 82,233,742.26 |      |
| Government grants recognised in current profit or loss (exclusive of those that are closely related to the Company's normal business operations and given in accordance with defined criteria and in compliance with government policies, and have a continuing impact on the Company's profit or loss) | 52,146,676.20  | 67,165,060.76  | 15,936,448.78 |      |
| Gain or loss on fair-value changes in financial assets and liabilities held by a non-financial enterprise, as well as on disposal of financial assets and liabilities (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)                            | -10,070,899.66 | -19,057,137.27 | 10,663,119.44 |      |
| Capital occupation charges on a non-financial enterprise that are charged to current profit or loss   | 224,271.91     | 339,583.00     | 881,704.19    |      |
| Reversed portions of  | 573,448.92     | 1,203,963.23   |               |      |

|   |               |               |                |    |
|---|---------------|---------------|----------------|----|
| impairment allowances for receivables which are tested individually for impairment  |               |               |                |    |
| Current profit or loss on subsidiaries obtained in business combinations involving enterprises under common control from the period-beginning to combination dates, net |               | 22,504,245.08 | 233,275,576.92 |    |
| Non-operating income and expense other than the above   | 4,424,223.10  | 10,557,819.17 | 10,640,975.11  |    |
| Less: Income tax effects  | 5,440,558.97  | 4,192,386.71  | 17,217,193.63  |    |
| Non-controlling interests effects (net of tax)  | 37,624,282.39 | 62,147,970.59 | 186,393,943.58 |    |
| Total   | 15,518,883.59 | 8,156,305.18  | 150,020,429.49 | -- |

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

In 2023, the lighting industry experienced a period of recovery under pressure. On one hand, the continued slump in the domestic real estate market and weak downstream demand have had a certain impact on the recovery of the domestic lighting market. On the other hand, the international market is complex and volatile, combined with weakened external demand and the relocation of industrial chains, making market expansion more challenging. The industry reshuffle is accelerating. 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 lighting enterprises accelerated the development of high energy-saving and intelligent products with better light quality. To this end, they carried out integration and extension by focusing on healthy and intelligent lighting. Concurrently, with the continuously iterated 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 2023, due to the policy incentives for car purchases and the growing market for new energy vehicles, the automobile output and sales in China for 2023 reached 30.161 million and 30.094 million, up by 11.62% and 12.02% year on year, respectively. The new energy vehicle industry achieved ongoing rapid growth. Statistically, the output and sales of new energy vehicles for 2023 reached 9.587 million and 9.495 million, up by 35.8% and 37.9% year on year, respectively. Additionally, the market share of new energy vehicles rose to 31.6%. The growth in automobile output and sales boosted the demand in the automotive light market. In recent years, with the significant growth in sales of new energy vehicles, the rise of domestic automotive brands, and the improvement of research and development capabilities and cost advantages of enterprises along the entire industry chain, 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, intelligent and diversified automotive light-related technologies have brought new development opportunities to the industry, while also placing higher demands on the innovative capabilities of automotive lighting companies.

Affected by the slow global economic recovery and consumer downgrading, the recovery of end-market demand fell short of expectations in 2023, bringing a certain impact on the development of the LED packaging industry. Many small and medium-sized enterprises were forced to exit, suggesting a potential increase in industry concentration. Still, with the upgraded technologies, some application fields, such as new Mini/Micro LED displays and automotive LED lighting are experiencing a counter-trend growth. The application domains of these products continue to expand, accelerating the industry's transformation towards high value-added businesses. Enterprises with strong technological innovation capabilities, brand influence, and capital strength will continue to benefit from the industry's development.

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

### (I) Principal operations

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, airport 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, SERES, IM, Bestune, SAIC Maxus Automotive, and other whole-automobile manufacturers. And medium- and high-end products take up an increasing percentage of its total sales of automotive lights.

The Company conducts LED packaging business mainly by relying on its majority-owned subsidiary NationStar Optoelectronics (stock code: 002449). The primary products include LED epitaxial wafers and chips, LED packaging and component products, integrated circuit packaging products, and third generation compound semiconductor packaging 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, and determine suppliers by means of bidding, price negotiation, and price comparison. There should be several backup suppliers of each principal raw material to ensure fair procurement price, timely material supply, and reliable 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 primarily sells in hardware distribution, home, engineering, 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 strengthening 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, lighting 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 its primary 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

The Company has been dedicated to the R&D, manufacturing and sale of lighting products since its establishment. Through continuous channel development, branding, investment in R&D and innovation as well as vertical integration of the industrial chain, the core competitiveness of the Company has been further strengthened, 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 four major sales channels in domestic market (hardware distribution, home, engineering, 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 customers of medium- and high-end and new energy vehicle makers. Its client entities are increasingly diverse. 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

As a national brand that has 66 years of experience in the lighting industry, the presence and value of "FSL" has continued to increase. For 18 consecutive years, the Company has been included in the list of "China's 500 Most Valuable Brands". In 2023, the value of FSL brand reached RMB31.219 billion. In 2014, "FSL" was recognized by China's Ministry of Commerce as a "China Time-honored Brand". 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", GREE's "Excellent Display Device Supplier", and Midea's "Partner of Excellent Quality", 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 introduced first-class R&D equipment and facilities from home and abroad to provide favourable 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" and established a "Postdoctoral Research Station (Substation)" and 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 2,200 valid patents. Also, they have led or participated in the formulation or revision of 238 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, Dalian Ocean University, Institute of Deep-Sea Science and Engineering of CAS, Ji Hua Laboratory, 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; and established the Automotive Lighting Research Institute and multiple R&D centres. In recent years, Nanning Liaowang has increased investment in R&D, accelerated investment in various lens modules and interactive signal lamp technologies, and continuously enhanced its R&D strength. NationStar Optoelectronics has created 14 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 Patent Gold Award", "National Science and Technology Progress Award (first/second prize)", as well as "GG Golden Globe Award". Moreover, it has constantly made breakthroughs and surmounted technological challenges in emerging areas such as Mini/Micro LED, third-generation semiconductor SiC power devices and GaN devices, smart health sensors, 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 further enhanced its competitiveness and visibility in the industry.

## **IV Analysis of Principal Operations**

### **1. Overview**

In 2023, in response to unfavourable factors such as weak global economic recovery and reduced demand in the lighting industry, the Company adhered to the principal business of manufacturing, putting “Stable Growth and Increased Earnings” top on its agenda. By implementing the four-driver development measures of “internal management, market expansion, innovation-driven growth, and capital support”, the Company has taken targeted and down-to-earth actions, thus improving its quality and efficiency and maintaining its overall stable production and operations. During the Reporting Period, the Company recorded operating revenue of RMB9.057 billion, up by 3.39% year-on-year (YoY); and a net profit attributable to its shareholders of RMB290 million, up by 26.07% YoY.

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

1. "Striving" for market expansion, the Company achieved stable and progressive business performance.

The Company strengthened its situation judgment and analysis and operational management, continuously implementing the "four major actions" and adopting multiple approaches to expand markets. First, channels have been optimized. The Company have promoted channel extension, enhanced services to end-users, and developed more hardware retail outlets. Additionally, a batch of exclusive stores were newly opened. Through initiatives such as supporting weaker partners and promoting benchmarking, the Company improved the operational capabilities of service providers, effectively driving sales growth. Second, actions were made to enhance engineering business. The Company introduced a group of capable engineering distributors and implemented high-level marketing and targeted sales strategies. As a result, it successfully won bids for a number of centralized procurement projects and engineering projects. Additionally, the Company was selected as a qualified supplier by several large corporate brand portfolios. Third, initiatives were launched to expand overseas market. The Company conducted in-depth exploration of the potential of major customers, actively engaged with their specific needs, and enhanced its service capabilities. Furthermore, it increased the promotion and sales of its proprietary brands in the Middle East and South America, actively developing untapped markets and developing new customers. Fourth, make new energy vehicle (NEV) lamp market. Newly developed 7 automobile OEMs, 62 new project orders, and project exchanges with a number of potential customers, and make every effort to strive for more new products and new project orders.

2. Adhering to "Strict" management, the Company continued to improve the operation quality

The Company implementing special actions to improve fine management, focusing on key points and difficulties, and taking multiple measures to reduce costs and improve quality and efficiency. First, a variety of measures were adopted to minimize costs. The Company strengthened the analysis of price trends for bulk commodities and implemented measures such as supplier optimization, price comparison inquiries, negotiation

and bargaining, material substitution with new materials, reduction of material specifications, production line acceleration, and process optimization to reduce procurement and manufacturing costs. Furthermore, it enhanced comprehensive budget management and controlled expenditure to control costs. Second, strengthen its control over inventory and accounts receivable. The Company strengthened sales forecasting and the docking of production and marketing to improve production scheduling accuracy. It implemented real-time monitoring and monthly inspections of product inventory, adhering to the principles of "Three Determinations and Three Lines" to control inventory levels effectively. Furthermore, it enhanced credit evaluation for account receivables, employing measures such as production suspension recovery, bill factoring, legal action, and risk agency to recover outstanding receivables. Third, continue to promote manufacturing upgrades and digital transformation. The Company carried out automation and intelligent upgrades, successfully completing the construction of the second phase of the intelligent warehouse project. This initiative further enhanced logistics efficiency and reduced storage costs, earning recognition as a "Digital and Intelligent Transformation Benchmark Demonstration Project" in Foshan City. The Company also launched systems for research and development lifecycle management, digital archives management, and initiated the construction of a financial shared services centre and digitalized human resources systems. These efforts laid a solid foundation for the comprehensive digital transformation of the Company.

3. Focus on speed, the Company prioritized innovation, effectively enhancing its technological support.

The Company has identified intelligent, healthy, and low-carbon lighting as its main focus for innovation. It has consistently increased its investment in this area, accelerating technological upgrades and product iterations. In doing so, the Company is committed to building a "hardcore support" for high-quality development. Throughout the year, the Company invested a total of RMB535 million in research and development (R&D) funds, representing a year-on-year growth of 16.18%. The intensity of R&D investment reached 5.9%. The Company targeted market demands and conducted technological research to develop innovative products. It introduced functional products such as interactive technology-based smart headlights and full-spectrum intelligent eye-care desk lamps. The Company also built a competitive product portfolio with high-quality offerings in areas such as constant lighting, photocatalysis, and outdoor lighting. Furthermore, it optimized and upgraded eight major smart systems including smart home. The Company strengthened its efforts in applying for independent intellectual property rights. Throughout the year, it was granted 334 authorized patents, including 52 invention patents. It participated in the formulation of 28 industry standards and was awarded the title of "Advanced Collective in the National Light Industry Standardization Work". It made the list of "Leading Enterprises" in the national corporate standards for two consecutive years. The Company's UV core technology, developed in collaboration, received the second prize of Guangdong Provincial Science and Technology Progress Award. Additionally, three LED headlight technologies received the Guangxi Automotive Industry Technology Innovation Achievement Award. The "High-Density and High-Reliability LED Display Device Packaging and Testing Technology for 4K/8K" was selected for the "Leading Technologies" list in "Science and Technology Innovation China". The MIP0404 device won the "Most Influential Product Award" in the Expert Aurora Awards.

4. Prioritizing practical actions, the Company contributed to industrial transformation and upgrading.

During the Reporting Period, the Company successfully completed the project of issuing shares to specific objects, and the funds raised were used for automation transformation and digital transformation, Hainan Industrial Park I, intelligent street lamps, automotive lamp module production and construction of R&D centres,

which provided a strong financial guarantee for the Company's new business cultivation, scientific and technological innovation, and automation and digital upgrading.

## 2. Revenue and Cost Analysis

### (1) Breakdown of Operating Revenue

Unit: RMB

|                                    | 2023              |                                     | 2022              |                                     | Change (%) |
|------------------------------------|-------------------|-------------------------------------|-------------------|-------------------------------------|------------|
|                                    | Operating revenue | As % of total operating revenue (%) | Operating revenue | As % of total operating revenue (%) |            |
| Total                              | 9,057,292,003.90  | 100%                                | 8,759,965,275.96  | 100%                                | 3.39%      |
| By operating division              |                   |                                     |                   |                                     |            |
| Lighting products and luminaries   | 5,372,636,104.73  | 59.32%                              | 5,037,643,901.48  | 57.51%                              | 6.65%      |
| Electronic component manufacturing | 2,720,580,207.91  | 30.04%                              | 2,821,927,649.97  | 32.21%                              | -3.59%     |
| Export trade and other             | 964,075,691.26    | 10.64%                              | 900,393,724.51    | 10.28%                              | 7.07%      |
| By product category                |                   |                                     |                   |                                     |            |
| General lighting products          | 3,329,722,911.78  | 36.76%                              | 3,136,174,210.72  | 35.80%                              | 6.17%      |
| LED packaging and components       | 2,497,194,527.32  | 27.57%                              | 2,562,831,923.06  | 29.26%                              | -2.56%     |
| Auto lamps                         | 1,830,397,791.01  | 20.21%                              | 1,729,839,032.11  | 19.75%                              | 5.81%      |
| Trade and other                    | 1,399,976,773.79  | 15.46%                              | 1,331,120,110.07  | 15.20%                              | 5.17%      |
| By operating segment               |                   |                                     |                   |                                     |            |
| Domestic                           | 7,028,294,952.48  | 77.60%                              | 6,625,258,201.57  | 75.63%                              | 6.08%      |
| Overseas                           | 2,028,997,051.42  | 22.40%                              | 2,134,707,074.39  | 24.37%                              | -4.95%     |
| By sales model                     |                   |                                     |                   |                                     |            |
| Direct sales                       | 82,407,639.56     | 0.91%                               | 51,977,666.74     | 0.59%                               | 58.54%     |
| Distribution                       | 8,701,184,844.66  | 96.07%                              | 8,442,797,638.60  | 96.38%                              | 3.06%      |
| Other                              | 273,699,519.68    | 3.02%                               | 265,189,970.62    | 3.03%                               | 3.21%      |

### (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   | 5,372,636,104.73  | 4,148,715,571.83 | 22.78%              | 6.65%                               | 3.32%                           | 2.49%                                 |
| Electronic component manufacturing | 2,720,580,207.91  | 2,314,709,765.35 | 14.92%              | -3.59%                              | -3.31%                          | -0.25%                                |
| Export trade and other             | 964,075,691.26    | 891,388,914.83   | 7.54%               | 7.07%                               | 9.43%                           | -1.99%                                |
| <b>By product category</b>         |                   |                  |                     |                                     |                                 |                                       |
| General lighting products          | 3,329,722,911.78  | 2,496,127,614.48 | 25.03%              | 6.17%                               | 2.25%                           | 2.87%                                 |
| LED packaging and components       | 2,497,194,527.32  | 2,043,780,170.44 | 18.16%              | -2.56%                              | -4.27%                          | 1.46%                                 |
| Auto lamps                         | 1,830,397,791.01  | 1,498,785,095.87 | 18.12%              | 5.81%                               | 3.98%                           | 1.45%                                 |
| Trade and other                    | 1,399,976,773.79  | 1,316,121,371.22 | 5.99%               | 5.17%                               | 9.08%                           | -3.37%                                |
| <b>By operating segment</b>        |                   |                  |                     |                                     |                                 |                                       |
| Domestic                           | 7,028,294,952.48  | 5,590,598,879.20 | 20.46%              | 6.08%                               | 4.35%                           | 1.32%                                 |
| Overseas                           | 2,028,997,051.42  | 1,764,215,372.81 | 13.05%              | -4.95%                              | -5.48%                          | 0.49%                                 |
| <b>By sales model</b>              |                   |                  |                     |                                     |                                 |                                       |
| Direct sales                       | 82,407,639,566    | 55,027,394,199   | 33.23%              | 58.54%                              | 66.13%                          | -3.05%                                |
| Distribution                       | 8,701,184,844.66  | 7,093,981,599.15 | 18.47%              | 3.06%                               | 1.24%                           | 1.46%                                 |
| Other                              | 273,699,519.68    | 205,805,258.67   | 24.81%              | 3.21%                               | 11.99%                          | -5.89%                                |

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         | 2023        | 2022        | Change (%) |
|----------------------------------|------------|--------------|-------------|-------------|------------|
| Lighting products and luminaries | Unit sales | Piece        | 714,617,415 | 744,109,776 | -3.96%     |
|                                  | Output     | Piece        | 721,393,924 | 740,109,114 | -2.53%     |
|                                  | Inventory  | Piece        | 115,735,970 | 108,959,461 | 6.22%      |
| Electronic component             | Unit sales | 0,000 pieces | 18,219,061  | 21,582,719  | -15.58%    |
|                                  | Output     | 0,000 pieces | 18,815,038  | 20,960,964  | -10.24%    |

|               |           |              |           |           |        |
|---------------|-----------|--------------|-----------|-----------|--------|
| manufacturing | Inventory | 0,000 pieces | 3,504,777 | 2,908,800 | 20.49% |
|---------------|-----------|--------------|-----------|-----------|--------|

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                   | 2023                 |                                 | 2022                 |                                 | Change (%) |
|------------------------------------|------------------------|----------------------|---------------------------------|----------------------|---------------------------------|------------|
|                                    |                        | Cost of sales        | As % of total cost of sales (%) | Cost of sales        | As % of total cost of sales (%) |            |
| Lighting products and luminaries   | Raw materials          | 3,316,446.13<br>2.22 | 45.09%                          | 3,223,139.89<br>4.67 | 44.62%                          | 2.89%      |
| Lighting products and luminaries   | Labor cost             | 468,703,890.<br>32   | 6.37%                           | 440,097,973.<br>97   | 6.09%                           | 6.50%      |
| Lighting products and luminaries   | Depreciation and other | 363,565,549.<br>29   | 4.94%                           | 348,261,748.<br>35   | 4.82%                           | 4.39%      |
| Electronic component manufacturing | Raw materials          | 1,600,633,60<br>6.20 | 21.76%                          | 1,746,279,78<br>5.14 | 24.17%                          | -8.34%     |
| Electronic component manufacturing | Labor cost             | 147,593,047.<br>13   | 2.01%                           | 163,881,020.<br>62   | 2.27%                           | -9.94%     |
| Electronic component manufacturing | Manufacturing costs    | 566,483,112.<br>02   | 7.70%                           | 487,707,388.<br>50   | 6.75%                           | 16.15%     |
| Trade                              | Other                  | 685,583,656.<br>16   | 9.32%                           | 630,838,199.<br>11   | 8.73%                           | 8.68%      |
| Other                              | Other                  | 205,805,258.<br>67   | 2.80%                           | 183,765,491.<br>17   | 2.54%                           | 11.99%     |
| Total                              |                        | 7,354,814,25<br>2.01 | 100.00%                         | 7,223,971,50<br>1.53 | 100.00%                         | 1.81%      |

Unit: RMB

| Product category | Item | 2023          |                                 | 2022          |                                 | Change (%) |
|------------------|------|---------------|---------------------------------|---------------|---------------------------------|------------|
|                  |      | Cost of sales | As % of total cost of sales (%) | Cost of sales | As % of total cost of sales (%) |            |

|                              |                        |                  |        |                  |        |         |
|------------------------------|------------------------|------------------|--------|------------------|--------|---------|
| General lighting products    | Raw materials          | 1,990,393,132.24 | 27.06% | 1,935,461,260.59 | 26.79% | 2.84%   |
| General lighting products    | Labor cost             | 288,182,082.50   | 3.92%  | 300,220,823.12   | 4.16%  | -4.01%  |
| General lighting products    | Depreciation and other | 217,552,399.74   | 2.96%  | 205,416,457.12   | 2.84%  | 5.91%   |
| General lighting products    | Subtotal               | 2,496,127,614.48 | 33.94% | 2,441,098,540.83 | 33.79% | 2.25%   |
| Auto lamps                   | Raw materials          | 1,189,156,564.20 | 16.17% | 1,171,866,396.73 | 16.22% | 1.48%   |
| Auto lamps                   | Labor cost             | 172,159,579.91   | 2.34%  | 133,268,897.37   | 1.84%  | 29.18%  |
| Auto lamps                   | Depreciation and other | 137,468,951.76   | 1.87%  | 136,335,174.11   | 1.89%  | 0.83%   |
| Auto lamps                   | Subtotal               | 1,498,785,095.87 | 20.38% | 1,441,470,468.21 | 19.95% | 3.98%   |
| LED packaging and components | Raw materials          | 1,460,582,341.01 | 19.86% | 1,576,705,592.88 | 21.83% | -7.36%  |
| LED packaging and components | Labor cost             | 122,206,881.33   | 1.66%  | 142,881,340.98   | 1.98%  | -14.47% |
| LED packaging and components | Depreciation and other | 460,990,948.10   | 6.27%  | 415,288,632.51   | 5.75%  | 11.00%  |
| LED packaging and components | Subtotal               | 2,043,780,170.44 | 27.79% | 2,134,875,566.37 | 29.55% | -4.27%  |
| Trade and other              | Raw materials          | 962,531,357.13   | 13.09% | 896,164,035.04   | 12.41% | 7.41%   |
| Trade and other              | Labor cost             | 33,748,393.71    | 0.46%  | 32,061,365.70    | 0.44%  | 5.26%   |
| Trade and other              | Depreciation and other | 114,036,361.71   | 1.55%  | 94,536,034.21    | 1.31%  | 20.63%  |
| Trade and other              | Subtotal               | 1,110,316,112.55 | 15.10% | 1,022,761,434.95 | 14.16% | 8.56%   |
| Other                        | Other                  | 205,805,258.67   | 2.80%  | 183,765,491.17   | 2.54%  | 11.99%  |

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

Yes  No

For details, see “5. Other changes to the consolidation scope” under “IX Changes to the Consolidation Scope” in “Part X Financial Statements” 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, 873, 925, 420. 73 |
| Total sales to top five customers as % of total sales of the Reporting Period (%)                       | 20. 69%              |
| 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 the Reporting Period (RMB) | As % of total sales revenue (%) |
|-------|------------|--|---------------------------------|
| 1     | Customer A | 640, 670, 416. 95  | 7. 07%                          |
| 2     | Customer B | 424, 932, 709. 95  | 4. 69%                          |
| 3     | Customer C | 415, 427, 120. 64  | 4. 59%                          |
| 4     | Customer D | 203, 981, 711. 60  | 2. 25%                          |
| 5     | Customer E | 188, 913, 461. 59  | 2. 09%                          |
| Total | --         | 1, 873, 925, 420. 73                                     | 20. 69%                         |

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)   | 712, 586, 626. 83 |
| Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)                       | 11. 94%           |
| 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 | 242, 848, 987. 19                      | 4. 07%                      |
| 2   | Supplier B | 131, 979, 877. 92                      | 2. 21%                      |
| 3   | Supplier C | 125, 457, 729. 03                      | 2. 10%                      |
| 4   | Supplier D | 111, 621, 371. 72                      | 1. 87%                      |
| 5   | Supplier E | 100, 678, 660. 97                      | 1. 69%                      |



|       |    |                |        |
|-------|----|----------------|--------|
| Total | -- | 712,586,626.83 | 11.94% |
|-------|----|----------------|--------|

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

|                        | 2023           | 2022           | Change (%) | Main reason for any significant change   |
|------------------------|----------------|----------------|------------|--|
| Selling expense        | 331,039,604.55 | 256,820,593.82 | 28.90%     | Business promotion and advertising expenses, travel expenses, employee remunerations and the like associated with product sales that were paid for market expansion purposes in the current period |
| Administrative expense | 430,544,371.96 | 408,119,409.22 | 5.49%      |  |
| Finance costs          | -32,498,749.52 | -31,478,088.43 | -3.24%     |  |
| R&D expense            | 483,579,093.81 | 440,787,934.06 | 9.71%      |  |

### 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 Key Technology of High-power LED Lighting Lamps with High Luminous Efficiency | In various specific fields, there is an increasing demand for high-power and high-efficiency LED luminaries. To meet the market's new certification standards regarding luminous efficacy levels, the Company will develop lighting products with high power and high luminous efficiency, and also conduct relevant research in areas such as fluorescent powder materials, heat dissipation materials, and optical design. | In progress      | Solve the problem of thermal management of high power and high power density LED luminaries, break through the bottleneck of high temperature and long life of power supply, and improve the luminous efficacy and reliability of the lamp system. | The Company will strategically focus on core technology patents in optical design and thermal management to expand its portfolio of high-power and high-efficiency products. |
| Research on the application of specific spectra in visual health                              | Find out the relationship between specific spectra and the refractive  | In progress      | To investigate the relationship between specific spectra and the development of refractive errors  | The Company will further involve itself in the field of vision   |

|  |  |             |  |  |
|--|--|-------------|--|--|
|  | development of the eye and determine its influence mechanism; study the relationship between environmental improvement and subjective visual perception, visual fatigue, visual acuity changes and the development of myopia; establish a model of the influence of light sources and light distribution on visual protection; obtain the safe use range and conditions of semiconductor lighting; research and develop lighting sources and products that can reduce the incidence of myopia. |             | in the eyes, and to determine the underlying mechanisms, the study will involve setting up experimental and control groups to examine the impact of different lighting environments on the occurrence and progression of myopia. Various measurements will be conducted, including small and dilated pupil refraction tests, as well as eye biometric parameters such as axial length, corneal curvature, and anterior chamber depth.  | protection and health lighting, in order to solve the key technology of vision protection and carry out medical device certification, thus cultivating an excellent team for medical device product development and the construction of a healthcare system.   |
| Research on the intelligent dynamic light environment technology and its application | The potential harm of artificial lighting to human eyes, the disruption of the human circadian rhythm, and the increased risk of various health issues have garnered significant attention in the field of light and vision, both domestically and internationally. These concerns have become hot topics of interest in academia and industry alike, emerging as an urgent issue for the design of lighting solutions for healthy living environments.  | In progress | The project focuses on three dimensions: visual efficacy, circadian regulation, and emotional intervention, to conduct a series of exploration and studies concerning experiments, designs, and applications. It aims to actively promote the concept of "healthy light" and the integrated 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. | Switch the spectrum through intelligent regulation, iteratively upgrade the commercial colour rendering lighting products, effectively transfer the new technology of intelligent dynamic light environment for industrialization, and promote the high-quality development of the Company's intelligent products. |
| Research on Key Technologies of Intelligent Building Lighting System                 | The Company is building its core smart lighting strategy, focusing on SaaS+PaaS platform technologies for smart buildings. It adopts a series of related technologies such as dynamic transformation of multi-   | In progress | Through the intelligent lighting system solutions, it can realize "people-oriented", provide more comfortable, safer and more energy-saving light environment for human beings, realize the interconnection of different protocols of intelligent lighting and security products, and  | By adding intelligent control modules in the luminaries, it realizes intelligent control and meets rich light-using scenarios, realizes the application of artificial intelligence technology in the field of  |

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|   | attribute data and time-series databases. The platform provides multiple interfaces including HTTP and MQTT. Through a unified cloud ecosystem and strategy service system, it offers customized smart building solutions for different building users.   |             | realize the application of artificial intelligence technology in the field of intelligent family.  | intelligent family, and promotes the development of intelligent lighting products to the high-end.  |
| Research on Human Behaviour Recognition and Feedback Technology                                       | Traditional monitoring methods rely on sensors such as cameras, however, cameras involve privacy and are not suitable for monitoring in many home scenarios. Compared to other devices, millimetre-wave radar, as a wireless sensing device, has several distinct advantages including non-contact operation, privacy protection, immunity to lighting conditions, long-range capabilities, and higher accuracy and resolution. These characteristics make millimetre-wave radar sensors highly valuable and applicable in a wide range of scenarios. | In progress | A complex network of WiFi links is constructed in the area to isolate the concurrent activities of different people in different spaces and to perform the functions of activity sensing, tracking and localization functions with accurate discrimination of postures (standing, sitting, lying down, falling) respectively. And through advanced learning techniques, behaviour recognition methods are adapted to different environments. | Intelligence and sustainability are the trends of the future, and mastering the core technology of millimetre-wave radar sensors is essential. Researching human behaviour recognition and feedback using these sensors provides excellent support for upgrading the Company's human-centric lighting products.   |
| Research on Wireless Communication Application Technologies   | To allow users to use the lighting products in a more convenient comfortable and safer manner, the Company is trying to upgrade its products in a short term. Short-range wireless communication is widely considered as one of the most suitable communication technologies, and the application of various short-range wireless communication protocols has a significant impact on lighting systems and architectures.   | In progress | Establish ZigBee, Z-Wave wireless communication application technology, Zigbee/Bluetooth dual-mode wireless communication technology, Wi-Fi/Bluetooth dual-mode wireless communication application technology library, including hardware, RF, firmware, system integration and other application development technology, to realize the base object communication and networking function.  | Development of power carrier communication application technology, so that the network with the Dentsu in the same power supply environment to realize the communication between the equipment, telecommunication and other functions, to solve the industry's key technologies, and promote the Company's intelligent lighting technology continues to progress. |
| Research on Intelligent LED Technology and System for Efficient Planting Demand in Modern Agriculture | In order to study the impact of lighting on modern agriculture and develop various green, ecological, safe, and intelligent lighting systems for  | In progress | Utilizing the characteristics of diversified and controllable artificial LED light sources, we select traditional Chinese herbs in bulk with different light quality needs in China through  | By developing specialized LED luminaries and intelligent control systems for high-value plants, the Company   |

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|  | regulating biological growth and development, it is important to focus on key technological innovations and research the patterns of influence.   |             | combined artificial light source management such as matching the ratio of red and blue and other light qualities to carry out systematic research.   | aims to break the technical and market monopoly held by international giants in the field of plant lighting LEDs. This will help the Company overcome the constraints imposed by patents held by foreign giants and promote core technological advancements in LED plant lighting.   |
| Aquaculture ecological lighting technology and industrialization | Develop specialized luminaries for specific high economic value breeding species and apply them in the marine aquaculture industry, clarify the photobiological characteristics of intensive aquaculture of aquaculture species, and obtain the parameters of marine aquaculture light factors to build a database of photobiological effects of major aquaculture species. | In progress | Through special optical design and material upgrading, LED aquaculture lighting products will further match the artificial light source with the visual sensitivity of fish, effectively enhance the growth rate of fish with the help of appropriate artificial light supplementation, reduce the cost of bait feeding, enhance the survival rate in the aquaculture cycle, and ensure that the fish are in a healthy growth state. | Developed aquaculture ecological lighting technology can fine-tune the growth environment of aquatic organisms, promote the normal growth and development of fish, increase the quality and yield of fish and other fish, and at the same time to enable the aquaculture user to reduce production costs and improve economic efficiency. It plays an important role in developing the market for the Company's newly developed marine lighting circuit. |
| 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.<br>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.   |
| 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   | In progress | The project is intended to achieve platform-based modules through the standardisation of   | The project will boost the Company's competitiveness in the  |

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|   | feature of high-performance modules.  |                  | software modules.  | electronic field.   |
| 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 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.  | Trial production | 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.  |
| The Guangdong-Hong Kong-Macao Joint Lab of Intelligent Micro-nano Photoelectric Technology                            | 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 | Trial production | 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.                    | 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. |

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|  | 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.   |                  |   |  |
| The Research on Key Technology of Full-color Micro-LED Display with High Brightness and Contrast           | 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 better interactivity and display performance. | Trial production | 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 China's dominant position in display applications will be further consolidated. | The project is of vital importance in terms of promoting the localization of China's LED display industry chain. |
| 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   | Trial production | 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   | The Company's dominant position in display applications will be consolidated.                                    |

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|  | 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.   |  | display.  |  |
| LED Technology for Efficient Cultivation in Modern Agriculture and Its Demonstrative Application | <p>Agriculture is the core of the farming industry and the cornerstone of national food security. The cultivation of high-value crops serves as an important industrial foundation for rural revitalization. LED plant lighting is a new technology that has emerged with the development of modern agricultural production methods and semiconductor lighting technology. It has been recognized domestically and internationally as an important direction for the emerging high-tech industry in agriculture. However, the development of LED plant lighting technology in our country started relatively late, and there exists a gap in technological level compared to leading international companies. To meet the industrial demand to improve light efficiency and reduce energy consumption in LED plant lighting, as well as the physiological requirements of high light efficiency during crop breeding processes, an LED technology system for efficient cultivation in modern agriculture will be developed to promote the industrial application of LED technology in crop breeding and the efficient</p> | At the stage of research and development | <p>This project aims to develop an LED technology system for efficient cultivation in modern agriculture through research on efficient LED epitaxial regulation for modern agricultural cultivation, design and fabrication processes of high light efficiency LED chips, as well as design and packaging processes of high light efficiency LED devices. The goal is to provide chip and device support for the manufacturing of specialized LED luminary systems dedicated to efficient cultivation in modern agriculture, promoting the advancement of LED plant lighting technology in our country to reach an international leading level.</p> | <p>Plant lighting: Promote the demonstration of the Company's plant lighting products in high-value crops<br/>Ultraviolet (UV) products: Promote the demonstration of the Company's deep UV products in the field of public sanitation</p> |

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|  | production of high-value crops, thereby driving the high-quality development of smart agriculture.   |  |   |   |
| The Development and Application Demonstration of Deep Ultraviolet LED Modules and Equipment for Public Health and Other Fields | Deep ultraviolet LED is a preferred alternative to traditional mercury lamps for disinfection and sterilization due to its efficient virus and bacteria-killing abilities, as well as its safety, environmental friendliness, and free of secondary pollution. With the improvement of deep ultraviolet LED performance, there is great potential for implementing deep ultraviolet LED applications in pathogen inactivation in public health and logistics sectors. This project aims to promote the integration between the public health safety sector and the deep ultraviolet LED industry by conducting research on high-security and intelligent deep ultraviolet LED disinfection equipment and system solutions for the public health domain. It strives to drive the large-scale application of purification and disinfection in the public health and logistics sectors in China, contributing to the safeguarding of national public health security. | At the stage of research and development | This project aims to develop a low thermal resistance and highly reliable universal deep ultraviolet (UV) LED light source for pathogen disinfection, addressing the technological and market demands of deep UV LED virus inactivation. It integrates intelligent identification and driving control technologies tailored to specific application scenarios. The project also involves the application of pathogen disinfection equipment in the field of public health, driving the upgrading and development of industries related to public disinfection. Its goal is to effectively prevent, control, and eliminate the hazards of sudden public health emergencies, ensuring the physical well-being and safety of the public. | This project will drive the upgrading and development of industries related to public disinfection using deep ultraviolet technology. |
| Epitaxial Growth and Chip Fabrication Techniques for High-Performance Deep Ultraviolet LED                                     | This project aims to promote the development of the LED industry in the Pearl River Delta region by collaborating with countries along the Belt and Road. Through the introduction of advanced international technologies, the project aims to provide Guangdong Province with independent intellectual property rights and high-performance deep ultraviolet LED fabrication technologies. By doing so,   | At the stage of research and development | This project develops epitaxial growth and chip preparation technologies for high-performance deep-ultraviolet LEDs with flip-flop structures, and optimizes key processes to obtain high-quality and high Al-component AlGaIn materials, high-performance deep-ultraviolet LED epitaxial structures, and realize the development of deep-ultraviolet LED chips.  | The project will improve product quality and market share.  |



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|   | we will catch up with the international counterparts, or even lead them in this industry.  |  |  |  |
| Wide Bandwidth Gallium Oxide Single Crystal Materials and Devices   | <p>Gallium oxide crystals are a new type of ultra-wideband semiconductor with important applications in military, energy, medical and environmental fields. At present, the high price of gallium oxide single crystal substrate and the immaturity of epitaxial and device technology have greatly affected the process of gallium oxide industry. This project aims to establish a complete industrial chain from single crystal substrates to practical devices, facilitating the industrialization of the LED industry in Guangdong Province. It will strengthen Guangdong's efforts in the field of third-generation semiconductors and promote the province as a hub for wide-bandgap semiconductor research in China.</p> | At the stage of trial production         | <p>This project focuses on gallium oxide single crystals and devices, adopting a complete chain design from single crystal substrates to epitaxial thin films, devices, and packaging. The goal is to overcome the bottlenecks in the industrialization of gallium oxide and develop gallium oxide Schottky diodes for power electronic devices and gallium oxide MOSFETs for power electronic devices, ultimately achieving industrialization.</p>  | The project will improve product quality and market share.         |
| Research and Application of Key Technologies for Indoor Fine-Pitch LED Display Devices for Next-Generation Displays | <p>As LED technology continues to advance and the miniaturization of LED sizes further develops, it brings new vitality to the display industry, with emerging display technologies such as small-pitch LED displays, Mini LED displays, and Micro LED displays taking the stage one after another. Based on the new opportunities created by 5G+4K/8K ultra-high-definition display platform for indoor small-pitch display application scenarios, this project carries out the research on key technologies of indoor fine-pitch LED display devices, seizes the technological heights in the</p>  | At the stage of research and development | <p>This project leverages its technological advantages in display packaging to further break through the performance limitations of LED display devices and optimize the packaging processes of display modules to improve their utilization. It aims to promote the application and adoption of fine-pitch display devices in high-definition display terminal products, seize the technological high ground in the field of new display technologies, establish strong technical barriers within the industry, and consolidate the core competitiveness of the enterprise.</p> | Increase product market share and consolidate core competitiveness |

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|  | field of new displays, forms a demonstration of new displays, establishes a strong technological barrier, and consolidates the core competitiveness of enterprises.   |  |   |  |
| Research and Application of Intelligent Display Module for Home Appliances                           | Display module is one of the most widely used areas of LED applications, air conditioners, refrigerators, water heaters, washing machines, a variety of household appliances on the use of LED display modules to further expand. By venturing into the smart home and home appliance market, this project aims to provide customers with comprehensive, efficient, and customized smart design solutions. This not only injects new vitality into the smart home appliance market but also helps drive the healthy and high-quality development of the smart home appliance industry. Furthermore, it creates stable economic benefits for the enterprise. | At the stage of research and development | This project focuses on leveraging the advantages of LED display modules in home appliances, medical devices, toys, gaming consoles, and other applications. Through research on intelligent display modules, including Bluetooth communication, voice broadcasting, touch control, and high-definition colour display, the aim is to further expand user scenarios, improve the functionality of display modules, and make the interaction between display modules and external modules more intelligent and integrated. These efforts will promote the healthy and high-quality development of the smart home appliance industry. | The project will improve product quality and market share. |
| Development and Application of Key Technologies for High-Performance Consumer Optoelectronic Devices | The improving consumption level of residents, the robust consumer electronics market, and the increasing demand from consumers for enhanced performance in their products have strongly driven the upgrading of high-performance consumer electronics. However, the packaging technology for high-performance consumer electronic components has long been dominated by developed countries such as the United States, Japan, and Germany. Therefore, it is urgent to achieve breakthroughs in major technologies for high-performance consumer electronics LED devices,  | At the stage of trial production         | This project aims to promote the development of high-performance consumer electronic component manufacturing towards higher precision and sophistication by tackling the industry's forefront technologies, including improving the spatial colour uniformity of LED devices through packaging processes, developing new chip-level packaging structures for high-performance consumer electronics LED devices, and reducing the voiding rate. Furthermore, it seeks to further facilitate the domestic substitution of high-performance consumer electronic components.  | The project will improve product quality and market share. |

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|  | break the foreign companies' monopoly on high-performance consumer electronics, promote the domestic substitution of high-performance consumer electronic components, and drive innovation and upgrading throughout the LED technology industry chain.  |                                  |   |  |
| Research and Application of Key Packaging Technologies for General and Automotive LED Illumination | With the development of LED lighting technology, the development trend in the field of general lighting is to continuously improve the quality of light, health and high luminous efficacy is the main direction, improve LED lighting technology is not enough to enhance the luminous efficacy is the key to enter the high-end lighting market. In the automotive lighting field, as the intelligence level of vehicles continues to improve, intelligent interactive LED lighting has gradually emerged as a new track for automotive lighting. Therefore, it is of great significance to carry out research on key technologies of LED for general lighting and automotive lighting. | At the stage of trial production | Based on the market demand of general lighting and automotive lighting, this project focuses on the field of white LED encapsulation, improves the light quality, luminous efficacy, display effect as well as heat dissipation and heat-resistant performance of LEDs, and forms new products with independent intellectual property rights, so as to enhance the influence of the Company's white LEDs in the market of general lighting and automotive lighting, and to broaden the lighting market. | The project will improve product quality and market share. |

Details about R&D personnel:

|                                       | 2023   | 2022   | Change (%) |
|---------------------------------------|--------|--------|------------|
| Number of R&D personnel               | 1,735  | 1920   | -9.64%     |
| R&D personnel as % of total employees | 14.17% | 14.89% | -0.72%     |
| Educational background                |        |        |            |
| Bachelor's degree                     | 962    | 999    | -3.70%     |
| Master's degree                       | 104    | 105    | -0.90%     |
| Doctoral degree and above             | 15     | 18     | -16.67%    |
| Junior college and below              | 654    | 798    | -18.05%    |
| Age structure                         |        |        |            |
| Below 30                              | 621    | 793    | -21.69%    |

|         |     |     |        |
|---------|-----|-----|--------|
| 30~40   | 747 | 777 | -3.24% |
| Over 40 | 367 | 355 | 3.38%  |

Details about R&D investments:

|   | 2023           | 2022           | Change (%) |
|---|----------------|----------------|------------|
| R&D investments (RMB)                                     | 534,561,947.29 | 503,728,194.02 | 6.12%      |
| R&D investments as % of operating revenue                 | 5.90%          | 5.75%          | 0.15%      |
| Capitalized R&D investments (RMB)                         | 0.00           | 43,625,369.92  | -100.00%   |
| Capitalized R&D investments as % of total R&D investments | 0.00%          | 8.66%          | -8.66%     |

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

Presented in 2023 in accordance with the relevant requirements of "Rule No. 15 of the Rules Governing the Preparation of Information Disclosure by Publicly Offered Companies - General Provisions on Financial Reporting (Revised in 2023)", R&D investments in 2022 included expenditures on the construction, acquisition, alteration and expansion, and overhaul of fixed assets due to R&D activities, including expenditures on land and constructions, and expenditures on instruments and equipment.

Other notes: The R&D investment calculated according to the Administration Measures for Identification of High-tech Enterprises and other relevant regulations includes the R&D input included in operating costs and R&D expenditures expensed in accordance with accounting standards. In 2023, the R&D investment of the Company was RMB534,561,900, accounting for 5.90% of the operating revenues, among which, the sales revenue of products from bench-scale and pilot-scale production was included in core business revenue and the relevant costs were included in cost of sales of core business of RMB50,982,900.

## 5. Cash Flows

Unit: RMB

| Item   | 2023             | 2022             | Change (%) |
|--|------------------|------------------|------------|
| Subtotal of cash generated from operating activities | 8,513,648,453.74 | 8,658,886,730.27 | -1.68%     |

|  |                  |                  |            |
|--|------------------|------------------|------------|
| Subtotal of cash used in operating activities        | 7,339,258,474.76 | 7,593,998,409.58 | -3.35%     |
| Net cash generated from/used in operating activities | 1,174,389,978.98 | 1,064,888,320.69 | 10.28%     |
| Subtotal of cash generated from investing activities | 423,342,286.04   | 378,208,504.00   | 11.93%     |
| Subtotal of cash used in investing activities        | 1,130,862,869.12 | 724,926,218.64   | 56.00%     |
| Net cash generated from/used in investing activities | -707,520,583.08  | -346,717,714.64  | -104.06%   |
| Subtotal of cash generated from financing activities | 1,404,603,429.35 | 1,156,078,320.59 | 21.50%     |
| Subtotal of cash used in financing activities        | 721,157,492.22   | 1,901,637,286.67 | -62.08%    |
| Net cash generated from/used in financing activities | 683,445,937.13   | -745,558,966.08  | 191.67%    |
| Net increase in cash and cash equivalents            | 1,155,281,636.62 | 5,762,254.34     | 19,949.13% |

Explanation of why any of the data above varies significantly:

Applicable  Not applicable

(1) Net cash generated from operating activities increased by 10.28% year on year, mainly due to the Company as the parent strengthening inventory control.

(2) Net cash generated from investing activities decreased by 104.06% year on year, mainly due to the increased purchases of large-denomination certificates, etc. in the current period.

(3) Net cash generated from financing activities increased by 191.67% year on year, mainly because the same period of last year saw a higher payment for the acquisition of equity interests in subsidiary NationStar Optoelectronics under common control, and raised funds were received in a capital increase and share expansion in the current period.

(4) Net increase in cash and cash equivalents increased by 19,949.13% year on year, mainly because raised funds were received in a capital increase and share expansion 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 RMB789,717,377.00 between net cash generated from operating activities of RMB1,174,389,978.98 and net profit of RMB384,672,601.98 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 | Main source/reason  | Recurrent or not |
|------------------------------------|----------------|---------------------------|---|------------------|
| Return on investment               | 14,598,948.35  | 3.60%                     | Dividend income from other equity investments held during the period, and interest income from other debt investments | Yes              |
| Gain/loss on changes in fair value | 1,129,444.26   | 0.28%                     | Gain/loss on changes in fair value of financial instruments   | Yes              |
| Asset impairments                  | -81,268,657.36 | -20.03%                   | Inventory valuation allowances  | Yes              |
| Non-operating income               | 9,540,666.39   | 2.35%                     | Sale of retired equipment, and carryforwards of payables that require no payment                                      | Not              |
| Non-operating expense              | 6,538,763.70   | 1.61%                     | Loss on retirement of non-current assets and transfer of prepayments  | Not              |
| Other income                       | 90,204,646.62  | 22.23%                    | Receipt of continuing government grants   | Not              |
| Credit impairment loss             | -52,131,054.21 | -12.85%                   | Allowances for doubtful accounts receivable and other receivables   | Yes              |
| Asset disposal income              | 12,719,324.89  | 3.13%                     | Gains or losses on the disposal of non-current assets   | Not              |

## VI Analysis of Assets and Liabilities

### 1. Significant Changes in Asset Composition

Unit: RMB

|                              | 31 December 2023 |                      | 1 January 2023   |                      | Change in percentage (%) | Reason for any significant change   |
|------------------------------|------------------|----------------------|------------------|----------------------|--------------------------|---|
|                              | Amount           | As % of total assets | Amount           | As % of total assets |                          |   |
| Monetary assets              | 3,596,049,654.55 | 21.24%               | 2,484,508,907.43 | 16.25%               | 4.99%                    | Raised funds were received in a capital increase and share expansion in the current period  |
| Accounts receivable          | 2,093,499,280.40 | 12.36%               | 1,920,770,941.76 | 12.56%               | -0.20%                   |   |
| Contract assets              | 4,252,013.94     | 0.03%                | 5,466,875.07     | 0.04%                | -0.01%                   |   |
| Inventory                    | 1,971,171,641.14 | 11.64%               | 2,031,637,401.87 | 13.29%               | -1.65%                   |   |
| Investment property          | 163,636,347.41   | 0.97%                | 44,611,882.44    | 0.29%                | 0.68%                    |   |
| Long-term equity investments | 179,188,555.15   | 1.06%                | 181,931,792.66   | 1.19%                | -0.13%                   |   |
| Fixed assets                 | 3,453,214,586.47 | 20.39%               | 3,508,094,282.41 | 22.95%               | -2.56%                   |   |
| Construction in progress     | 1,174,533,505.11 | 6.94%                | 1,282,780,335.14 | 8.39%                | -1.45%                   |   |
| Right-of-use assets          | 8,812,320.64     | 0.05%                | 13,047,727.73    | 0.09%                | -0.04%                   |   |
| Short-term borrowings        | 220,019,877.73   | 1.30%                | 157,715,359.35   | 1.03%                | 0.27%                    |   |
| Contract liabilities         | 235,335,693.28   | 1.39%                | 125,143,161.61   | 0.82%                | 0.57%                    |   |
| Long-term borrowings         | 253,093,421.29   | 1.49%                | 747,931,023.71   | 4.89%                | -3.40%                   | Reclassification of the principals and interest of some borrowings with an initial maturity within one year (inclusive) from the time of borrowing to the time of repayment to the current portion of non-current liabilities |
| Lease liabilities            | 4,310,967.92     | 0.03%                | 7,055,542.18     | 0.05%                | -0.02%                   |   |
| Notes receivable             | 1,057,352,267.60 | 6.24%                | 821,537,774.07   | 5.37%                | 0.87%                    |   |

|  |                  |        |                  |        |        |   |
|--|------------------|--------|------------------|--------|--------|---|
| Receivables financing                      | 443,201,960.02   | 2.62%  | 569,868,831.79   | 3.73%  | -1.11% |   |
| Other debt investments                     | 454,822,905.25   | 2.69%  | 0.00             | 0.00%  | 2.69%  | Purchase of bank's large-denomination certificates in the current period  |
| Intangible assets                          | 434,549,913.99   | 2.57%  | 340,166,852.37   | 2.22%  | 0.35%  |   |
| Notes payable                              | 2,271,174,787.69 | 13.41% | 1,975,743,568.71 | 12.92% | 0.49%  |   |
| Accounts payable                           | 2,875,980,206.64 | 16.98% | 2,513,177,458.14 | 16.44% | 0.54%  |   |
| Current portion of non-current liabilities | 343,914,214.45   | 2.03%  | 65,540,510.67    | 0.43%  | 1.60%  | Reclassification of the principals and interest of some borrowings with an initial maturity within one year (inclusive) from the time of borrowing to the time of repayment |

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 | 261,541,896.45   | 1,129,444.26  |   |   | 90,423,448.92                     | 200,565,014.22               |               | 152,529,775.41 |



|  |                      |                         |                    |  |                    |                    |                  |                      |
|--|----------------------|-------------------------|--------------------|--|--------------------|--------------------|------------------|----------------------|
| assets)                                    |                      |                         |                    |  |                    |                    |                  |                      |
| 3. Other debt investments                  |                      |                         |                    |  | 450,000.00<br>0.00 |                    | 4,822,905.2<br>5 | 454,822.90<br>5.25   |
| 4. Investments in other equity instruments | 864,191,34<br>6.40   | -<br>163,447,30<br>7.93 | 423,212,08<br>5.59 |  |                    | 981,292.12         |                  | 699,762.74<br>6.35   |
| 5. Receivables financing                   | 569,868.83<br>1.79   |                         |                    |  |                    | 126,666.87<br>1.77 |                  | 443,201.96<br>0.02   |
| Subtotal of financial assets               | 1,695,602.0<br>74.64 | -<br>162,317.86<br>3.67 | 423,212,08<br>5.59 |  | 540,423.44<br>8.92 | 328,213.17<br>8.11 | 4,822,905.2<br>5 | 1,750,317.3<br>87.03 |
| Total of the above                         | 1,695,602.0<br>74.64 | -<br>162,317.86<br>3.67 | 423,212,08<br>5.59 |  | 540,423.44<br>8.92 | 328,213.17<br>8.11 | 4,822,905.2<br>5 | 1,750,317.3<br>87.03 |
| Financial liabilities                      | 4,679,000.0<br>0     |                         |                    |  |                    | 4,679,000.0<br>0   |                  | 0.00                 |

Details about other changes:

(1) The purchased amount in the Reporting Period of other debt investments referred to the cash management (large-denomination certificates) by the Company with its own temporarily idle funds, which was classified as financial assets at fair value through other comprehensive income. RMB450,000,000.00 of large-denomination certificates was purchased in the Reporting Period, with the cumulative fair value changes being RMB0.00 and other changes being RMB4,822,905.25 of cumulative recognized interest.

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       | 486,328,752.85        | Security deposits for notes, performance bonds, payments by buyers for pre-sale of properties |
| Notes receivable      | 873,275,556.80        | In pledge for notes pool, undue notes receivable that have been endorsed or discounted        |
| Receivables financing | 120,221,199.92        | In pledge for notes pool  |
| Fixed assets          | 219,746,331.38        | As mortgage and guarantee for related party, see XIV (III)                                    |
| Intangible assets     | 10,652,715.04         | “Guarantees” in Part X  |

|       |                  |    |
|-------|------------------|----|
| Total | 1,710,224,555.99 | -- |
|-------|------------------|----|

## 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 (%) |
|---|---|------------|
| 173,881,228.98                                  | 1,656,670,405.07  | -89.50%    |

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

Applicable  Not applicable

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

Applicable  Not applicable

Unit: RMB

| Name of project   | Way of investment | Fixed asset investment or not | Industry of the investment project | Input in the Reporting Period | Cumulative input as of the period-end | Funding source    | Project progress | Predicted return | Cumulative return as of the period-end | Reason for failure to reach the planned progress and predicted return | Date of disclosure (if any) | Disclosure index (if any)  |
|---|-------------------|-------------------------------|------------------------------------|-------------------------------|---------------------------------------|-------------------|------------------|------------------|--|---|-----------------------------|--|
| The production ramp-up project for new-generation LED packaging devices and chips | Other             | Yes                           | LED packaging                      | 1,739,348.62                  | 870,111,976.30                        | Self-pooled funds | 97.91%           |                  |  | N/A   | 10 January 2019             | Announcement on Investment in the Production Ramp-up Project for New-generation LED Packaging Device |

|  |       |     |               |               |                  |                   |        |  |  |     |               |   |
|--|-------|-----|---------------|---------------|------------------|-------------------|--------|--|--|-----|---------------|---|
|  |       |     |               |               |                  |                   |        |  |  |     |               | s and Chips on www.c ninfo.com.cn (annou nceme nt of subsidi ary Nation Star Optoelectronics)   |
| The Jili Industrial Park project (not including land purchase) | Other | Yes | LED packaging | 81,479,441.21 | 536,870,816.20   | Self-pooled funds | 31.31% |  |  | N/A | 7 August 2020 | Annou nceme nt on Invest ment in the Constr uction of Nation Star Optoelectronics' Jili Industrial Park Project on www.c ninfo.com.cn (annou nceme nt of subsidi ary Nation Star Optoelectronics) |
| Total  | --    | --  | --            | 83,218,789.83 | 1,406,982,792.50 | --                | --     |  |  | --  | --            | --  |

#### 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 Reporting Period | Accumulated fair-value changes charged to equity | Purchased in Reporting Period | Sold in Reporting Period | Gain/Loss in Reporting Period | Ending carrying value | Accounting title                        | Funding source                          |
|-------------------------------------|---------------|---|-------------------------|--------------------|--------------------------|---|--|-------------------------------|--------------------------|-------------------------------|-----------------------|---|---|
| Domesticall y/Overseas listed stock | 002074        | Gotion High-tech Co., Ltd.                  | 83,014,485.13           | Fair value method  | 493,967,194.53           | -125,590,688.03                                     | 285,362,021.37                                   |                               |                          |                               | 368,376,506.50        | Investments in other equity instruments | Self-funded                             |
| Domesticall y/Overseas listed stock | 601187        | Xiamen Bank Co.,Ltd.                        | 152,957,606.83          | Fair value method  | 328,664,290.95           | -37,856,619.90                                      | 137,850,064.22                                   |                               |                          | 16,633,969.35                 | 290,807,671.05        | Investments in other equity instruments | Self-funded                             |
| Other                               | 无             | 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                             |
| Domesticall y/Overseas listed stock | 601777        | Lifan Technology                            | 1,176,008.74            | Fair value method  | 972,032.92               | -70,510.16  |  |                               |                          |                               | 901,522.76            | Held-for-trading financial assets       | Other                                   |
| Domesticall y/Overseas listed stock | 000980        | ZOT YE Automobile                           | 423,448.92              | Fair value method  |                          | -345,673.90   |  | 423,448.92                    |                          |                               | 77,775.02             | Held-for-trading financial assets       | Other (passively held due to a debt-to- |

|       |  |                        |    |                        |                             |                        |                |      |                       |                        |    |    |                                     |
|-------|--|------------------------|----|------------------------|-----------------------------|------------------------|----------------|------|-----------------------|------------------------|----|----|-------------------------------------|
|       |  |                        |    |                        |                             |                        |                |      |                       |                        |    |    | equity<br>conve<br>rsion)<br>(note) |
| Total |  | 238,0<br>71,54<br>9.62 | -- | 824,1<br>03,51<br>8.40 | -<br>163,8<br>63,49<br>1.99 | 423,2<br>12,08<br>5.59 | 423,4<br>48.92 | 0.00 | 16,63<br>3,969.<br>35 | 660,6<br>63,47<br>5.33 | -- | -- |                                     |

Note: The shares in Zotye Automobile (000980) held in this period were passively held by Nanning Liaowang in a debt-to-equity conversion during the Reporting Period. Changsha Branch of Zotye New Energy Automobile Co., Ltd, a debtor of the Company, was applied for reorganisation by one of its creditors. According to the Civil Ruling made by the court, it was ruled to accept the creditor's reorganisation application against Zotye Automobile. According to the reorganisation plan, Nanning Liaowang would receive RMB100,000 cash settlement and 26,099 shares in Zotye Automobile.

## (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 | Beginning 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 amount | Ending investment amount as % of the Company's ending equity |
|--------------------|---------------------------|------------------|---|---|-----------------------------------|------------------------------|---------------|--|
| General forward    | 1,000                     | 1,000            | 0   | 0   | 0                                 | 1,000                        | 0             | 0.00%  |
| General forward    | 1,000                     | 1,000            | 0   | 0   | 0                                 | 1,000                        | 0             | 0.00%  |
| General forward    | 1,000                     | 1,000            | 0   | 0   | 0                                 | 1,000                        | 0             | 0.00%  |
| Forex option       | 500                       | 0                | 0   | 0   | 500                               | 500                          | 0             | 0.00%  |
| Forex option       | 500                       | 0                | 0   | 0   | 500                               | 500                          | 0             | 0.00%  |
| Forex option       | 600                       | 0                | 0   | 0   | 600                               | 600                          | 0             | 0.00%  |
| Forex option       | 750                       | 0                | 0   | 0   | 750                               | 750                          | 0             | 0.00%  |
| Forex option       | 750                       | 0                | 0   | 0   | 750                               | 750                          | 0             | 0.00%  |
| Forex option       | 750                       | 0                | 0   | 0   | 750                               | 750                          | 0             | 0.00%  |
| Forex option       | 750                       | 0                | 0   | 0   | 750                               | 750                          | 0             | 0.00%  |
| Forex option       | 600                       | 0                | 0   | 0   | 600                               | 600                          | 0             | 0.00%  |

|  |  |       |   |   |       |        |   |       |
|--|--|-------|---|---|-------|--------|---|-------|
| Forex option   | 750  | 0     | 0 | 0 | 750   | 750    | 0 | 0.00% |
| Forex option   | 750  | 0     | 0 | 0 | 750   | 750    | 0 | 0.00% |
| Forex option   | 750  | 0     | 0 | 0 | 750   | 750    | 0 | 0.00% |
| Forex option   | 750  | 0     | 0 | 0 | 750   | 750    | 0 | 0.00% |
| Total  | 11,200   | 3,000 | 0 | 0 | 8,200 | 11,200 | 0 | 0.00% |
| 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-2.5929 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 market risk, liquidity risk, credit risk, operational | <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 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</p> |       |   |   |       |        |   |       |

|   |  |
|---|--|
| risk, legal risk, etc.)   | 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 and 1 August 2023   |
| Opinion of independent directors on derivative investments and risk control   | 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 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.                              |

## 2) Derivative Investments for Speculative Purposes in the Reporting Period

Applicable  Not applicable

No such cases in the Reporting Period.

## 5. Use of Raised Funds

Applicable  Not applicable

### (1) General Information about Use of Raised Funds

Applicable  Not applicable

Unit: RMB'0,000

| Year of raising                        | Way of raising                         | Total amount raised | Net proceeds | used in the current period | Cumulatively used | Re-purposed amount in the Reporting Period | Cumulative re-purposed amount | Cumulative re-purposed amount as % of total amount raised | Unused amount | Purpose and whereabouts of the unused amount | Amount being idle for more than two years |
|--|--|---------------------|--------------|----------------------------|-------------------|--|-------------------------------|---|---------------|--|---|
| 2023                                   | Issuance of shares to specific objects | 109,455.18          | 108,841.55   | /                          | /                 | /  | /                             | /   | 109,163.23    | /  | /   |
| Total                                  | --                                     | 109,455.18          | 108,841.55   | /                          | /                 | /  | /                             | /   | 109,163.23    | --   | /   |
| Description of the use of raised funds |  |                     |              |                            |                   |  |                               |   |               |  |   |
| None                                   |  |                     |              |                            |                   |  |                               |   |               |  |   |

Note: In the year, RMB0.00 in the raised funds account was directly used in raised funds investment projects, a total self-pooled amount of RMB87,975,313.46 was input in advance to the raised funds investment projects and awaited swap, and another amount of RMB2,603,975.16 also awaited swap, which was the total of the self-pooled amount that had been paid in advance for issuance costs and stamp duty and the issuance costs to be paid. These amounts that awaited swap have been verified by WUYIGE Certified Public Accountants LLP, which issued the Verification Report D.X.Z.S.Z. [2023] No. 22-00052. And these amounts still awaited swap by 31 December 2023. As of December 31, 2023, the balance was RMB1,091,632,250.94. For details, please refer to the announcement of the company's "Special Report on the Storage and Actual usage of funds raised and actual usage" disclosed by the company on the "www.cninfo.com.cn".

### (2) Promised Use of Raised Funds

Applicable  Not applicable

Unit: RMB'0,000

| Promised project funded with raised funds and investment | Re-purposed or partially re-purposed or not | Total promised investment amount with raised | Adjusted total investment amount (1) | Investment in the Reporting Period | Cumulative investment amount at the period-end (2) | Investment progress as at the period-end (3) = (2)/(1) | Time when the project is ready for its intended use | Returns derived in the Reporting Period | Meeting the expected returns or not | Significant change to project feasibility or not |
|--|---|--|--------------------------------------|------------------------------------|--|--|---|---|-------------------------------------|--|
|--|---|--|--------------------------------------|------------------------------------|--|--|---|---|-------------------------------------|--|



| nt with over-raised funds                                 |    | funds      |            |          |          |        |               |    |     |    |
|---|----|------------|------------|----------|----------|--------|---------------|----|-----|----|
| Promised projects   |    |            |            |          |          |        |               |    |     |    |
| FSL's automation and digitalization project               | No | 36,464.27  | 35,850.64  | 293.66   | 293.66   | 0.82%  | November 2026 | -  | N/A | No |
| FSL's Hainan industrial park Phase I construction project | No | 25,252.91  | 25,252.91  | 7,364.57 | 7,364.57 | 29.16% | May 2025      | -  | N/A | No |
| The smart street lights project                           | No | 9,179.52   | 9,179.52   | 66.14    | 66.14    | 0.72%  | May 2025      | -  | N/A | No |
| The vehicle light module production project               | No | 24,008.8   | 24,008.8   | 150.53   | 150.53   | 0.63%  | May 2025      | -  | N/A | No |
| The R&D centre construction project                       | No | 14,549.68  | 14,549.68  | 922.62   | 922.62   | 6.34%  | May 2024      | -  | N/A | No |
| Subtotal of promised projects                             | -- | 109,455.18 | 108,841.55 | 8,797.52 | 8,797.52 | --     | --            | -  | --  | -- |
| Use of over-raised funds                                  |    |            |            |          |          |        |               |    |     |    |
| N/A   |    |            |            |          |          |        |               |    |     |    |
| Repaying bank loan (if any)                               | -- |            |            |          |          |        | --            | -- | --  | -- |
| Replenishing working capital (if any)                     | -- |            |            |          |          |        | --            | -- | --  | -- |
| Subtotal of use of  | -- |            |            |          |          | --     | --            |    | --  | -- |

|  |  |            |            |          |          |    |    |   |    |    |
|--|--|------------|------------|----------|----------|----|----|---|----|----|
| over-raised funds  |  |            |            |          |          |    |    |   |    |    |
| Total  | --   | 109,455.18 | 108,841.55 | 8,797.52 | 8,797.52 | -- | -- | 0 | -- | -- |
| Explain the circumstances and reasons for failing to achieve the planned progress and expected returns by item (including the reason for selecting “N/A” for “Meeting the expected returns or not” ) | Projects have not reached their intended status of use                                       |            |            |          |          |    |    |   |    |    |
| Particulars about significant change to project feasibility  | No significant change occurred to the feasibility of these projects in the Reporting Period. |            |            |          |          |    |    |   |    |    |
| Amount, purpose and use progress of over-raised funds  | N/A  |            |            |          |          |    |    |   |    |    |
| Change of implementation location of raised  | N/A  |            |            |          |          |    |    |   |    |    |

|  |  |
|--|--|
| funds investment projects  |  |
| Adjustments to the way of implementation of raised funds investment projects           | N/A  |
| Advance investments in promised projects funded with raised funds and subsequent swaps | <p>Applicable</p> <p>On 16 January 2024, the Company held the 51st meeting of the 9th Board of Directors and the 25th meeting of the 9th Supervisory Committee, reviewing and passing the Proposal on Using Raised Funds to Replace Self-raised Funds for Pre-invested Capital Projects and Paid Issuance Expenses and agreed to use a total of RMB90.5793 million from the raised funds to replace self-raised funds used for pre-invested capital projects and paid issuance expenses. Specifically, RMB87.9753 million would be used to replace self-raised funds for pre-invested capital projects, and RMB2.604 million would be used to replace self-raised funds for paid issuance expenses. WUYIGE Certified Public Accountants LLP has conducted a special verification on the Company's use of self-pooled funds in its raised funds investment projects and issued the Verification Report on the Swap of Self-pooled Funds Input to Raised Funds Investment Projects with Raised Funds by Foshan Electrical and Lighting Co., Ltd. (D.X.Z.S.Z. [2023] No. 22-00052). Guotai Junan Securities, the sponsoring institution, has provided a verification opinion on this matter and has no objections to the Company's use of raised funds to replace self-raised funds for pre-invested capital projects. By January 2024, the Company had completed the swap of all the self-pooled funds that had been input in advance to the raised funds investment projects and used to pay for the issuance expenses.</p> |
| Use of idle raised funds for temporarily supplementing the working capital             | N/A  |
| Surplus amount of raised funds upon project implementation and the reasons             | N/A  |
| Purpose and whereabouts of unused raised   | On 5 February 2024, the Company utilized RMB599 million of temporarily idle raised funds for cash management, and the remaining amount was deposited in the special account for raised funds.  |

|  |    |
|--|----|
| funds  |    |
| Problems or other issues arising in the use and disclosure of raised funds | No |

### (3) Re-purposed Raised Funds

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     | 6,526,413,104.58 | 3,803,439,979.36 | 3,541,637,227.92  | 79,839,482.04    | 85,535,534.98 |
| Nanning Liaowang Auto Lamp Co., Ltd.        | Subsidiary                    | Manufacturing      | 35,055,700.00      | 2,487,842,891.97 | 920,084,548.62   | 1,585,442,717.59  | 43,135,821.08    | 47,194,316.22 |
| FSL Zhida                                   | Subsidiary                    | Manufacturing      | 38,150,000.00      | 192,086,600.00   | 84,324,956.00    | 240,858,640.00    | 17,144,595.00    | 14,718,134.00 |

|   |            |               |               |                |                |                  |               |               |
|---|------------|---------------|---------------|----------------|----------------|------------------|---------------|---------------|
| Electric Technology Co., Ltd.           |            | ing           | 00            | 3.96           | 46             | 9.44             | 82            | 66            |
| FSL Chanchang Optoelectronics Co., Ltd. | Subsidiary | Manufacturing | 72,782,944.00 | 786,385,311.38 | 311,088,094.29 | 1,248,871,031.53 | 96,964,430.10 | 81,808,402.99 |

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                      |
|-------------------|--|---|
| FSL LIGHTING GMBH | De-registered  | No significant impact on the Company's production and performance |

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 Holdings 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. FSL Zhida changed its registered capital on the basis of paid-in-capital on 16 January 2023. Upon the completion of the change, the Company holds a stake of 66.84% 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 2024**

#### **1. Focus on incremental expansion to further consolidate the good situation**

The Company will persist in maintaining profitability and steady growth by employing a combination of market expansion strategies. First, vigorously promote the marketing model change. The Company will focus on effective distributor management, nurturing and developing a group of capable and sizable distributors. It will continuously expand its network of hardware retail outlets and specialty stores, accelerating market expansion and coverage in untapped areas. The Company will maintain a balance between B2B and B2C approaches, leveraging avenues such as expanding into e-commerce and home improvement markets to rapidly grow its B2C business and self-operated sales volume. Furthermore, it will vigorously expand its overseas independent brand business, aiming to increase market share consistently. Second, focus on attacking large customers and large projects. The Company

will focus on large projects for large customers as the top management priority, strengthen cooperation with design institutes, import projects from the source, and seize the development opportunities of the "1310" specific deployment in Guangdong Province. Third, accelerate the volume and scale of new business. The Company will make every effort to expand its new energy vehicle lighting business in the Yangtze River Delta and the Pearl River Delta, continuously increasing the sales proportion of mid-to-high-end products. It will seize opportunities in the construction of domestic marine ranches and make a concentrated effort to develop businesses related to aquaculture, fish collection, and vessel lighting. In the fields of smart lighting and health lighting, the Company will leverage its product and channel advantages, identify key areas for growth, and continuously expand its sales.

## 2. Focus on innovation drive to further enhance core competitiveness

By striving to achieve excellence in three aspects, the Company aims to accumulate innovative momentum and enhance its core competitiveness. To establish a first-class research and development institution, the Company will continue to collaborate with renowned universities and research institutes. It will integrate innovation resources and create collaborative innovation platforms to provide strong impetus for technological innovation. In the introduction of first-class R & D talent, the relevant person in charge of the Institute and the R & D team personnel, to provide talent support for the development of new products. In the pursuit of launching first-class products, the Company will accelerate research and development efforts to introduce high-quality and differentiated products with Company's characteristics, thus embarking on a "lighting+" path of integrated innovation.

## 3. Improve internal management to further enhance operational quality and efficiency

The Company will continue to strengthen internal management and tap into its potential to improve efficiency and effectiveness. First, continuously improve the level of refined management. The Company will focus on key financial indicators and continuously benchmark its performance. It will implement targeted actions such as improving collection efforts, reducing inventory, lowering costs, and controlling expenses. These initiatives aim to address management deficiencies and strengthen the foundation of the Company's overall management practices. Second, strengthen the quality improvement. The Company will construct a comprehensive quality control system that covers the entire supply chain, from design, procurement, production, to inspection, with an aim to enhancing the overall quality level comprehensively. Third, continue to strengthen risk prevention and control. The Company will establish a sound compliance management system, strengthen compliance reviews of major matters, and effectively handle significant risks and issues. It will persistently prioritize and implement

safety and environmental protection measures to ensure stable and sustainable development of the enterprise. Fourth, cultivate the brand and foster a strong corporate culture. The Company will refine and upgrade its brand by integrating the recognition of being a "Chinese time-honoured brand." It will reinterpret the brand's essence and carry out promotional activities to continuously enhance its brand value and influence. Additionally, the Company will explore its mission, vision, core values, and other aspects, and design a cultural system to disseminate them. The goal is to make "Buddha Lighting Culture" a soft power that supports the high-quality development of the enterprise.

### (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, which are mainly settled in USD, account for over 20% of the Company's total sales. 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, categorise customers for better management, 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 |
|-----------------|-------------|----------------------------|-----------------|---|---|------------------------------------|
| 6 February 2023 | The Company | One-on-one meeting         | Institution     | Industrial Securities, Zheshang Securities, TF Securities, Evergrande Life. | See Investor Relations Activities Log Sheet No. 2023-01 | www.cninfo.com.cn                  |
| 15 March 2023   | The Company | Through an online platform | Institution     | Guosen Securities, Essence Securities, Huaxi Securities,                    | See Investor Relations Activities Log Sheet No. 2023-02 | www.cninfo.com.cn                  |

|                   |             |                            |             |  |   |                   |
|-------------------|-------------|----------------------------|-------------|--|---|-------------------|
|                   |             |                            |             | CITIC Securities and 17 other institutional investors.   |   |                   |
| 12 June 2023      | The Company | Through an online platform | Institution | Essence Securities, Hanhe Capital and Bosera Fund and 39 other institutional investors.  | See Investor Relations Activities Log Sheet No. 2023-03 | www.cninfo.com.cn |
| 28 June 2023      | www.p5w.net | Through an online platform | Other       | Minsheng Securities, Cinda Securities, Kaiyuan Securities and four other institutional investors and online network investors. | See Investor Relations Activities Log Sheet No. 2023-04 | www.cninfo.com.cn |
| 30 August 2023    | The Company | One-on-one meeting         | Institution | Guotai Junan Securities, Shunyin Industrial Finance, First Capital and six other institutional investors.                      | See Investor Relations Activities Log Sheet No. 2023-05 | www.cninfo.com.cn |
| 19 September 2023 | www.p5w.net | Through an online platform | Other       | A wide range of investors who participate remotely over the Internet.  | See Investor Relations Activities Log Sheet No. 2023-06 | www.cninfo.com.cn |
| 20 October 2023   | The Company | One-on-one meeting         | Institution | Guotai Junan Securities, Ping An Securities, China Securities and 17 other institutional investors.                            | See Investor Relations Activities Log Sheet No. 2023-07 | www.cninfo.com.cn |
| 27 October 2023   | The Company | One-on-one meeting         | Institution | Shen Zhen Fortune Investment, CMS Zhiyuan Capital, Huati Private Equity Fund and 17 other institutional investors.             | See Investor Relations Activities Log Sheet No. 2023-08 | www.cninfo.com.cn |
| 15 November       | The Company | One-on-one                 | Institution | GF Securities,   | See Investor  | www.cninfo.com.cn |

|                  |             |                    |             |  |   |                   |
|------------------|-------------|--------------------|-------------|--|---|-------------------|
| 2023             |             | meeting            |             | Zhujiang Life Insurance, Hongchou Investment and two other institutional investors.                                | Relations Activities Log Sheet No. 2023-09              | m.cn              |
| 21 November 2023 | The Company | One-on-one meeting | Institution | Huichuang Yixiang Private Equity Fund, Abama Asset, and Guosen Securities and three other institutional investors. | See Investor Relations Activities Log Sheet No. 2023-10 | www.cninfo.com.cn |

### XIII Implementation of the “Quality and Earnings Dual Improvement” Action Plan

Indicate whether the Company has disclosed the “Quality and Earnings Dual Improvement” Action Plan.

Yes  No

## 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 incompliance 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 and actual controller 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 its controlling shareholder and actual controller and their subordinate enterprises and owns the independent business departments and management system as well as

possesses of impendent 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 the controlling shareholder or the actual controller 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 shareholder and the actual controller with any situation of working under one roof with the controlling shareholder or the actual controller.

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 controlling shareholder or the actual controller intervenes the capital usage of the Company.

### 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 | 43.60%                       | 31 March 2023 | 1 April 2023    | Resolutions of the         |

|   |                               |        |                  |                  |  |
|---|-------------------------------|--------|------------------|------------------|--|
| Extraordinary General Meeting of 2023                     | General Meeting               |        |                  |                  | 1 <sup>st</sup> Extraordinary General Meeting of 2023                    |
| The 2022 Annual General Meeting                           | Annual General Meeting        | 43.16% | 10 May 2023      | 11 May 2023      | Resolutions of the 2022 Annual General Meeting                           |
| The 2 <sup>nd</sup> Extraordinary General Meeting of 2023 | Extraordinary General Meeting | 41.47% | 22 December 2023 | 23 December 2023 | Resolutions of the 2 <sup>nd</sup> Extraordinary General Meeting of 2023 |

## 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          | Gender | Age | Office title               | Incumbent/Former | 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 |
|---------------|--------|-----|----------------------------|------------------|------------------|---------------|--------------------------------|--|--|---------------------------------|-----------------------------|--------------------------|
| Wan Shan      | Male   | 54  | Chairman of the Board      | Incumbent        | 26 February 2024 |               | 0                              | 0  | 0  | 0                               | 0                           |                          |
| Zhuang Jianyi | Male   | 72  | Vice Chairman of the Board | Incumbent        | 25 December 2015 |               | 11,903,509                     | 0  | 0  | 0                               | 11,903,509                  |                          |
| Zhang Xuequan | Male   | 46  | Director                   | Incumbent        | 26 February 2024 |               | 73,052                         | 0  | 0  | 0                               | 73,052                      |                          |
|               |        |     | General Manager            | Incumbent        | 21 December 2023 |               |                                |  |  |                                 |                             |                          |

|               |      |    |                                       |           |                   |  |        |   |   |   |        |  |
|---------------|------|----|---------------------------------------|-----------|-------------------|--|--------|---|---|---|--------|--|
| Chen Mingjie  | Male | 40 | Director                              | Incumbent | 26 February 2024  |  | 0      | 0 | 0 | 0 | 0      |  |
| Hu Fengcai    | Male | 58 | Director                              | Incumbent | 30 June 2022      |  | 0      | 0 | 0 | 0 | 0      |  |
| Li Xiyuan     | Male | 62 | Independent Director                  | Incumbent | 13 September 2021 |  | 0      | 0 | 0 | 0 | 0      |  |
| Zhang Renshou | Male | 58 | Independent Director                  | Incumbent | 13 September 2021 |  | 0      | 0 | 0 | 0 | 0      |  |
| Dou Linping   | Male | 64 | Independent Director                  | Incumbent | 24 August 2020    |  | 0      | 0 | 0 | 0 | 0      |  |
| Li Jingwei    | Male | 47 | Chairman of the Supervisory Committee | Incumbent | 18 January 2022   |  | 0      | 0 | 0 | 0 | 0      |  |
| Zhuang Junjie | Male | 38 | Supervisor                            | Incumbent | 25 December 2015  |  | 0      | 0 | 0 | 0 | 0      |  |
| Li Yizhi      | Male | 36 | Supervisor                            | Incumbent | 24 August 2020    |  | 0      | 0 | 0 | 0 | 0      |  |
| Ye Zhenghong  | Male | 50 | Supervisor                            | Incumbent | 27 May 2010       |  | 77,561 | 0 | 0 | 0 | 77,561 |  |
| Lin Qing      | Male | 54 | Supervisor                            | Incumbent | 20 September 2016 |  | 22,583 | 0 | 0 | 0 | 22,583 |  |
| Zhang Yong    | Male | 49 | Executive Deputy General              | Incumbent | 5 February 2024   |  | 77,596 | 0 | 0 | 0 | 77,596 |  |

|                |        |    |                        |           |                   |                   |            |   |   |   |            |    |
|----------------|--------|----|------------------------|-----------|-------------------|-------------------|------------|---|---|---|------------|----|
|                |        |    | Manager                |           |                   |                   |            |   |   |   |            |    |
| Chen Yu        | Male   | 51 | Deputy General Manager | Incumbent | 13 May 2014       |                   | 66,066     | 0 | 0 | 0 | 66,066     |    |
| Tang Qionglan  | Female | 53 | CFO                    | Incumbent | 26 January 2016   |                   | 75,940     | 0 | 0 | 0 | 75,940     |    |
| Huang Zhenhuan | Male   | 36 | Board Secretary        | Incumbent | 19 May 2021       |                   | 0          | 0 | 0 | 0 | 0          |    |
| Wu Shenghui    | Male   | 53 | Chairman of the Board  | Former    | 7 May 2020        | 23 February 2024  | 0          | 0 | 0 | 0 | 0          |    |
| Lei Ziheng     | Male   | 56 | Director               | Former    | 7 May 2020        | 11 September 2023 | 0          | 0 | 0 | 0 | 0          |    |
|                |        |    | General Manager        | Former    | 7 May 2020        | 11 September 2023 |            |   |   |   |            |    |
| Zhang Xianfeng | Male   | 53 | Director               | Former    | 24 August 2020    | 11 September 2023 | 0          | 0 | 0 | 0 | 0          |    |
| Huang Zhiyong  | Male   | 54 | Director               | Former    | 25 December 2015  | 5 February 2024   | 0          | 0 | 0 | 0 | 0          |    |
| Jiao Zhigang   | Male   | 51 | Deputy General Manager | Former    | 17 September 2013 | 29 December 2023  | 90,399     | 0 | 0 | 0 | 90,399     |    |
| Wei Bin        | Male   | 54 | Deputy General Manager | Former    | 28 September 2009 | 19 January 2024   | 105,226    | 0 | 0 | 0 | 105,226    |    |
| Total          | --     | -- | --                     | --        | --                | --                | 12,491,932 | 0 | 0 | 0 | 12,491,932 | -- |



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

Yes  No

In September 2023, Mr. Lei Zihe resigned as Director and General Manager and from the relevant special committees of the Company due to reassignment.

In September 2023, Mr. Zhang Xianfeng resigned as Director and from the relevant special committees of the Company due to reassignment.

In December 2023, Mr. Jiao Zhigang resigned as Deputy General Manager of the Company due to reassignment.

In January 2024, Mr. Wei Bin resigned as Deputy General Manager of the Company due to reassignment.

In February 2024, Mr. Huang Zhiyong resigned as Director and from the relevant special committees of the Company due to reassignment.

In February 2024, Mr. Wu Shenghui resigned as Chairman of the Board and Director and from the relevant special committees of the Company due to reassignment.

Change of directors, supervisors and senior management:

Applicable  Not applicable

| Name           | Office title                       | Type of change | Date of change    | Reason for change                                |
|----------------|------------------------------------|----------------|-------------------|--|
| Wu Shenghui    | Chairman of the Board              | Resignation    | 23 February 2024  | Resignation due to reassignment                  |
| Lei Zihe       | Director                           | Resignation    | 11 September 2023 | Resignation due to reassignment                  |
|                | General Manager                    |                |                   |  |
| Zhang Xianfeng | Director                           | Resignation    | 11 September 2023 | Resignation due to reassignment                  |
| Jiao Zhigang   | Deputy General Manager             | Resignation    | 29 December 2023  | Resignation due to reassignment                  |
| Wei Bin        | Deputy General Manager             | Resignation    | 19 January 2024   | Resignation due to reassignment                  |
| Huang Zhiyong  | Director                           | Resignation    | 5 February 2024   | Resignation due to reassignment                  |
| Wan Shan       | Director and Chairman of the Board | Elected        | 26 February 2024  | Elected  |
| Zhang Xuequan  | Director                           | Elected        | 26 February 2024  | Elected  |
|                | General Manager                    | Appointed      | 21 December 2023  | Appointed as the General Manager                 |
| Chen Mingjie   | Director                           | Elected        | 26 February 2024  | Elected  |
| Zhang Yong     | Executive Deputy General Manager   | Appointed      | 5 February 2024   | Appointed as an Executive Deputy General Manager |

## 2. Biographical Information

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

### (I) Work Experience of the Directors

**Mr. Wan Shan:** Born in October 1969, a member of the Communist Party of China, MBA of College of Public Management of Sun Yat-Sen University. He was the Deputy Director Clerk of the Lecturers' Brigade in the Propaganda Department of the Guangdong Provincial Party Committee. He also worked as a team member in the "Ten Hundred Thousand Million" Work Team stationed in Yongdong Village, Rongcheng District, Jieyang City. Additionally, Wan Shan held the position of Deputy Director in the Research and Teaching Office of the Lecturers' Brigade in the Publicity Department of CPC Guangdong Provincial Committee. He further served as the Deputy Director of the Office in the Publicity Department of CPC Guangdong Provincial Committee, the Director of the Office of the Publicity Department of CPC Guangdong Provincial Committee, Deputy Director in the State-owned Cultural Assets Supervision and Administration Office of the People's Government. Furthermore, he has worked as the Assistant to the General Manager and Board Secretary, as well as the Office Director at Guangdong Rising Assets Management Co., Ltd. (now renamed as Guangdong Rising Holdings Group Co., Ltd.). He was also the Deputy Secretary of the Party Committee, Director, and Chairman of the Labor Union in Foshan Nationstar Optoelectronics Co., Ltd, as well as the Director of Party-Masses Department of Guangdong Rising Holdings Group Co., Ltd. He has served as Secretary of Party Committee in the Company since January 2024; and as the Chairman of the Board of the Company since February 2024.

**Mr. Zhuang Jianyi:** Born in 1951, with a bachelor's degree and MBA. He now acts as the Chairman of the Board 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 of the Board and the Chairman of the Board of the Company. And he has been serving as the Vice Chairman of the Board of the Company since December 2015.

**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 concurrently acted as the Office Director and the Head of the Investment Department from February 2016 to December 2018. He was 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, a Deputy

General Manager of the Company from August 2016 to March 2020, an Executive Deputy General Manager of the Company from March 2020 to December 2023. He has been serving as the Deputy Secretary of the CPC Committee and General Manager of the Company since December 2023 and a Director of the Company since February 2024. In addition, he serves as a Director of FSL Zhida Electric Technology Co., Ltd., the Chairman of the Board and General Manager of Foshan Taimei Times Lamp Co., Ltd., an Executive Director of Foshan Kelian New Energy Technology Co., Ltd., and a Director of Nanning Liaowang Auto Lamp Co., Ltd. Currently, he is also a Director of the Company's majority-owned subsidiary NationStar Optoelectronics.

**Mr. Chen Mingjie:** Born in September 1983, member of the Communist Party of China and has no right of permanent residence in a foreign country. He graduated from the Business School of Renmin University of China, majoring in business management. He served as the Deputy Supervisor of the Political and Cultural Department at Guangdong People's Broadcasting Station; the Secretary of the Party Committee Office, Senior Supervisor, Deputy Director, then the Director, and Youth League Committee Secretary of the Party and Mass Personnel Department at Guangdong Provincial Guangsheng Asset Management Co., Ltd. (now renamed as Guangdong Provincial Guangsheng Holdings Group Co., Ltd.). He has been the Deputy Secretary of the Party Committee and Chairman of the Labor Union in the Company since August 2023; as the Director of the Company since February 2024.

**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, 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. Currently, he is also a Director of Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd., Guangdong Fenghua Advanced Technology Holding Co., Ltd., and Foshan NationStar Optoelectronics Co., Ltd.

**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 Namyue 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 Tagen 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 used to serve as a teaching assistant, lecturer and associate professor of Guangzhou Foreign Language Training Center of Ministry of Petroleum Industry, as well as an Editor of Development Research Center of People's Government of Guangdong Province. Now, he is a Professor of Accounting Department of School of Management of Guangzhou University, as well as an Independent Director of Jiangmen Rural Commercial Bank Company Limited (non-listed company) and Guangdong Provincial Expressway Development Co., Ltd. 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 has been an Independent Director of the Company since August 2020.

## **2. Work 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 Guangdong 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 the Senior Director of the Finance Department (Settlement Centre) of Guangdong Rising Holdings Group Co., Ltd.. He has been 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 has been 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 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 has been an Employee Supervisor of the Company since September 2016.

### **3. Work experience of the Senior Management Staff**

**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 concurrently acted as the Office Director and the Head of the Investment Department from February 2016 to December 2018. He was 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, a Deputy General Manager of the Company from August 2016 to March 2020, an Executive Deputy General Manager of the Company from March 2020 to December 2023. He has been serving as the Deputy Secretary of the CPC Committee and General Manager of the Company since December 2023 and a Director of the Company since February 2024. In addition, he serves as a Director of FSL Zhida Electric Technology Co., Ltd., the Chairman of the Board and General Manager of Foshan Taimei Times Lamp Co., Ltd., an Executive Director of Foshan Kelian New Energy Technology Co., Ltd., and a Director of Nanning Liaowang Auto Lamp Co., Ltd. Currently, he is also a Director of the Company's majority-owned subsidiary NationStar Optoelectronics.

**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 was a Deputy General Manager of the Company from August 2016 to January 2024. And he has been an Executive Deputy General Manager of the Company since February 2024.

**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 August 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. 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 the 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. | Executive Deputy General Manager  |                 |               | Yes  |
| Li Yizhi      | Guangdong Rising Holdings Group Co., Ltd.             | Senior Director of the Financial Department   |                 |               | Yes  |



|               |                                       |                       |  |  |     |
|---------------|---------------------------------------|-----------------------|--|--|-----|
|               |                                       | (Settlement Center)   |  |  |     |
| 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 entity | Start of tenure | End of tenure | Remuneration or allowance from the entity |
|---------------|---|---------------------------|-----------------|---------------|---|
| Zhuang Jianyi | Thinkon Semiconductor Jinzhou Corp.                     | Director                  |                 |               | No  |
| Hu Fengcai    | Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd.             | Director                  |                 |               | No  |
| Hu Fengcai    | Guangdong Fenghua Advanced Technology Holding Co., Ltd. | Director                  |                 |               | No  |
| Hu Fengcai    | Foshan NationStar Optoelectronics Co., Ltd.             | 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 | Jiangmen Rural Commercial Bank Company Limited          | Independent Director      |                 |               | Yes                                       |
| Zhang Renshou | Guangdong Provincial Expressway Development Co., Ltd.   | Independent Director      |                 |               | Yes                                       |
| Dou Linping   | China Solid State Lighting Alliance                     | Vice Chairman             |                 |               | No  |

|             |   |                         |  |  |     |
|-------------|---|-------------------------|--|--|-----|
| Dou Linping | Hengdian Group<br>Tospo Lighting<br>Co., Ltd. | Independent<br>Director |  |  | Yes |
| Dou Linping | Beijing New Space<br>Technology Co.,<br>Ltd.  | Independent<br>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 2022 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.

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

Unit: RMB'0,000

| Name          | Gender | Age | Office title               | Incumbent/Former | Total before-tax remuneration from the Company | Any remuneration from related party |
|---------------|--------|-----|----------------------------|------------------|--|-------------------------------------|
| Zhuang Jianyi | Male   | 72  | Vice Chairman of the Board | Incumbent        |  | Yes                                 |
| Zhang Xuequan | Male   | 46  | Director and GM            | Incumbent        | 144.13   | NO                                  |
| Hu Fengcai    | Male   | 58  | Director                   | Incumbent        |  | Yes                                 |
| Li Xiyuan     | Male   | 62  | Independent Director       | Incumbent        | 18   | No                                  |
| Zhang Renshou | Male   | 58  | Independent Director       | Incumbent        | 18   | No                                  |
| Dou Linping   | Male   | 64  | Independent                | Incumbent        | 18   | No                                  |

|                |        |    |                                       |           |          |     |
|----------------|--------|----|---------------------------------------|-----------|----------|-----|
|                |        |    | Director                              |           |          |     |
| Li Jingwei     | Male   | 47 | Chairman of the Supervisory Committee | Incumbent | 131.69   | No  |
| Li Yizhi       | Male   | 36 | Supervisor                            | Incumbent |          | Yes |
| Zhuang Junjie  | Male   | 38 | Supervisor                            | Incumbent |          | Yes |
| Ye Zhenghong   | Male   | 49 | Supervisor                            | Incumbent | 59.53    | No  |
| Lin Qing       | Male   | 54 | Supervisor                            | Incumbent | 50.85    | No  |
| Zhang Yong     | Male   | 49 | Executive Deputy General Manager      | Incumbent | 143.07   | No  |
| Chen Yu        | Male   | 51 | Deputy General Manager                | Incumbent | 143.55   | No  |
| Tang Qionglan  | Female | 53 | CFO                                   | Incumbent | 141.96   | No  |
| Huang Zhenhuan | Male   | 36 | Board Secretary                       | Incumbent | 53.52    | No  |
| Wu Shenghui    | Male   | 53 | Chairman of the Board                 | Former    | 170.56   | No  |
| Lei Zihe       | Male   | 56 | Director and GM                       | Former    | 146.95   | No  |
| Zhang Xianfeng | Male   | 53 | Director                              | Former    | 127.36   | Yes |
| Huang Zhiyong  | Male   | 54 | Director                              | Former    |          | Yes |
| Wei Bin        | Male   | 54 | Deputy General Manager                | Former    | 143.81   | No  |
| Jiao Zhigang   | Male   | 51 | Deputy General Manager                | Former    | 144.66   | No  |
| Total          | --     | -- | --                                    | --        | 1,655.64 | --  |

Other information:

Applicable  Not applicable

As the leadership team failed to meet the requirements for the performance bonuses for the year 2023 during the Reporting Period, the pre-tax remuneration received by the directors, supervisors and senior management from the Company for the year 2023 included the performance bonuses for the year 2022 and excluded those for the year 2023.

## 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 38 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors | 1 March 2023  | 2 March 2023    | Announcement on Resolutions of the 38 <sup>th</sup> |

|  |                 |                 |   |
|--|-----------------|-----------------|---|
|  |                 |                 | Meeting of the 9 <sup>th</sup> Board of Directors   |
| The 39 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors | 14 March 2023   | 16 March 2023   | Announcement on Resolutions of the 39 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors |
| The 40 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors | 6 April 2023    | 10 April 2023   | Announcement on Resolutions of the 40 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors |
| The 41 <sup>st</sup> Meeting of the 9 <sup>th</sup> Board of Directors | 11 April 2023   | 12 April 2023   | Announcement on Resolutions of the 41 <sup>st</sup> Meeting of the 9 <sup>th</sup> Board of Directors |
| The 42 <sup>nd</sup> Meeting of the 9 <sup>th</sup> Board of Directors | 18 April 2023   |                 | Announcement on Resolutions of the 42 <sup>nd</sup> Meeting of the 9 <sup>th</sup> Board of Directors |
| The 43 <sup>rd</sup> Meeting of the 9 <sup>th</sup> Board of Directors | 28 April 2023   |                 | Announcement on Resolutions of the 43 <sup>rd</sup> Meeting of the 9 <sup>th</sup> Board of Directors |
| The 44 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors | 12 June 2023    | 13 June 2023    | Announcement on Resolutions of the 44 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors |
| The 45 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors | 31 July 2023    | 1 August 2023   | Announcement on Resolutions of the 45 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors |
| The 46 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors | 29 August 2023  | 30 August 2023  | Announcement on Resolutions of the 46 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors |
| The 47 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors | 26 October 2023 | 27 October 2023 | Announcement on Resolutions of the 47 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors |
| The 48 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors | 1 November 2023 | 3 November 2023 | Announcement on Resolutions of the 48 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors |
| The 49 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors | 6 December 2023 | 7 December 2023 | Announcement on Resolutions of the 49 <sup>th</sup>   |

|  |                  |                  |   |
|--|------------------|------------------|---|
|  |                  |                  | Meeting of the 9 <sup>th</sup> Board of Directors   |
| The 50 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors | 21 December 2023 | 22 December 2023 | Announcement on Resolutions of the 50 <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  | 13   | 4                               | 9   | 0                                       | 0  | No  | 2                         |
| Zhuang Jianyi  | 13   | 2                               | 11  | 0                                       | 0  | No  | 3                         |
| Lei Zihe   | 9  | 3                               | 6   | 0                                       | 0  | No  | 2                         |
| Zhang Xianfeng   | 9  | 3                               | 6   | 0                                       | 0  | No  | 1                         |
| Hu Fengcai   | 13   | 3                               | 10  | 0                                       | 0  | No  | 3                         |
| Huang Zhiyong  | 13   | 1                               | 12  | 0                                       | 0  | No  | 2                         |
| Li Xiyuan  | 13   | 4                               | 9   | 0                                       | 0  | No  | 3                         |
| Zhang Renshou  | 13   | 4                               | 9   | 0                                       | 0  | No  | 3                         |
| Dou Linping  | 13   | 2                               | 11  | 0                                       | 0  | No  | 3                         |

Explanation on any director failing to attend two consecutive board meetings:

Not applicable.

## 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 Nomination Committee of the Ninth Board of Directors | Li Xiyuan, Zhang Renshou, and Dou Linping | 1                 | 19 December 2023 | Proposal on the Nomination of General Manager | Approved           |                  |                    |

|   |   |   |                |   |          |  |  |
|---|---|---|----------------|---|----------|--|--|
| The Audit and Risk Management Committee of the Ninth Board of Directors | Zhang Renshou, Hu Fengcai, Huang Zhiyong, Li Xiyuan, and Dou Linping, | 5 | 31 March 2023  | 2022 Financial Audit and Internal Control Audit Report; 2023 Financial Budget Report; Proposal on Retrospective Restatement of Financial Data due to Business Combination under Common Control; Proposal on Asset Impairment Allowances; 2022 Annual Work Report and 2023 Work Plan of the Audit Department; and Risk and Compliance Management Summary Report 2022 | Approved |  |  |
|   | Zhang Renshou, Hu Fengcai, Huang Zhiyong, Li Xiyuan, and Dou Linping, |   | 26 April 2023  | First Quarterly Report 2023; and Audit Summary for Q1 2023  | Approved |  |  |
|   | Zhang Renshou, Hu Fengcai, Huang Zhiyong, Li Xiyuan, and Dou Linping, |   | 24 August 2023 | Interim Report 2023 and Its Summary; Proposal on Change to Accounting Policy; and Work Report of the Audit Department for H1 2023   | Approved |  |  |

|  |  |   |                  |   |          |  |  |
|--|--|---|------------------|---|----------|--|--|
|  | Zhang Renshou, Hu Fengcai, Huang Zhiyong, Li Xiyuan, and Dou Linping,  |   | 24 October 2023  | Third Quarterly Report 2023; Proposal on Asset Impairment Allowances for Q1-Q3 2023; Work Report of the Audit Department for Q1-Q3 2023; Proposal on the Rules for the Appointment of CPA Firm; and Proposal on Bidding Documents for the Appointment of CPA Firm for the 2023-2025 Annual and Internal Control Audits of the Company | Approved |  |  |
|  | Zhang Renshou, Hu Fengcai, Huang Zhiyong, Li Xiyuan, and Dou Linping,  |   | 27 November 2023 | Proposal on Reappointment of CPA Firm   | Approved |  |  |
| The Remuneration and Appraisal Committee of the Ninth Board of Directors | Zhang Xianfeng, Hu Fengcai, Li Xiyuan, Zhang Renshou, and Dou Linping, | 4 | 14 March 2023    | Proposal on Adjustments to Members of the Remuneration and Appraisal Committee of the 9 <sup>th</sup> Board of Directors  | Approved |  |  |
|  | Zhang Renshou, Hu Fengcai, Huang Zhiyong, Li                           |   | 3 April 2023     | Proposal on Amendments to the Remuneration  | Approved |  |  |



|  |  |  |                     |   |          |  |  |
|--|--|--|---------------------|---|----------|--|--|
|  | Xiyuan, and<br>Dou Linping   |  |                     | Management<br>Methods for<br>Leadership<br>Team   |          |  |  |
|  | Zhang<br>Renshou, Hu<br>Fengcai,<br>Huang<br>Zhiyong, Li<br>Xiyuan, and<br>Dou Linping |  | 7 June 2023         | Proposal on<br>the 2023<br>Restricted<br>Share<br>Incentive<br>Plan (Draft)<br>and Its<br>Summary;<br>Proposal on<br>the Appraisal<br>Management<br>Methods for<br>the 2023<br>Restricted<br>Share<br>Incentive<br>Plan; and<br>Proposal on<br>the<br>Management<br>Methods for<br>the 2023<br>Restricted<br>Share<br>Incentive<br>Plan | Approved |  |  |
|  | Zhang<br>Renshou, Hu<br>Fengcai,<br>Huang<br>Zhiyong, Li<br>Xiyuan, and<br>Dou Linping |  | 15 December<br>2023 | Proposal on<br>Appraisal<br>Plan for 2022<br>Remuneratio<br>ns for<br>Leadership<br>Team<br>Members   | 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                                | 4207                |
| Number of in-service employees of main subsidiaries at the period-end                          | 8035                |
| Total number of in-service employees at the period-end   | 12,242              |
| Total number of employees with remuneration in this Reporting Period                           | 12,242              |
| 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   | 8,787               |
| Sales  | 726                 |
| Technical  | 1,762               |
| Financial  | 135                 |
| Administrative   | 832                 |
| Total  | 12,242              |
| <b>Educational backgrounds</b>   |                     |
| Educational background   | Number of employees |
| Junior college and below   | 9,946               |
| Bachelor's degree  | 2,094               |
| Master's degree  | 180                 |
| Doctoral degree and above  | 22                  |
| Total  | 12,242              |

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 dimensions and levels to promote employees' skills upgrading, ability advancement and quality improvement.

### 4. Labor Outsourcing

Applicable  Not applicable

|   |               |
|---|---------------|
| Total hours of labor outsourced           | 1,654,724     |
| Total payment for labor outsourcing (RMB) | 38,989,858.00 |

### 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 |
| If the Company has no dividend plan, it should disclose the specific reasons and the next steps it intends to take to enhance investor returns                  | N/A |
| 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 | N/A |

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)   | 1.2              |
| Total shares as the basis for the profit distribution proposal (share)   | 1,535,778,230    |
| Cash dividends (RMB) (tax inclusive)   | 184,293,387.60   |
| Cash dividends in other forms (such as share repurchase) (RMB)   | 0.00             |
| Total cash dividends (including those in other forms) (RMB)  | 184,293,387.60   |
| Distributable profit (RMB)   | 2,824,687,635.90 |
| 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. |                  |
| Details about the proposal for profit distribution and converting capital reserve into share capital   |                  |

As audited by WUYIGE Certified Public Accountants LLP, the after-tax net profits of RMB165,856,519.10 of the Company as the parent for 2023, plus the beginning retained profits of RMB2,810,316,233.41, minus the distributed profits of RMB134,899,464.70 for 2022, and minus RMB16,585,651.91 set aside as surplus reserve, equal the ending profits distributable to shareholders of RMB2,824,687,635.90 for 2023. The Board of Directors has proposed a final dividend plan for 2023 as follows: based on the share capital of 1,535,778,230 shares (the total share capital of 1,548,778,230 shares minus the remaining 13,000,000 A-shares repurchased in the share repurchase account at the disclosure date of the 2023 Annual Report, a cash dividend of RMB1.2 (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

### **1. Equity incentives**

On 12 June 2023, the 2023 Restricted Share Incentive Plan (Draft), together with other relevant proposals, were approved at the 44<sup>th</sup> Meeting of the Ninth Board of Directors and the 22<sup>nd</sup> Meeting of the Ninth Supervisory Committee. As such, the Company intended to grant no more than 13,000,000 restricted shares to 262 awardees. To be specific, there were 11.7 million shares for the first grant, accounting for 90.00% of the total grant under the incentive plan; and there were 1.3 million reserved shares, accounting for 10.00% of the total grant under the incentive plan. The restricted shares were A-stock ordinary shares repurchased by the Company. And the grant price for the first grant was RMB3.81/share. This equity incentive plan is subject to approval by the State-owned Assets Supervision and Administration Commission of Guangdong Province and a general meeting of shareholders of the Company. For further information, see the 2023 Restricted Share Incentive Plan (Draft) and Its Summary and other relevant proposals that have been disclosed on <http://www.cninfo.com.cn/> dated 13 June 2023.

Equity incentives received by directors and senior management:

Applicable  Not applicable

Appraisal mechanism and incentives for senior management:

None.

### **2. Implementation of Employee Stock Ownership Plans**

Applicable  Not applicable

### 3. Other Incentive Measures for Employees

Applicable  Not applicable

## 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 2023.

### 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 | Integration plan | Integration | Problems | Solutions | Settlement | Follow-up |
|---------|------------------|-------------|----------|-----------|------------|-----------|
|---------|------------------|-------------|----------|-----------|------------|-----------|

| company                    |   | progress   | encountered in integration | taken | progress | settlement plan |
|----------------------------|---|--|----------------------------|-------|----------|-----------------|
| NationStar Optoelectronics | In accordance with the relevant regulations of the China Securities Regulatory Commission (CSRC) and the Shenzhen Stock Exchange (SZSE) and the Articles of Association, as well as the Company's planning, 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. | Close cooperation between the Company and NationStar Optoelectronics was continuously promoted in R&D and market expansion | None                       | None  | None     | None            |

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

### 1. Internal Control Evaluation Report

|   |  |  |
|---|--|--|
| Disclosure date of the internal control evaluation report                             | 19 April 2024  |  |
| Index to the disclosed internal control evaluation report                             | See <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> for the Internal Control Evaluation Report 2023                                   |  |
| 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   | Defect with one of the following characteristics should be recognized as a serious defect: 1. the defect involved with the malpractices of the | Defect with one of the following characteristics should be recognized as a serious defect: 1. being punished for seriously |

|                              |  |  |
|------------------------------|--|--|
|                              | <p>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>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 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.</p> |
| <p>Quantitative standard</p> | <p>Based on the data of the 2022 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 <math>\geq 1.0\%</math> of the total assets amount; important defects: 0.5% of the total assets</p>  | <p>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 <math>\geq 1.0\%</math> of the total assets amount; important defects: 0.5% of the total assets amount <math>\leq</math> misstatement <math>&lt; 1.0\%</math> of</p>  |



|  |   |   |
|--|---|---|
|  | amount $\leq$ misstatement $< 1.0\%$ of the total assets amount; common defects: misstatement $< 0.5\%$ of the total assets amount. | 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  | 19 April 2024   |
| 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:

| Name of the Company or its subsidiary                   | Administrative permit granted                                       | Permit No.             | Date of grant    | Effective period |
|---|---|------------------------|------------------|------------------|
| Foshan Electrical and Lighting Co., Ltd.                | Pollutant Discharge Registration for Stationary Source of Pollutant | 91440000190352575W001W | 17 March 2020    | 5 years          |
| Foshan Electrical and Lighting Co., Ltd. Gaoming Branch | Pollutant Discharge Permit  | 91440600784850061B001U | 1 June 2023      | 5 years          |
| Foshan Taimei Times Lamp Co., Ltd.                      | Pollutant Discharge Permit  | 91440600782035581D001Q | 17 November 2022 | 5 years          |
| FSL Chanchang Lighting Co., Ltd.                        | Pollutant Discharge Registration for                                | 91440600779203775W     | 18 March 2020    | 5 years          |

|  | Stationary Source of Pollutant                                      |                        |                   |         |
|--|---|------------------------|-------------------|---------|
| FSL Zhida Electric Technology Co., Ltd.                      | Pollutant Discharge Registration for Stationary Source of Pollutant | 91440605MA4UWNPY98001W | 1 September 2021  | 5 years |
| Foshan Haolaite Lighting Co., Ltd.                           | Pollutant Discharge Registration for Stationary Source of Pollutant | 91440604MA552Q66XM001W | 14 January 2021   | 5 years |
| Foshan Electrical and Lighting Co., Ltd. Gaoming Lamp Branch | Pollutant Discharge Registration for Stationary Source of Pollutant | 914406005666224665001Y | 20 August 2021    | 5 years |
| Nanning Liaowang Auto Lamp Co., Ltd.                         | Pollutant Discharge Registration for Stationary Source of Pollutant | 914501001983431121001Y | 17 March 2020     | 5 years |
| Liuzhou Guige Lighting Technology Co., Ltd.                  | Pollutant Discharge Permit  | 914502000836092085001V | 18 July 2023      | 5 years |
| Chongqing Guinuo Lighting Technology Co., Ltd.               | Pollutant Discharge Permit  | 9150000035128048Y001Q  | 25 September 2022 | 5 years |
| Qingdao Guige Lighting Technology Co., Ltd.                  | Pollutant Discharge Registration for Stationary Source of Pollutant | 913702820530892807001W | 26 November 2021  | 5 years |
| Foshan NationStar Optoelectronics Co., Ltd.                  | Pollutant Discharge Registration for Stationary Source of Pollutant | 914406001935264036001X | 19 January 2020   | 5 years |
| Foshan NationStar Semiconductor Co., Ltd.                    | Pollutant Discharge Permit  | 91440600570160743B001Q | 21 November 2022  | 5 years |
| Foshan NationStar Semiconductor Co., Ltd.                    | Pollutant Discharge Permit  | 91440600570160743B001Q | 12 January 2024   | 5 years |
| Guangdong Fenghua Semiconductor                              | Pollutant Discharge Registration for Stationary Source of           | 91440000725451562J001Y | 27 February 2020  | 5 years |

|                         |           |  |  |  |
|-------------------------|-----------|--|--|--|
| Technology Co.,<br>Ltd. | Pollutant |  |  |  |
|-------------------------|-----------|--|--|--|

Discharge standards and pollutants discharged in production and operation activities:

| Name of the Company or its subsidiary                   | Type of Major and Characteristic Pollutants | Name of Major and Characteristic Pollutants   | Discharge Method                     | Outlet Quantity | Outlet Distribution | Discharge Concentration /intensity            | Pollutant Discharge Standards  | Total Actual Discharge | Total Discharge Approved     | Excessive 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> : 280 mg/m <sup>3</sup>       | Emission Standards for Air Pollutants in Glass Industry (DB44/2159-2019) | 2.611                  | SO <sub>2</sub> : 40,597 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) | 30.177                 | Oxynitride : 149.839 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  | Wastewater                                  | COD, and  | Discharge                            | 1               | Wastewater          | COD:21m                                       | GB39731-   | COD:1.43               | /                            | No                  |

|  |             |   |   |   |   |  |                                |   |   |    |
|--|-------------|---|---|---|---|--|--------------------------------|---|---|----|
| NationStar Optoelectronics Co., Ltd.                 | r           | ammonia nitrogen                            | d by standards after treatment          |   | r treatment station                                   | g/L<br>Ammonia: 0.035mg/L  | 2020                           | t/a<br>Ammonia: 0.00238t/a                                |   |    |
| Foshan NationStar Optoelectronics Co., Ltd.          | Exhaust gas | Total VOCs, non-methane total hydrocarbons  | Discharged by standards after treatment | 2 | Rooftop of East and West Buildings                    | Total VOCs:0.22mg/m <sup>3</sup><br>Non-methane total hydrocarbons:7.395mg/m <sup>3</sup>              | DB44/814-2010DB44/2367-2022    | Total VOCs:0.19t/a Non-methane Hydrocarbons:6.37 t/a      | /   | No |
| Foshan NationStar Optoelectronics Co., Ltd.          | Noise       | Noise                                       | Discharged by standards                 | / | /   | Daytime 57<br>Nighttime 49 Unit: dB(A)   | GB12348-2008                   | /   | /   | No |
| Foshan NationStar Semiconductor Technology Co., Ltd. | Wastewater  | COD, and ammonia nitrogen                   | Discharged by standards after treatment | 1 | Wastewater treatment station                          | COD: 20mg/L<br>Ammonia: 0.025mg/L  | DB44/26-2001                   | COD: 1.7425t/a<br>Ammonia: 0.00051t/a                     | COD: 3.129t/a<br>Ammonia: 0.201t/a                        | No |
| Foshan NationStar Semiconductor Technology Co., Ltd. | Exhaust gas | Sulfur dioxide, nitrogen oxides, total VOCs | Discharged by standards after treatment | 6 | Roof of a building                                    | Sulfur dioxide: 0mg/m <sup>3</sup><br>NOx: 31.5mg/m <sup>3</sup><br>Total VOCs: 0.635mg/m <sup>3</sup> | DB44/247-2001<br>DB44/814-2010 | Sulfur dioxide:0t/a<br>NOx:5.3761t/a Total VOCs:0.7642t/a | Sulfur dioxide:0.25t/a<br>NOx:11.96t/a Total VOCs:2.45t/a | No |
| Foshan NationStar Semiconductor Technology Co., Ltd. | Noise       | Noise                                       | Discharged by standards                 | / | /   | Daytime 57<br>Nighttime 48 Unit: dB(A)   | GB12348-2008                   | /   | /   | No |
| Guangdong Fenghua Semiconductor Technology Co., Ltd. | Wastewater  | COD   | Discharged by standards after treatment | 1 | The main drain is located next to the north duty room | COD: 9.84mg/L  | DB44/26—2001                   | COD: 0.164 t/a  | /   | No |
| Guangdong Fenghua Semiconductor Technology Co., Ltd. | Exhaust gas | Particulate matter, total VOCs              | Discharged by standards after treatment | 7 | Roof of the plant I                                   | Particulate Matter:6.9mg/m <sup>3</sup><br>Total VOCs:3.34mg/m <sup>3</sup>                            | DB44/27-2001                   | Particulate matter:0.013t/a Total VOCs:0.109t/a           | /   | No |
| Guangdong Fenghua Semiconductor Technology Co., Ltd. | Noise       | Noise                                       | Discharged by standards                 | / | /   | Daytime 55<br>Nighttime 45 Unit: dB(A)   | GB12348-2008                   | /   | /   | No |

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 mainly caused pollutants such as VOCs, NMHC, and particulate matters, which was treated through three grades of dry filtration and secondary activated carbon adsorption. Upon treatment, the Emission Limits of Air Pollutants (DB 44/27-2001), the Emission Standard of Volatile Organic Compounds for Furniture Manufacturing (DB44/814-2010), and the Integrated Emission Standard of Volatile Organic Compounds for Stationary Pollution Source (DB44/ 2367—2022) were met.

**NationStar Semiconductor:** a) Pollutants, 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 pollutants 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 pollutants, 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:** wastes, 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 Standard of Water Pollutants for Electronic Industry (GB 39731-2020) 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.

**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.

**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.

Construction and operation of pollution prevention and control facilities:

| No | Facility                         | Total Investment (RMB10,000) | Date of Construction (MM/YYYY) | Date of Operation (MM/YYYY) | Operator       | Processes   | Design processing capacity | Actual capacity         | Operating hours |
|----|----------------------------------|------------------------------|--------------------------------|-----------------------------|----------------|---|----------------------------|-------------------------|-----------------|
| 1  | Exhaust gas treatment facilities | 500                          | November 2015                  | 2015 December               | Gaoming Branch | Semi-dry flue gas desulphurization (SDFGD) + electric precipitation + SCR denitration | 60000m <sup>3</sup> /h     | 60000m <sup>3</sup> /h  | 24h/d           |
| 2  | Exhaust gas treatment facilities | 30                           | September 2019                 | May 2020                    | Taimei Company | Cyclone plate tower + activated carbon adsorption                                     | 12000 m <sup>3</sup> /h    | 12000 m <sup>3</sup> /h | 12h/d           |
| 3  | Wastewater treatment             | 130                          | September 2019                 | May 2020                    | Taimei Company | Conditioning + coagulation +  | 120m <sup>3</sup> /d       | 120m <sup>3</sup> /d    | 12h/d           |

|    |   |       |                   |                  |                      |   |                                       |                                     |       |
|----|---|-------|-------------------|------------------|----------------------|---|---------------------------------------|-------------------------------------|-------|
|    | facilities  |       |                   |                  |                      | sedimentation + air<br>flotation + filtration                     |                                       |                                     |       |
| 4  | Exhaust gas<br>treatment<br>facilities  | 20    | Aug-14            | Apr-15           | Chanchang<br>Company | activated carbon<br>adsorption                                    | 8000m <sup>3</sup> /h                 | 8000m <sup>3</sup> /h               | 12h/d |
| 5  | Exhaust gas<br>treatment<br>facilities  | 48    | September<br>2020 | October<br>2021  | Zhida<br>Company     | UV photocatalytic<br>oxidation + activated<br>carbon adsorption   | 35000m <sup>3</sup> /h                | 35000m <sup>3</sup> /<br>h          | 12h/d |
| 6  | Photo-<br>Oxygen-<br>Activated<br>Carbon All-<br>in-One<br>Machine                          | 28    | December<br>2021  | 2022<br>October  | Nanning<br>Liaowang  | Activated carbon<br>adsorption + UV photo-<br>oxidation catalysis | 70000 m <sup>2</sup><br>/h            | 70000 m <sup>2</sup><br>/h          | 24h/d |
| 7  | VOCs<br>organic<br>waste gas<br>RTO<br>(regenerative<br>thermal<br>incinerator)<br>oxidizer | 500   | December<br>2016  | 2017<br>March    | Liuzhou<br>Lighting  | Activated carbon<br>adsorption + incineration                     | 10,000<br>cubic<br>meters per<br>hour | 9500<br>cubic<br>meters per<br>hour | 24h/d |
| 8  | VOC<br>organic<br>waste gas<br>treatment<br>facility  | 28.11 | June 2018         | February<br>2019 | Qingdao<br>Lighting  | activated carbon<br>adsorption                                    | 32000 m <sup>2</sup><br>/h            | 32000 m <sup>2</sup><br>/h          | 8h/d  |
| 9  | RTO<br>(Regenerativ<br>e Thermal<br>Incinerator)  | 500   | Oct-17            | May 2018         | Chongqing<br>Guinuo  | Zeolite<br>adsorption+desorption+R<br>TO catalytic combustion     | 75000 m <sup>2</sup><br>/h            | 75000 m <sup>2</sup><br>/h          | 24h/d |
| 10 | UV<br>photocatalys<br>is  | 200   | Oct-17            | May 2018         | Chongqing<br>Guinuo  | Zeolite Adsorption +<br>Dedusting + UV<br>Photocatalysis          | 70000 m <sup>2</sup><br>/h            | 70000 m <sup>2</sup><br>/h          | 24h/d |
| 11 | Wastewater<br>treatment<br>station  | 39.5  | April 2017        | May 2017         | NationStar           | Coagulation and<br>sedimentation                                  | 600t/d                                | 227.1t/d                            | 24h/d |
| 12 | Method for<br>treating the<br>exhaust<br>gases of the<br>plant in the                       | 259   | May 2023          | June 2023        | NationStar           | Dry filtration + secondary<br>activated carbon<br>adsorption      | 80000m <sup>3</sup> /h                | 54330m <sup>3</sup> /<br>h          | 24h/d |

|    |  |        |            |           |                          |   |                         |                        |       |
|----|--|--------|------------|-----------|--------------------------|---|-------------------------|------------------------|-------|
|    | west   |        |            |           |                          |   |                         |                        |       |
| 13 | Method for treating the exhaust gases of the plant in the east |        | May 2023   | June 2023 | NationStar               | Dry filtration + secondary activated carbon adsorption  | 110000m <sup>3</sup> /h | 65411m <sup>3</sup> /h | 24h/d |
| 14 | Wastewater treatment station                                   | 356.7  | Sep-12     | Dec-12    | NATIONSTAR Semiconductor | Physiochemical and biochemical processing   | 1080t/d                 | 287.83t/d              | 24h/d |
| 15 | Method for treating MOCVD exhaust gas                          | 209.64 | Sep-12     | Nov-12    | NATIONSTAR Semiconductor | Edwards combustion treatment  | 22000m <sup>3</sup> /h  | 12156m <sup>3</sup> /h | 24h/d |
| 16 | Method for treating MOCVD exhaust gas                          | 209.64 | Sep-12     | Nov-12    | NATIONSTAR Semiconductor | Edwards combustion treatment  | 22000m <sup>3</sup> /h  | 14894m <sup>3</sup> /h | 24h/d |
| 17 | Method for treating acid and alkali exhaust gases              | 348.41 | Sep-12     | Nov-12    | NATIONSTAR Semiconductor | Scrubber combustion water washing and spraying device + acid and alkali exhaust gas scrubber tower device | 45000m <sup>3</sup> /h  | 16607m <sup>3</sup> /h | 24h/d |
| 18 | Method for treating acid and alkali exhaust gases              | 348.41 | Sep-12     | Nov-12    | NATIONSTAR Semiconductor | Scrubber combustion water washing and spraying device + acid and alkali exhaust gas scrubber tower device | 40000m <sup>3</sup> /h  | 13166m <sup>3</sup> /h | 24h/d |
| 19 | Method for treating organic exhaust gas                        | 348.41 | Sep-12     | Nov-12    | NATIONSTAR Semiconductor | UV photolysis and activated carbon absorption   | 40000m <sup>3</sup> /h  | 19391m <sup>3</sup> /h | 24h/d |
| 20 | Method for treating organic exhaust gas                        | 348.41 | Sep-12     | Nov-12    | NATIONSTAR Semiconductor | UV photolysis and activated carbon absorption   | 20000m <sup>3</sup> /h  | 11637m <sup>3</sup> /h | 24h/d |
| 21 | Wastewater   | 251    | March 2016 | October   | Fenghua                  | Physicochemical,  | 140t/d                  | 70t/d                  | 24h/d |

|    |                                |    |              |              |                       |  |                        |                       |       |
|----|--------------------------------|----|--------------|--------------|-----------------------|--|------------------------|-----------------------|-------|
|    | treatment station              |    |              | 2016         | Semiconductor         | biochemical, reverse osmosis RO membrane treatment processes |                        |                       |       |
| 22 | Exhaust gas control facilities | 20 | August 2005  | January 2006 | Fenghua Semiconductor | Filter cartridge dust removal + activated carbon adsorption  | 15000m <sup>3</sup> /h | 7728m <sup>3</sup> /h | 24h/d |
| 23 | Exhaust gas control facilities | 20 | August 2005  | January 2006 | Fenghua Semiconductor | Filter cartridge dust removal + activated carbon adsorption  | 15000m <sup>3</sup> /h | 7728m <sup>3</sup> /h | 24h/d |
| 24 | Exhaust gas control facilities | 20 | August 2005  | January 2006 | Fenghua Semiconductor | Filter cartridge dust removal + activated carbon adsorption  | 15000m <sup>3</sup> /h | 7728m <sup>3</sup> /h | 24h/d |
| 25 | Exhaust gas control facilities | 20 | August 2005  | January 2006 | Fenghua Semiconductor | Filter cartridge dust removal + activated carbon adsorption  | 15000m <sup>3</sup> /h | 7728m <sup>3</sup> /h | 24h/d |
| 26 | Exhaust gas control facilities | 19 | January 2006 | August 2006  | Fenghua Semiconductor | lye spray  | 11000m <sup>3</sup> /h | 9000m <sup>3</sup> /h | 24h/d |
| 27 | Exhaust gas control facilities | 19 | January 2006 | August 2006  | Fenghua Semiconductor | lye spray  | 11000m <sup>3</sup> /h | 9000m <sup>3</sup> /h | 24h/d |
| 28 | Exhaust gas control facilities | 19 | January 2006 | August 2006  | Fenghua Semiconductor | lye spray  | 11000m <sup>3</sup> /h | 9000m <sup>3</sup> /h | 24h/d |

Environmental self-monitoring plan:

Foshan Electrical and Lighting Co., Ltd. Gaoming Branch developed an environmental self-monitoring plan. It entrusted a third-party environmental testing agency 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 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 self-monitoring plan. It entrusted a qualified third-party environmental testing agency to perform the inspection of the pollutants on a half-year basis. 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.

According to its self-monitoring plan, Guangdong Fenghua Semiconductor Technology Co., Ltd. entrusted a qualified third-party environmental testing agency to perform the inspection of the pollutants on a half-year basis. All the inspection results were lower than the standard limits. Meanwhile, it accepted the quarterly inspection 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 revised in 2023 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 (Filing No.: 440604-2023-0040-L).

NationStar Semiconductor formulated the Contingency Plan for Environmental Emergencies of NationStar Semiconductor (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 (Filing No.: 440605-2023-0124-M) in 2023.

Fenghua Semiconductor formulated the Contingency Plan for Environmental Emergencies of Guangdong Fenghua Semiconductor Technology Co., Ltd. (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 Guangzhou Municipal Ecology and Environment Bureau (Filing No.: 440112-2022-032-L) in 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 RMB11.7953 million, and their environmental protection-related taxes paid amounted to RMB90.1 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

For details about the Company's fulfillment of social responsibilities in 2023, please refer to the Environmental, Social, and Governance (ESG) Report 2023 disclosed by the Company on [www.cninfo.com.cn](http://www.cninfo.com.cn) on 19 April 2024.

## III Efforts in Poverty Alleviation and Rural Revitalization

During the Reporting Period, the Company actively responded to the call for "thousands of enterprises helping thousands of towns, and ten thousand enterprises revitalizing ten thousand villages." We diligently implemented the arrangements for supporting rural revitalization work. We have carried out consumer assistance programs in Qiandongnan, Guizhou, and Wuhua County, Meizhou, Guangdong, with a total expenditure of RMB1.0458 million. Additionally, we donated goods worth RMB71,800, contributing to "the high-quality development project of 100 counties, 1,000 towns and 10,000 villages".

## 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 | 4 December 2015           | Long-term          | Ongoing     |



|  |   |  |  |                    |           |         |
|--|---|--|--|--------------------|-----------|---------|
|  |   |  | 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.   |                    |           |         |
|  | Rising Rising Holdings Group                      | About avoidance of horizontal competition                    | <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.</p> <p>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<br>November 2021 | Long-term | Ongoing |
|  | Electronics Group and Hong Kong Rising Investment | About reduction and regulation of related-party transactions | 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  | 4<br>December 2015 | Long-term | Ongoing |

|  |                       |  |  |                    |           |         |
|--|-----------------------|--|--|--------------------|-----------|---------|
|  |                       |  | <p>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.</p> |                    |           |         |
|  | Rising Holdings Group | About reduction and regulation of related-party transactions | <p>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</p>   | 4<br>November 2021 | Long-term | Ongoing |

|  |  |                           |   |                            |                  |                |
|--|--|---------------------------|---|----------------------------|------------------|----------------|
|  |  |                           | <p>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.</p>  |                            |                  |                |
|  | <p>Electronics Group and Hong Kong Rising Investment</p> | <p>About independence</p> | <p>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, 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,</p> | <p>4<br/>December 2015</p> | <p>Long-term</p> | <p>Ongoing</p> |

|  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|
|  |  |  | <p>they promise to operate fairly following the market-oriented principle and at fair prices, and execute the transaction procedure and the duty of information disclosure pursuant to the applicable laws, regulations and regulatory documents. 2. They will ensure the independence of the Company in personnel: (1) They promise that the Company's GM, deputy GMs, CFO, Company Secretary and other senior management personnel will work only for and receive remuneration from the Company, not holding any positions in them or their other controlled subsidiaries other than director and supervisor. (2) They promise the Company's absolute independence from their related parties in labor, human resource and salary management. And (3) They promise to follow the legal procedure in their recommendation of directors, supervisors and senior management personnel to the Company and not to hire or dismiss employees beyond the Company's Board of Directors and General Meeting. 3. They will ensure the independence and completeness of the Company in asset: (1) They promise that the Company will have a production system, an auxiliary production system and supporting facilities for its operation; legally have the ownership or use rights of the land, plants, machines, trademarks, patents and non-patented technology in relation to its production and operation; and have independent systems for the procurement of raw materials and the sale of its products. (2) They promise that the Company will have independent and complete assets all under the Company's control and</p> |  |  |  |
|--|--|--|--|--|--|--|

|  |                       |                    |   |                    |           |         |
|--|-----------------------|--------------------|---|--------------------|-----------|---------|
|  |                       |                    | <p>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> |                    |           |         |
|  | Rising Holdings Group | About independence | To maintain the independence of the Company, Rising Group has made the following commitments: 1. It will ensure the personnel independence of   | 4<br>November 2021 | Long-term | Ongoing |

|  |  |  |   |  |  |  |
|--|--|--|---|--|--|--|
|  |  |  | <p>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 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</p> |  |  |  |
|--|--|--|---|--|--|--|

|  |     |   |  |                      |           |         |
|--|-----|---|--|----------------------|-----------|---------|
|  |     |   | 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 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. |                      |           |         |
|  | 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</p>   | 7<br>October<br>2021 | Long-term | Ongoing |

|  |     |  |  |                      |           |         |
|--|-----|--|--|----------------------|-----------|---------|
|  |     |  | <p>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>                                      |                      |           |         |
|  | 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 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</p> | 7<br>October<br>2021 | Long-term | Ongoing |



|  |     |  |  |                      |           |         |
|--|-----|--|--|----------------------|-----------|---------|
|  |     |  | OPTOELECTRONICS.   |                      |           |         |
|  | FSL | About maintaining independence of the listed company | <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 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</p> | 7<br>October<br>2021 | Long-term | Ongoing |

|  |            |  |   |                                |                  |                |
|--|------------|--|---|--------------------------------|------------------|----------------|
|  |            |  | <p>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> |                                |                  |                |
| <p>Commitments made during asset restructuring</p> | <p>FSL</p> | <p>About the truthfulness, accuracy and completeness of the information provided during this major asset restructuring</p> | <p>1. FSL 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. 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</p>  | <p>27<br/>October<br/>2021</p> | <p>Long-term</p> | <p>Ongoing</p> |

|  |   |  |  |                                |                  |                |
|--|---|--|--|--------------------------------|------------------|----------------|
|  |   |  | <p>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 major asset</p> | <p>27<br/>October<br/>2021</p> | <p>Long-term</p> | <p>Ongoing</p> |

|  |  |   |  |                       |           |         |
|--|--|---|--|-----------------------|-----------|---------|
|  |  |   | 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.  |                       |           |         |
|  | 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 | 27<br>October<br>2021 | Long-term | Ongoing |

|  |  |  |   |                       |           |         |
|--|--|--|---|-----------------------|-----------|---------|
|  |  |  | 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 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.   |                       |           |         |
|  | Rising Holdings 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 | 27<br>October<br>2021 | Long-term | Ongoing |

|  |   |   |  |                 |           |         |
|--|---|---|--|-----------------|-----------|---------|
|  |   |   | commitments or refuse 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.  |                 |           |         |
|  | Rising Holdings 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 |
|  | Rising Holdings   | About regulation and                      | They have made a commitment that during their direct or indirect holding of  | 27 October      | Long-term | Ongoing |

|  |   |   |  |                        |                  |                |
|--|---|---|--|------------------------|------------------|----------------|
|  | <p>Group, Rising Capital, and Hongkong Wah Shing</p>                | <p>reduction of related-party transactions</p>  | <p>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 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.</p> | <p>2021</p>            |                  |                |
|  | <p>Rising Holdings Group, Electronics Group, and Rising Capital</p> | <p>About compensation for possible violations of laws and regulations by NATIONSTAR OPTOELECTRONICS</p> | <p>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</p>  | <p>27 October 2021</p> | <p>Long-term</p> | <p>Ongoing</p> |

|  |   |  |  |                                |                  |                |
|--|---|--|--|--------------------------------|------------------|----------------|
|  |   |  | <p>promise to fully bear the losses of NATIONSTAR</p> <p>OPTOELECTRONICS or FSL, as well as the expenses and fees under punishment or recourse, to ensure that NATIONSTAR</p> <p>OPTOELECTRONICS or FSL will not suffer any economic losses.</p>   |                                |                  |                |
|  | <p>Rising Holdings Group, Electronics Group, and Rising Capital</p> | <p>About the truthfulness, accuracy and completeness of the information provided during this major asset restructuring</p> | <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 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,</p> | <p>27<br/>October<br/>2021</p> | <p>Long-term</p> | <p>Ongoing</p> |



|  |  |  |  |                       |           |         |
|--|--|--|--|-----------------------|-----------|---------|
|  |  |  | 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.   |                       |           |         |
|  | Electronics Group                        | About the clarity of the underlying assets of this major asset restructuring | 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. | 27<br>October<br>2021 | Long-term | Ongoing |
|  | Rising Holdings 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   | 27<br>October<br>2021 | Long-term | Ongoing |

|  |  |  |   |                                |                       |                     |
|--|--|--|---|--------------------------------|-----------------------|---------------------|
|  |  |  | <p>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.</p>  |                                |                       |                     |
|  | <p>NATIONSTAR<br/>OPTOELECTR<br/>ONICS</p> | <p>About<br/>statement and<br/>commitment of<br/>truthfulness,<br/>accuracy and<br/>completeness<br/>of information<br/>provided</p> | <p>NATIONSTAR<br/>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</p> | <p>27<br/>October<br/>2021</p> | <p>Long-<br/>term</p> | <p>Ongo<br/>ing</p> |

|  |       |  |  |                       |           |         |
|--|-------|--|--|-----------------------|-----------|---------|
|  |       |  | <p>this transaction. It guarantees that there are no misrepresentations, misleading statements or material omissions. And it shall be individually and jointly liable for that.</p>  |                       |           |         |
|  | Sigma | <p>About the clarity of the ownership of the underlying assets of this major asset restructuring</p> | <p>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.</p> | 27<br>October<br>2021 | Long-term | Ongoing |
|  | Sigma | <p>About no ownership dispute in equity</p>  | <p>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</p>   | 27<br>October<br>2021 | Long-term | Ongoing |

|  |  |   |  |                       |           |         |
|--|--|---|--|-----------------------|-----------|---------|
|  |  |   | there is no dispute or potential dispute between shareholders over their shares.   |                       |           |         |
|  | Sigma  | About statement and commitment of truthfulness, accuracy and completeness of information provided | 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 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. | 27<br>October<br>2021 | Long-term | Ongoing |
| Commitments made in time of IPO or refinancing | Director, senior management office of FSL, Rising Holdings Group, Electronics Group, Hongkong Wah Shing, Hong Kong Rising Investment | About matters on special self-inspection of the real estate business                              | According to the laws and regulations issued by the State Council, such as the <i>Notice of the State Council on Resolutely Curbing the Soaring of Housing Prices in Some Cities</i> (GF [2010] No. 10), the <i>Notice of the General Office of the State Council on Further Improving Regulation of the Real Estate Market</i> (GBF [2013] No. 17) and the <i>Adjustment of Regulatory Policies on Listed Companies' Refinancing, Merger and Acquisition and Reorganization Involving Real Estate Business</i> issued by the CSRC on the relevant requirements for refinancing of listed companies involved in real estate business, the controlling shareholders and all directors and Senior Management of Foshan Electrical and Lighting Co., Ltd. (hereinafter referred to as the "Company") have made the following commitments:<br><br><i>The Self-inspection Report on the Company's Involvement in Real Estate Business</i> has truthfully disclosed the self-inspection of the real estate development projects of the Company   | 14<br>March<br>2023   | Long-term | Ongoing |

|  |  |   |   |               |           |         |
|--|--|---|---|---------------|-----------|---------|
|  |  |   | and its subsidiaries between 1 January 2020 and 31 December 2022. If the Company is identified with illegalities or violations not disclosed as required by the self-inspection, such as idle land, land speculation, holding real estate projects from selling, and house price rigging, thus causing losses to itself and the investors, we will be liable for compensation in line with relevant laws, regulations, and requirements of securities regulatory authorities.   |               |           |         |
|  | Director and senior management office of FSL | About the measures to fill up immediate returns diluted by the issuance of A-shares to specific objects in 2023 | <p>According to the <i>Opinions of the General Office of the State Council on Further Strengthening the Protection of the Lawful Rights and Interests of Small and Medium-sized Investors in the Capital Market</i> (GBF [2013] No. 110), <i>Opinions of the State Council on Further Promoting the Sound Development of Capital Markets</i> (GF [2014] No. 17), <i>Guiding Opinions on Matters concerning the Dilution of Immediate Return in Initial Public Offering, Refinancing and Material Asset Restructuring</i> (ZJHGG [2015] No. 31) and other relevant regulations, in order to protect the interests of small and medium-sized investors, the Directors and Senior Management of the Company have made the following commitments that the measures to fill up immediate returns diluted by the issuance of A-shares to specific objects can be effectively fulfilled:</p> <p>“1. We promise not to transfer benefits to other units or individuals for free or under unfair conditions and not to compromise the interests of the Company in other ways.<br/> 2. We promise to restrain position-related consumption behaviour.<br/> 3. We promise not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of duties.<br/> 4. We promise that the remuneration system formulated by the Board of Directors or the Remuneration and Assessment Committee is linked to the implementation of the Company's measures to fill up returns.<br/> 5. If the Company implements an equity incentive plan in the future, the exercise conditions of the future equity incentive plan will be linked with the implementation of the Company's measures to fill up returns.<br/> 6. From the date of issuance of these commitments to the completion of the issuance of shares to specific objects, 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, we promise to issue supplementary</p> | 14 March 2023 | Long-term | Ongoing |

|                                  |  |  |   |                      |                  |                |
|----------------------------------|--|--|---|----------------------|------------------|----------------|
|                                  |  |  | <p>commitments in accordance with the latest regulations of the CSRC at that time.</p> <p>As one of the subjects responsible for the measures to fill up returns, if we violate the above commitments or refuse to fulfil the above commitments, we agree that the securities regulatory agencies such as the CSRC and the Shenzhen Stock Exchange will punish us or take relevant regulatory measures in accordance with the relevant regulations and rules they formulated or issued.</p>   |                      |                  |                |
|                                  | <p>Rising Holdings Group, Electronics Group, Hongkong Wah Shing, Hong Kong Rising Investment</p> | <p>About the effective fulfilment of measures taken by controlling shareholders and de facto controller to fill up immediate returns</p> | <p>According to the relevant provisions of the CSRC, in order to ensure that the measures to fill up immediate returns diluted by the issuance of A-shares to specific objects can be practically fulfilled, the Company's controlling shareholders, Rising Holdings Group, Electronics Group, Hong Kong Rising Investment, Hongkong Wah Shing, and the de facto controller, Rising Group, respectively, made the following commitments:</p> <p>"1. We promise not to interfere in the operation and management activities of the listed company beyond our authority and not to encroach on the interests of the listed company.</p> <p>2. From the date of issuance of these commitments to the completion of the issuance of shares to specific objects, 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, we promise to issue supplementary commitments according to the latest regulations of the CSRC at that time.</p> <p>3. We promise to earnestly fulfil the measures to fill up returns formulated by the listed company and any commitments made by us. If we violate these commitments and cause losses to the listed company or investors, we are willing to bear the compensation responsibility for the listed company or investors according to law.</p> <p>As one of the subjects responsible for the measures to fill up returns, if we violate the above commitments or refuse to fulfil the above commitments, we agree that the securities regulatory agencies such as the CSRC and the Shenzhen Stock Exchange will punish us or take relevant regulatory measures in accordance with the relevant regulations and rules they formulated or issued.</p> | <p>14 March 2023</p> | <p>Long-term</p> | <p>Ongoing</p> |
| <p>Other commitments made to</p> | <p>FSL</p>   | <p>About cash dividends</p>  | <p>FSL's profit distributed in cash shall not be less than 30% of the distributable profit realized in the year.</p>  | <p>27 May 2009</p>   | <p>Long-term</p> | <p>Ongoing</p> |

|   |     |  |  |  |  |  |
|---|-----|--|--|--|--|--|
| minority shareholders of the Company  |     |  |  |  |  |  |
| Whether the commitments were timely performed                                       | Yes |  |  |  |  |  |
| Specific reasons for failing to fulfill commitments on time and plans for next step | N/A |  |  |  |  |  |

**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-43. 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 decreases one company that is FSL LIGHTING GMBH. For details, see Part X Financial Statements-IX Change of Consolidation Scope - 6. Other.

## 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)   | 130                                     |
| How many consecutive years the domestic independent auditor has provided audit service for the Company  | 2                                       |
| Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report                    | He Xiaojuan, Wang Jingkun               |
| How many consecutive years the certified public accountants from the domestic independent auditor have provided audit service for the Company | 2                                       |

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

Yes  No

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 RMB250,000.

## 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 |
|---|-----------------------------|---------------------------------------|---|--|---|--------------------|------------------|
| 124 other litigation matters that did not meet litigation standards | 9716                        | No                                    | 78 cases have been closed; 46 cases are 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 Fenghe | Under same actual             | Purchasing products | Purchase of          | Market price      | 298.60                         | 298.60                   | 0.05%   | 4,500                                  | Not                           | Bank transfer        | 298.60  | 2 March 2023    | www.cninfo.com.                |

|  |   |  |                                       |                  |            |            |       |       |     |   |            |                    |                               |
|--|---|--|---------------------------------------|------------------|------------|------------|-------|-------|-----|---|------------|--------------------|-------------------------------|
| ua<br>Adva<br>nced<br>Techn<br>ology<br>Holdi<br>ng<br>Co.,<br>Ltd.          | contro<br>ller  | cts<br>and<br>receiv<br>ing<br>labor<br>servic<br>e<br>from<br>relate<br>d<br>party                            | materi<br>als                         |                  |            |            |       |       |     | bank<br>accept<br>ance<br>notes                             |            |                    | cn                            |
| Prosper<br>ity<br>Lamp<br>s &<br>Comp<br>onents<br>Limit<br>ed               | Share<br>holder<br>that<br>holds<br>over<br>5%<br>shares<br>of the<br>Comp<br>any | Purch<br>asing<br>produ<br>cts<br>and<br>receiv<br>ing<br>labor<br>servic<br>e<br>from<br>relate<br>d<br>party | Purch<br>ase of<br>materi<br>als      | Marke<br>t price | 5.60       | 5.60       | 0.00% | 700   | Not | Bank<br>transf<br>ers or<br>bank<br>accept<br>ance<br>notes | 5.60       | 2<br>March<br>2023 | www.<br>cninfo<br>.com.<br>cn |
| Shenz<br>hen<br>Yuepe<br>ng<br>Const<br>ructio<br>n Co.,<br>Ltd.             | Under<br>same<br>actual<br>contro<br>ller   | Purch<br>asing<br>produ<br>cts<br>and<br>receiv<br>ing<br>labor<br>servic<br>e<br>from<br>relate<br>d<br>party | Recei<br>ving<br>labor<br>servic<br>e | Marke<br>t price | 168.1<br>7 | 168.1<br>7 | 0.31% |       |     | Bank<br>transf<br>ers or<br>bank<br>accept<br>ance<br>notes | 168.1<br>7 |                    |                               |
| Guan<br>gzhou<br>Haixi<br>nsha<br>Indust<br>ry<br>Gener<br>al<br>Comp<br>any | Under<br>same<br>actual<br>contro<br>ller   | Purch<br>asing<br>produ<br>cts<br>and<br>receiv<br>ing<br>labor<br>servic<br>e<br>from<br>relate<br>d<br>party | Recei<br>ving<br>labor<br>servic<br>e | Marke<br>t price | 198.2<br>8 | 198.2<br>8 | 1.67% | 3,800 | Not | Bank<br>transf<br>ers or<br>bank<br>accept<br>ance<br>notes | 198.2<br>8 | 2<br>March<br>2023 | www.<br>cninfo<br>.com.<br>cn |
| Fosha<br>n<br>Fulon<br>g<br>Envir  | Under<br>same<br>actual<br>contro<br>ller   | Purch<br>asing<br>produ<br>cts<br>and  | Recei<br>ving<br>labor                | Marke<br>t price | 34.62      | 34.62      | 0.08% |       |     | Bank<br>transf<br>ers or<br>bank<br>accept                  | 34.62      |                    |                               |

|  |                              |  |                         |              |       |       |       |  |  |   |       |  |  |
|--|------------------------------|--|-------------------------|--------------|-------|-------|-------|--|--|---|-------|--|--|
| onmental Technology Co., Ltd.                                    |                              | receiving labor service from related party                         | service                 |              |       |       |       |  |  | ance notes                              |       |  |  |
| Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd. | Under same actual controller | Purchasing products and receiving labor service from related party | Receiving labor service | Market price | 15.60 | 15.60 | 0.04% |  |  | Bank transfers or bank acceptance notes | 15.60 |  |  |
| Jiangmen Dongjiang Environmental Technology Co., Ltd.            | Under same actual controller | Purchasing products and receiving labor service from related party | Receiving labor service | Market price | 8.22  | 8.22  | 0.02% |  |  | Bank transfers or bank acceptance notes | 8.22  |  |  |
| Dongguan Hengjian Environmental Protection Technology Co., Ltd.  | Under same actual controller | Purchasing products and receiving labor service from related party | Receiving labor service | Market price | 7.69  | 7.69  | 0.02% |  |  | Bank transfers or bank acceptance notes | 7.69  |  |  |
| Zhuha Doumen District Yong                                       | Under same actual controller | Purchasing products and receiving                                  | Receiving labor service | Market price | 4.35  | 4.35  | 0.01% |  |  | Bank transfers or bank acceptance notes | 4.35  |  |  |

|   |                              |  |                         |              |       |       |       |  |  |   |       |  |     |
|---|------------------------------|--|-------------------------|--------------|-------|-------|-------|--|--|---|-------|--|-----|
| xingsheng Environmental Industry Waste Recovery and Comprehensive Treatment Co., Ltd. |                              | labor service from related party                                   |                         |              |       |       |       |  |  |   |       |  |     |
| Zhuha Dongjiang Environmental Technology Co, Ltd.                                     | Under same actual controller | Purchasing products and receiving labor service from related party | Receiving labor service | Market price | 21.40 | 21.40 | 0.05% |  |  | Bank transfers or bank acceptance notes | 21.40 |  |     |
| Guangdong Tianxin Commercial Service Co., Ltd.  | Under same actual controller | Purchasing products and receiving labor service from related party | Receiving labor service | Market price | 27.58 | 27.58 | 0.06% |  |  | Bank transfers or bank acceptance notes | 27.58 |  | N/A |
| Ramada Pearl Hotel Guangzhou  | Under same actual controller | Purchasing products and receiving labor service from relate        | Receiving labor service | Market price | 10.70 | 10.70 | 0.02% |  |  | Bank transfers or bank acceptance notes | 10.70 |  | N/A |

|   |                              |  |                         |              |      |      |       |  |  |   |      |  |     |
|---|------------------------------|--|-------------------------|--------------|------|------|-------|--|--|---|------|--|-----|
|   |                              | d party  |                         |              |      |      |       |  |  |   |      |  |     |
| 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 | 8.70 | 8.70 | 0.02% |  |  | Bank transfers or bank acceptance notes | 8.70 |  | N/A |
| Guangdong Dabao Shan Mining Co., Ltd.       | Under same actual controller | Purchasing products and receiving labor service from related party | Receiving labor service | Market price | 2.55 | 2.55 | 0.01% |  |  | Bank transfers or bank acceptance notes | 2.55 |  | N/A |
| Guangdong Great Wall Hotel Co., Ltd.        | Under same actual controller | Purchasing products and receiving labor service from related party | Receiving labor service | Market price | 2.34 | 2.34 | 0.01% |  |  | Bank transfers or bank acceptance notes | 2.34 |  | N/A |
| Prima tronix Nanhao Technology Ltd.         | Under same actual controller | Purchasing products and receiving labor service from related party | Receiving labor service | Market price | 0.52 | 0.52 | 0.00% |  |  | Bank transfers or bank acceptance notes | 0.52 |  | N/A |

|   |  |  |                         |              |          |          |       |        |     |   |          |              |                   |
|---|--|--|-------------------------|--------------|----------|----------|-------|--------|-----|---|----------|--------------|-------------------|
| Guangdong Fenghua Advanced Technology Holding Co., Ltd. | Under same actual controller                         | Purchasing products and receiving labor service from related party | Receiving labor service | Market price | 0.36     | 0.36     | 0.00% |        |     | Bank transfers or bank acceptance notes | 0.36     |              | N/A               |
| Prosperity Lamps & Components Limited                   | Shareholder that holds over 5% shares of the Company | Selling products and providing labor service to related party      | Selling products        | Market price | 2,642.94 | 2,642.94 | 0.29% | 4,000  | Not | Bank transfers or bank acceptance notes | 2,642.94 | 2 March 2023 | www.cninfo.com.cn |
| Guangdong Fenghua Advanced Technology Holding Co., Ltd. | Under same actual controller                         | Selling products and providing labor service to related party      | Selling products        | Market price | 1,269.54 | 1,269.54 | 0.14% | 1,500  | Not | Bank transfers or bank acceptance notes | 1,269.54 | 2 March 2023 | www.cninfo.com.cn |
| Guangdong Zhongnan Construction Co., Ltd.               | Under same actual controller                         | Selling products and providing labor service to related party      | Selling products        | Market price | 283.67   | 283.67   | 0.03% | 13,000 | Not | Bank transfers or bank acceptance notes | 283.67   | 2 March 2023 | www.cninfo.com.cn |
| Shenzhen Zhongjin Lingn                                 | Under same actual controller                         | Selling products and   | Selling products        | Market price | 98.53    | 98.53    | 0.01% | 1,550  | Not | Bank transfers or bank acceptance notes | 98.53    | 2 March 2023 | www.cninfo.com.cn |

|   |   |  |                             |                  |       |       |       |       |     |   |       |                    |                               |
|---|---|--|-----------------------------|------------------|-------|-------|-------|-------|-----|---|-------|--------------------|-------------------------------|
| an<br>Nonfe<br>met<br>Co.<br>Ltd.   |   | provid<br>ing<br>labor<br>servic<br>e to<br>relate<br>d<br>party                                       | cts                         |                  |       |       |       |       |     | ance<br>notes   |       |                    |                               |
| Shand<br>ong<br>Zhong<br>jin<br>Lingn<br>an<br>Coppe<br>r Co.,<br>Ltd.                      | Under<br>same<br>actual<br>contro<br>ller | Sellin<br>g<br>produ<br>cts<br>and<br>provid<br>ing<br>labor<br>servic<br>e to<br>relate<br>d<br>party | Sellin<br>g<br>produ<br>cts | Marke<br>t price | 63.54 | 63.54 | 0.01% |       |     | Bank<br>transf<br>ers or<br>bank<br>accept<br>ance<br>notes | 63.54 |                    |                               |
| Guan<br>gdong<br>Zhuyu<br>an<br>Const<br>ructio<br>n and<br>Engin<br>eering<br>Co.,<br>Ltd. | Under<br>same<br>actual<br>contro<br>ller | Sellin<br>g<br>produ<br>cts<br>and<br>provid<br>ing<br>labor<br>servic<br>e to<br>relate<br>d<br>party | Sellin<br>g<br>produ<br>cts | Marke<br>t price | 46.39 | 46.39 | 0.01% |       |     | Bank<br>transf<br>ers or<br>bank<br>accept<br>ance<br>notes | 46.39 |                    |                               |
| Guan<br>gdong<br>Zhong<br>ren<br>Group<br>Const<br>ructio<br>n Co.,<br>Ltd.                 | Under<br>same<br>actual<br>contro<br>ller | Sellin<br>g<br>produ<br>cts<br>and<br>provid<br>ing<br>labor<br>servic<br>e to<br>relate<br>d<br>party | Sellin<br>g<br>produ<br>cts | Marke<br>t price | 25.68 | 25.68 | 0.00% | 1,800 | Not | Bank<br>transf<br>ers or<br>bank<br>accept<br>ance<br>notes | 25.68 | 2<br>March<br>2023 | www.<br>cninfo<br>.com.<br>cn |
| Guan<br>gdong<br>Yixin<br>Chang<br>cheng<br>Const<br>ructio<br>n<br>Group                   | Under<br>same<br>actual<br>contro<br>ller | Sellin<br>g<br>produ<br>cts<br>and<br>provid<br>ing<br>labor<br>servic<br>e to<br>relate               | Sellin<br>g<br>produ<br>cts | Marke<br>t price | 56.34 | 56.34 | 0.01% | 3,000 | Not | Bank<br>transf<br>ers or<br>bank<br>accept<br>ance<br>notes | 56.34 | 2<br>March<br>2023 | www.<br>cninfo<br>.com.<br>cn |

|  |                              |   |                         |              |        |        |       |  |  |   |        |  |     |
|--|------------------------------|---|-------------------------|--------------|--------|--------|-------|--|--|---|--------|--|-----|
|  |                              | d party   |                         |              |        |        |       |  |  |   |        |  |     |
| Guangdong Rising Non-ferrous Metals Metal Group  | Under same actual controller | Selling products and providing labor service to related party | Selling products        | Market price | 34.95  | 34.95  | 0.00% |  |  | Bank transfers or bank acceptance notes | 34.95  |  | N/A |
| Guangdong Rising Holdings Group Co., Ltd.  | Actual controller            | Selling products and providing labor service to related party | Selling products        | Market price | 25.81  | 25.81  | 0.00% |  |  | Bank transfers or bank acceptance notes | 25.81  |  | N/A |
| Guangdong Xintaochip Microelectronics Co., Ltd. (formerly known as Fenghua Research Institute (Guangzhou) Limited) | Under same actual controller | Selling products and providing labor service to related party | Providing labor service | Market price | 136.47 | 136.47 | 0.02% |  |  | Bank transfers or bank acceptance notes | 136.47 |  | N/A |
| Guangdong Heshun Property  | Under same actual controller | Selling products and providing                                | Providing labor service | Market price | 60.38  | 60.38  | 0.01% |  |  | Bank transfers or bank acceptance       | 60.38  |  | N/A |



|  |                              |   |                         |  |      |          |       |        |    |   |      |    |     |
|--|------------------------------|---|-------------------------|--|------|----------|-------|--------|----|---|------|----|-----|
| Management Co., Ltd. The Pinnacle Branch   |                              | ing labor service to related party                            | e                       |  |      |          |       |        |    | notes                                   |      |    |     |
| Guangdong Rising Research and Development Institute Co., Ltd.  | Under same actual controller | Selling products and providing labor service to related party | Providing labor service | Market price   | 0.66 | 0.66     | 0.00% |        |    | Bank transfers or bank acceptance notes | 0.66 |    | N/A |
| Total  |                              |   |                         | --   | --   | 5,560.18 | --    | 33,850 | -- | --                                      | --   | -- | --  |
| 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 |                              |   |                         | <p>In December 2023, the Company forecasted the aggregate amount of its routine connected transactions with related parties including Prosperity Lamps &amp; Components Limited and its majority-owned subsidiaries, Guangdong Rising Holdings Group Co., Ltd., Guangdong Fenghua Advanced Technology (Holding) Co., Ltd., Guangdong Electronics Information Industry Group Ltd. 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 Rising Property Group Co., Ltd. and its majority-owned subsidiaries, Guangdong Rising Research and Development Institute Co. Ltd. and its majority-owned subsidiaries, Guangdong Rising Real Estate Group Co., Ltd. and its majority-owned subsidiaries, Dongjiang Environmental Company Limited and its majority-owned subsidiaries, Guangdong Dabaoshan Mining Co., Ltd. and its majority-owned subsidiaries, Guangzhou Rising Non-ferrous Metal Group Co., Ltd. and its majority-owned subsidiaries. In terms of related party procurements, the actual transaction amount for 2023 was RMB8,152,800, representing 8.58% of the forecasted amount for the entire year of 2023; in terms of related party sales, the actual transaction amount for 2023 was RMB47,449,000, accounting for 18.79% of the estimated total for the year 2023.</p> |      |          |       |        |    |   |      |    |     |
| 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

No such cases in the Reporting Period.

### 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                          | 0.25%-2.8%          | 119,172.28                    | 583,953.81                     | 585,210.67                  | 117,915.42                 |

Loan business:

Naught

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  | 200,000                  | 0                         |

### 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

| 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      | 12,664.00                      | 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 from related party | Receiving labor service | Market price      | 14,248.48                      | Bank transfers or bank acceptance notes | 6 May 2021 and 28 January 2022                 | www.cninfo.com.cn   |
| Guangdong Zhongren Group Construction Co., Ltd. | Under same actual controller  | Purchasing products and receiving labor service from related party | Receiving labor service | Market price      | 4,626.00                       | Bank transfers or bank acceptance notes | 1 December 2020                                | www.cninfo.com.cn (announcement of subsidiary NationStar Optoelectronics) |

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 | 1 December 2020 | <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> (announcement of subsidiary NationStar Optoelectronics) |
| Announcement on a Related-Party Transaction Due to a Call for Public Bids | 6 May 2021      | <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>   |
| Announcement on a Related-Party Transaction Due to a Call for Public Bids | 9 July 2021     | <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>   |
| Announcement on a Related-Party Transaction Due to a Call for Public Bids | 17 August 2021  | <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>   |
| Announcement on a Related-Party Transaction Due to a Call for Public Bids | 28 January 2022 | <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>   |
| Announcement on a Related-Party Transaction Due to a Call for Public Bids | 12 March 2022   | <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>   |

## 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

Notes to leases

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  | Disclose 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  | Disclose date of the guarantee line              | 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 |   |

|  | announcement                                       |                   |                        |   |                   |                     |                            |  |                       |                                      |
|--|--|-------------------|------------------------|---|-------------------|---------------------|----------------------------|--|-----------------------|--------------------------------------|
| 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 |
| Nanning Liaowan g Auto Lamp Co., Ltd., Liuzhou Guige Foreshine Technology Co., Ltd., Liuzhou Guige Lighting Technology Co., Ltd. | 2 March 2023                                       | 4,500             | 21 June 2023           | 336.98  | Secured           | Yes                 | None                       | 25 April 2022-31 December 2025                     | No                    | No                                   |
| Nanning Liaowan g Auto Lamp Co., Ltd., Chongqing Guinuo Lighting Technology Co., Ltd.  | 2 March 2023                                       | 9,900             | 10 February 2023       | 9,790.44  | Secured           | Yes                 | None                       | 15 June 2020-15 June 2023, 25 May 2023-24 May 2024 | No                    | No                                   |
| Nanning Liaowan g Auto Lamp Co., Ltd., Liuzhou   | 2 March 2023                                       | 9,600             | 24 March 2023          | 8,367.27  | Secured           | Yes                 | None                       | 24 April 2022-31 December 2025                     | No                    | No                                   |

|   |  |        |   |  |  |  |  |  |           |
|---|--|--------|---|--|--|--|--|--|-----------|
| Guige<br>Foreshine<br>Technology Co.,<br>Ltd.,<br>Liuzhou<br>Guige<br>Lighting<br>Technology Co.,<br>Ltd. |  |        |   |  |  |  |  |  |           |
| Total approved line<br>for such guarantees<br>in the Reporting<br>Period (C1)                             |  | 24,000 | Total actual amount<br>of such guarantees in<br>the Reporting Period<br>(C2)                |  |  |  |  |  | 18,494.69 |
| Total approved line<br>for such guarantees<br>at the end of the<br>Reporting Period<br>(C3)               |  | 24,000 | Total actual balance<br>of such guarantees at<br>the end of the<br>Reporting Period<br>(C4) |  |  |  |  |  | 18,494.69 |
| Total guarantee amount (total of the three kinds of guarantees above)                                     |  |        |   |  |  |  |  |  |           |
| Total guarantee line<br>approved in the<br>Reporting Period<br>(A1+B1+C1)                                 |  | 24,000 | Total actual<br>guarantee amount in<br>the Reporting Period<br>(A2+B2+C2)                   |  |  |  |  |  | 18,494.69 |
| Total approved<br>guarantee line at the<br>end of the Reporting<br>Period (A3+B3+C3)                      |  | 24,000 | Total actual<br>guarantee balance at<br>the end of the<br>Reporting Period<br>(A4+B4+C4)    |  |  |  |  |  | 18,494.69 |
| Total actual guarantee amount (A4+B4+C4)<br>as % of the Company's net assets                              |  |        |   |  |  |  |  |  | 2.94%     |
| Of which:   |  |        |   |  |  |  |  |  |           |

Compound guarantees:

None.

Chongqing Guinuo Lighting Technology Co., Ltd. (referred to as “Chongqing Guinuo”), 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”). As of 31 December 2023, guarantees between Nanning Liaowang and its subsidiaries and collaterals are set out in “3. Other” under “XVI Commitments and Contingencies” in Part X of this Report.

### 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 | 77,000  | 15,000       | 0                          | 0  |
| Others                  | Self-owned funds | 45,000  | 45,000       |                            |  |
| Total                   |                  | 122,000 | 60,000       | 0                          | 0  |

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/payment 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) |
|--------------------------------|-----------------|-----------------------------------|-----------|---------------------|------------------|--------------|------------------|-------------------------------------|-------------------------------------|-------------------------|--------------------------------------|-----------------------------------|-----------------------------------|--------------------------------------|--|---|
| Foshan Branch of Bank of China | Bank            | Structured deposit                | 4,000     | Self-owned funds    | 8 September 2023 | 6 March 2024 | Other            | Subject to actual investment period | 2.79%                               | 51.29                   | 7.75                                 | To be recovered                   |                                   | Yes                                  | In compliance with prescribed approval | Announcement No. 2023-007 on Entr                           |

|  |      |                              |        |                  |                 |                 |       |                                     |       |       |       |                 |  |  |     |  |   |
|--|------|------------------------------|--------|------------------|-----------------|-----------------|-------|-------------------------------------|-------|-------|-------|-----------------|--|--|-----|--|---|
|  |      |                              |        |                  |                 |                 |       |                                     |       |       |       |                 |  |  |     | proc<br>edure                                    | ustm<br>ent<br>of<br>Som<br>e<br>Idle<br>Funds<br>for<br>Wealth<br>Man<br>age<br>men<br>t on<br>http:<br>//w<br>ww.<br>cnin<br>fo.c<br>om.<br>cn/ |
| Foshan Sub-branch of LUSO International Banking Ltd. | Bank | Structured deposit           | 4,000  | Self-owned funds | 17 July 2023    | 16 January 2024 | Other | Subject to actual investment period | 3.35% | 67.18 | 57.84 | To be recovered |  |  | Yes | In compliance with prescribed approval procedure |   |
| Foshan Sub-branch of LUSO International Banking Ltd. | Bank | Structured deposit           | 3,000  | Self-owned funds | 7 August 2023   | 29 January 2024 | Other | Subject to actual investment period | 3.30% | 47.47 | 37.36 | To be recovered |  |  | Yes | In compliance with prescribed approval procedure |   |
| Foshan Sub-branch of LUSO International Banking Ltd. | Bank | Structured deposit           | 4,000  | Self-owned funds | 8 November 2023 | 13 May 2024     | Other | Subject to actual investment period | 3.10% | 63.53 | 16.99 | To be recovered |  |  | Yes | In compliance with prescribed approval procedure |   |
| Guangzhou Branch of China Everbright Bank            | Bank | Large certificate of deposit | 10,000 | Self-owned funds | 6 January 2023  | 6 January 2026  | Other | Subject to actual investment period | 3.30% | 990   |       | To be recovered |  |  | Yes | In compliance with prescribed approval procedure |   |



|   |      |                              |        |                  |                 |                 |       |                                     |       |          |        |                 |     |  |
|---|------|------------------------------|--------|------------------|-----------------|-----------------|-------|-------------------------------------|-------|----------|--------|-----------------|-----|--|
| Foshan Branch of Bank of Communications     | Bank | Large certificate of deposit | 5,000  | Self-owned funds | 31 August 2023  | 31 August 2023  | Other | Subject to actual investment period | 2.90% | 435      |        | To be recovered | Yes | In compliance with prescribed approval procedure |
| Guangzhou Branch of China Everbright Bank   | Bank | Large certificate of deposit | 15,000 | Self-owned funds | 3 November 2023 | 3 November 2023 | Other | Subject to actual investment period | 2.90% | 1,305    |        | To be recovered | Yes | In compliance with prescribed approval procedure |
| Foshan Huji Sub-branch of Bank of GuangZhou | Bank | Large certificate of deposit | 15,000 | Self-owned funds | 1 December 2023 | 1 December 2023 | Other | Subject to actual investment period | 2.95% | 1,327.5  |        | To be recovered | Yes | In compliance with prescribed approval procedure |
| Total                                       |      |                              | 60,000 | --               | --              | --              | --    | --                                  | --    | 4,286.97 | 119.94 | --              | --  | --   |

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

1. On 14 March 2023 and 31 March 2023, the Company held the 39th Meeting of the Ninth Board of Directors and the First Extraordinary General Meeting of 2023 to deliberate on and approve the proposals relating to the issuance of shares to specific objects in 2023, and agreed that the Company should apply to the Shenzhen Stock Exchange for the issuance of shares to specific objects. On 12 July 2023, the Company received a notice of approval from the Listing Review Center of the Shenzhen Stock Exchange. On 31 August 2023, the Company received the Reply on the Approval of the Registration of Foshan Electrical and Lighting Co., Ltd. for the Issue of Shares to Specific Objects (ZJXK [2023] No. 1974) issued by the China Securities Regulatory Commission ("CSRC") on 25 August 2023, which agreed to the application for registration of the Issue. In November 2023, the Company issued 186,783,583 A shares to 13 specific objects and on 4 December 2023, the Company was listed on the Shenzhen Stock Exchange. Upon completion of the issue, the total share capital of the Company increased from 1,361,994,647 shares to 1,548,778,230 shares. For details, please refer to the Report on Alteration in New A-Shares Issued by Foshan Electrical and Lighting Co., Ltd. to Specific Objects and Listing Announcement disclosed by the Company on 1 December 2023 on <http://www.cninfo.com.cn>.

2. On 30 October 2023, Fozhao (Hainan) Technology Co., Ltd. (hereinafter referred to as "Hainan Technology"), a wholly-owned subsidiary of the Company, entered into a Letter of Intent to Acquire Equity with Jiang Ailiang and Jiang Shidi, the shareholders of Shanghai Liangzhou Marine Light Manufacturing Co., Ltd. (hereinafter referred to as the "Subject Company"). Hainan Technology intended to acquire 51% equity interest in the Subject Company held by the transferor by cash payment. After the completion of the acquisition, Hainan Technology would become the controlling shareholder of the Subject Company, and the Subject Company would be included in the scope of the Company's consolidated statements. The Letter of Intent signed belongs to the intentional agreement of the basic will of the two parties to the cooperation, and is the basis for further negotiation between the two parties. The equity acquisition is subject to the completion of comprehensive due diligence, audit and asset evaluation and further negotiation based on the relevant results. The final terms of this transaction are subject to the signing of the formal equity acquisition agreement, and there is uncertainty as to whether it can be reached in the end. For details, please refer to the Announcement on the Signing of the Letter of Intent for Equity Acquisition by Wholly-owned Subsidiary disclosed by the Company on 31 October 2023 on

<http://www.cninfo.com.cn>.

3. On 6 December 2023 and 22 December 2023, the Company respectively held the 49th meeting of the Ninth Board of Directors and the Second Extraordinary General Meeting of 2023, which approved the Proposal on the Disposal of Assets of the Company and Signing of Reserve Agreement, and the Board of Directors agreed that the Company would sign the Letter of Intent on Land Reserve with Foshan City Chancheng District Zumiao Street Office, and sign the Agreement on the Use Right of State-owned Land with Foshan City Chancheng District Land Reserve Center and Foshan City Chancheng District Zumiao Street Office. After completing the preliminary land preparation work such as demolition of buildings on the ground in accordance with relevant laws, regulations and policies, the Fenjiang North Road land parcel would be handed over in three years batch by batch for pending expropriation. On 1 February 2024, the Company formally signed the State-owned Land Use Right Reserve Agreement with Foshan Chancheng District Land Reserve Center and Foshan Chancheng District Zumiao Street Office. The Company would conduct pending expropriation of Lot No. 64, Fenjiang North Road in accordance with the relevant contents of the agreement. For details, please refer to the *Announcement on the Disposal of Assets of the Company and Signing of the Reserve Agreement* and the *Announcement on the Progress of the Disposal of Assets of the Company and Signing of the Reserve Agreement* respectively on 7 December 2023 and 3 February 2024 on <http://www.cninfo.com.cn>.

## **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 RMB183,855,895.00, 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 2023, 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 2023, the Company has been liquidated and cancelled.

## 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                               | 10,753,658 | 0.79%          | 186,783,583                                     |  |  |       | 186,783,583 | 197,537,241 | 12.75%         |
| 1.1 Shares held by state                           |            |                |   |  |  |       |             |             |                |
| 1.2 Shares held by state-owned legal persons       | 1          | 0.00%          | 69,136,166                                      |  |  |       | 69,136,166  | 69,136,167  | 4.46%          |
| 1.3 Shares held by other domestic investors        | 1,826,025  | 0.13%          | 0   |  |  |       | 0           | 1,826,025   | 0.12%          |
| Among which: Shares held by domestic legal persons | 1,338,434  | 0.10%          | 0   |  |  |       | 0           | 1,338,434   | 0.09%          |
| Shares held  | 487,591    | 0.04%          | 0   |  |  |       | 0           | 487,591     | 0.03%          |

|   |               |        |             |  |  |  |             |               |        |
|---|---------------|--------|-------------|--|--|--|-------------|---------------|--------|
| by domestic natural persons                       |               |        |             |  |  |  |             |               |        |
| 1.4 Shares held by foreign investors              | 8,927,632     | 0.66%  | 15,553,564  |  |  |  | 15,553,564  | 24,481,196    | 1.58%  |
| Among which: Shares held by foreign legal persons | 0             | 0.00%  | 11,604,094  |  |  |  | 11,604,094  | 11,604,094    | 0.75%  |
| Shares held by foreign natural persons            | 8,927,632     | 0.66%  | 3,949,470   |  |  |  | 3,949,470   | 12,877,102    | 0.83%  |
| 1.5. Funds, and other financial products, etc.    | 0             | 0.00%  | 102,093,853 |  |  |  | 102,093,853 | 102,093,853   | 6.59%  |
| 2. Unrestricted shares                            | 1,351,240,989 | 99.21% | 0           |  |  |  | 0           | 1,351,240,989 | 87.25% |
| 2.1 RMB-denominated ordinary shares               | 1,056,501,050 | 77.57% | 0           |  |  |  | 0           | 1,056,501,050 | 68.22% |
| 2.2 Domestically listed foreign shares            | 294,739,939   | 21.64% | 0           |  |  |  | 0           | 294,739,939   | 19.03% |
| 2.3 Overseas listed                               |               |        |             |  |  |  |             |               |        |

|                 |               |         |             |  |  |  |             |               |         |
|-----------------|---------------|---------|-------------|--|--|--|-------------|---------------|---------|
| foreign shares  |               |         |             |  |  |  |             |               |         |
| 2.4 Other       |               |         |             |  |  |  |             |               |         |
| 3. Total shares | 1,361,994,647 | 100.00% | 186,783,583 |  |  |  | 186,783,583 | 1,548,778,230 | 100.00% |

Reasons for share changes:

Applicable  Not applicable

During the Reporting Period, in accordance with the *Reply on the Approval of the Registration of Foshan Electrical and Lighting Co., Ltd. for the Issue of Shares to Specific Objects* (ZJXK [2023] No. 1974) issued by the CSRC, the Company issued 186,783,583 A shares to 13 specific objects and was listed on the Shenzhen Stock Exchange on 4 December 2023. The shares issued were all restricted shares, among which the shares subscribed by Rising Group in this issue were not transferable within 18 months from the listing date, and the shares subscribed by other investors in this issue were not transferable within six months from the listing date. Upon completion of the issue, the total share capital of the Company increased from 1,361,994,647 shares to 1,548,778,230 shares.

Approval of share changes:

Applicable  Not applicable

On 14 March 2023 and 31 March 2023, the Company held the 39th Meeting of the Ninth Board of Directors and the First Extraordinary General Meeting of 2023 to deliberate on and approve the proposals relating to the issuance of shares to specific objects in 2023. On 12 July 2023, the Company received a notice of approval from the Listing Review Center of the Shenzhen Stock Exchange. On 31 August 2023, the Company received the *Reply on the Approval of the Registration of Foshan Electrical and Lighting Co., Ltd. for the Issue of Shares to Specific Objects* (ZJXK [2023] No. 1974) issued by the China Securities Regulatory Commission ("CSRC") on 25 August 2023, which agreed to the application for registration of the Issue.

Transfer of share ownership:

Applicable  Not applicable

During the Reporting Period, the Company completed the registration of the additional shares involved in the issue of A shares to specific objects, and such additional shares were listed on 4 December 2023 on the Shenzhen Stock Exchange.

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

During the Reporting Period, the Company increased its share capital by 186,783,583 shares as a result of the issuance of shares to specific objects, and the impact on the basic and diluted earnings per share and net assets per share attributable to the ordinary shareholders of the Company for the latest one year and the latest period are as follows:

| Item  | 2022                            |                            | 2023                       |
|---|---------------------------------|----------------------------|----------------------------|
|   | Based on original share capital | Based on new share capital | Based on new share capital |
| Basic earnings per share (RMB/share)                        | 0.1707                          | 0.1688                     | 0.2128                     |
| Diluted earnings per share (RMB/share)                      | 0.1691                          | 0.1672                     | 0.2108                     |
| Equity per share attributable to the Company's shareholders | 3.8347                          | 4.0770                     | 4.0927                     |

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 |
|---|--|---|--|--|---|---------------------------------|
| Guangdong Rising Holdings Group Co., Ltd.   | 0  | 46,695,895                                | 0  | 46,695,895                                 | Restricted shares after the initial offering; subscription for the Company's A-share issuance to specific objects in 2023 | 4 June 2025                     |
| Caitong Fund-Huatai Securities Co., Ltd.-Caitong Fund Junxinag Yongxi Single Asset Management Plan                              | 0  | 15,392,492                                | 0  | 15,392,492                                 | Restricted shares after the initial offering; subscription for the Company's A-share issuance to specific objects in 2023 | 4 June 2024                     |
| Nuode Asset Management-Huatai Securities Co., Ltd.-Caitong Fund Pujiang No. 120 Single Asset Management Plan                    | 0  | 14,846,416                                | 0  | 14,846,416                                 | Restricted shares after the initial offering; subscription for the Company's A-share issuance to specific objects in 2023 | 4 June 2024                     |
| CSC Financial Co., Ltd.   | 0  | 8,788,395                                 | 0  | 8,788,395                                  | Restricted shares after the initial offering; subscription for the Company's A-share issuance to specific objects in 2023 | 4 June 2024                     |
| Horizon Asset-Yunnan Trust-Yufeng No. 6 Assembled fund trust program-Horizon Asset Ruicheng No. 1 Order -asset management plans | 0  | 8,703,071                                 | 0  | 8,703,071                                  | Restricted shares after the initial offering; subscription for the Company's A-share issuance to specific objects in 2023 | 4 June 2024                     |
| Changsha Lugu Capital   | 0  | 8,532,423                                 | 0  | 8,532,423                                  | Restricted  | 4 June 2024                     |



|   |          |                    |          |                    |   |             |
|---|----------|--------------------|----------|--------------------|---|-------------|
| Management Co., Ltd.  |          |                    |          |                    | shares after the initial offering; subscription for the Company's A-share issuance to specific objects in 2023            |             |
| UBS AG  | 0        | 6,484,641          | 0        | 6,484,641          | Restricted shares after the initial offering; subscription for the Company's A-share issuance to specific objects in 2023 | 4 June 2024 |
| MORGAN STANLEY & CO. INTERNATIONAL PLC.   | 0        | 5,119,453          | 0        | 5,119,453          | Restricted shares after the initial offering; subscription for the Company's A-share issuance to specific objects in 2023 | 4 June 2024 |
| Sichuan Pu Xin Chan Rong Investment Co., Ltd.   | 0        | 5,119,453          | 0        | 5,119,453          | Restricted shares after the initial offering; subscription for the Company's A-share issuance to specific objects in 2023 | 4 June 2024 |
| Huatai Youyi Stock Specialized Pension Product-Agricultural Bank of China Limited         | 0        | 5,119,453          | 0        | 5,119,453          | Restricted shares after the initial offering; subscription for the Company's A-share issuance to specific objects in 2023 | 4 June 2024 |
| Other shareholders participating in the subscription of shares issued to specific objects | 0        | 61,981,891         | 0        | 61,981,891         | Restricted shares after the initial offering; subscription for the Company's A-share issuance to specific objects in 2023 | 4 June 2024 |
| <b>Total</b>  | <b>0</b> | <b>186,783,583</b> | <b>0</b> | <b>186,783,583</b> | <b>--</b>   | <b>--</b>   |

## II. Issuance and Listing of Securities

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

Applicable  Not applicable

| Name of Stock and derivative securities thereof | Issue date      | issue price (interest) | Issue amount | Listing date    | Approved amount for listing | Termination date for trading | Disclosure index  | Disclosure date |
|---|-----------------|------------------------|--------------|-----------------|-----------------------------|------------------------------|---|-----------------|
| Stock   |                 |                        |              |                 |                             |                              |   |                 |
| 2023 Issuance of A-shares to Specific Targets   | 3 November 2023 | RMB5.86 per share      | 186,783,583  | 4 December 2023 | 186,783,583                 |                              | Refer to the Report on Alteration of Shares and Report on Listing of Shares regarding FSL's Issuance of A-shares to Specific Targets disclosed on <a href="http://www.cninfo.com.cn/">http://www.cninfo.com.cn/</a> | 1 December 2023 |

Notes:

In accordance with the *Reply on the Approval of the Registration of Foshan Electrical and Lighting Co., Ltd. for the Issue of Shares to Specific Objects* (ZJXK [2023] No. 1974) issued by the CSRC, the Company issued 186,783,583 A shares to 13 specific objects (hereinafter referred to as “this issue”). The registration of the additional shares involved in this issue has been completed at Shenzhen Branch of CSDC, and such additional shares were listed on the Shenzhen Stock Exchange on 4 December 2023. The shares issued were all restricted shares, among which the shares subscribed by Rising Group in this issue were not transferable within 18 months from the listing date, and the shares subscribed by other investors in this issue were not transferable within six months from the listing date. Upon completion of the issue, the total share capital of the Company increased from 1,361,994,647 shares to 1,548,778,230 shares, of which, the A-shares increased from 1,058,321,409 shares (before this issue) to 1,245,104,992 shares.

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

Applicable  Not applicable

During the Reporting Period, in accordance with the *Reply on the Approval of the Registration of Foshan Electrical and Lighting Co., Ltd. for the Issue of Shares to Specific Objects* (ZJXX [2023] No. 1974) issued by the CSRC, the Company issued 186,783,583 A shares to 13 specific objects. The total share capital of the Company was 1,361,994,647 shares prior to this issue and after completion of this issue, the total share capital of the Company increased to 1,548,778,230 shares. After the completion of the issuance to specific objects, the total assets and net asset size of the Company will increase at the same time, the total liabilities will remain unchanged, and the debt-to-asset ratio will decrease, which is conducive to optimizing the asset structure of the Company, alleviating the pressure on funds and enhancing profitability.

## 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   | 75,375                | Number of ordinary shareholders at the month-end prior to the disclosure of this Report | 75,427                              | Number of preferred shareholders with resumed voting rights (if any) (see note 8) | 0                      | Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report (if any) (see note 8) | 0                                  |        |
|---|-----------------------|---|-------------------------------------|---|------------------------|---|------------------------------------|--------|
| 5% or greater shareholders or top 10 shareholders (exclusive of shares lent in refinancing) |                       |   |                                     |   |                        |   |                                    |        |
| 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  | Foreign legal person  | 12.17%  | 188,496,430                         | 0   | 0                      | 188,496,430   | N/A                                |        |

|  |                          |       |             |            |            |             |     |  |
|--|--------------------------|-------|-------------|------------|------------|-------------|-----|--|
| Company Limited  |                          |       |             |            |            |             |     |  |
| Prosperity Lamps & Components Limited  | Foreign legal person     | 9.49% | 146,934,857 | 0          | 0          | 146,934,857 | N/A |  |
| Guangdong Rising Holdings Group Co., Ltd.  | State-owned legal person | 8.38% | 129,826,793 | 46,695,895 | 46,695,895 | 83,130,898  | N/A |  |
| Guangdong Electronics Information Industry Group Ltd.  | State-owned legal person | 7.92% | 122,694,246 | 0          | 0          | 122,694,246 | N/A |  |
| Essence International Securities (Hong Kong) Co., Ltd.   | Foreign legal person     | 2.47% | 38,226,524  | 2,088,065  | 0          | 38,226,524  | N/A |  |
| Central Huijin Asset Management Co., Ltd.  | State-owned legal person | 2.14% | 33,161,800  | 0          | 0          | 33,161,800  | N/A |  |
| Hong Kong Securities Clearing Company Limited  | Foreign legal person     | 1.96% | 30,367,806  | 30,347,612 | 0          | 30,367,806  | N/A |  |
| Rising Investment Development Limited  | Foreign legal person     | 1.65% | 25,482,252  | 0          | 0          | 25,482,252  | N/A |  |
| Caitong Fund-Huatai Securities Co., Ltd.-Caitong Fund Junxinag Yongxi Single Asset Management Plan | Other                    | 0.99% | 15,392,492  | 15,392,492 | 15,392,492 | 0           | N/A |  |

| Nuode Asset Management-Huatai Securities Co., Ltd.-Caitong Fund Pujiang No. 120 Single Asset Management Plan                 | Other   | 0.96%                          | 14,846,416  | 14,846,416 | 14,846,416 | 0 | N/A |
|--|---|--------------------------------|-------------|------------|------------|---|-----|
| Strategic investors or general corporations becoming top-ten shareholders due to placing of new shares (if any) (see note 3) | <p>1. Shareholder Caitong Fund-Huatai Securities Co., Ltd.-Caitong Fund Junxinag Yongxi Single Asset Management Plan became one of the top ten shareholders of the Company by participating in the subscription of 15,392,492 A shares issued by the Company to specific objects in 2023. (The shares were listed on the Shenzhen Stock Exchange on 4 December 2023 and shall not be transferred within 6 months from the date of listing, i.e., they are restricted circulating shares during the period from 4 December 2023 to 4 June 2024)</p> <p>2. Shareholder Nuode Asset Management-Huatai Securities Co., Ltd.-Caitong Fund Pujiang No. 120 Single Asset Management Plan became one of the top ten shareholders of the Company by participating in the subscription of 14,846,416 A shares issued by the Company to specific objects in 2023. (The shares were listed on the Shenzhen Stock Exchange on 4 December 2023 and shall not be transferred within six months from the date of listing, i.e., they are restricted circulating shares during the period from 4 December 2023 to 4 June 2024)</p> |                                |             |            |            |   |     |
| Related or acting-in-concert parties among the shareholders above  | Among the top 10 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.  |                                |             |            |            |   |     |
| Above shareholders involved in entrusting/being entrusted with voting rights and giving up voting rights                     | Naught  |                                |             |            |            |   |     |
| <b>Top 10 unrestricted shareholders</b>  |   |                                |             |            |            |   |     |
| 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                | 83,130,898  |            |            |   |     |

|   |  |                                   |            |
|---|--|-----------------------------------|------------|
|   |  | d ordinary stock                  |            |
| Essence International Securities (Hong Kong) Co., Ltd.  | 38,226,524   | Domestically listed foreign stock | 38,226,524 |
| Central Huijin Asset Management Co., Ltd.   | 33,161,800   | RMB-denominated ordinary stock    | 33,161,800 |
| Hong Kong Securities Clearing Company Limited   | 30,367,806   | RMB-denominated ordinary stock    | 30,367,806 |
| Rising Investment Development Limited   | 25,482,252   | Domestically listed foreign stock | 25,482,252 |
| Zhang Shaowu  | 11,700,000   | RMB-denominated ordinary stock    | 11,700,000 |
| China Merchants Securities (Hong Kong) Co., Ltd   | 9,048,244  | Domestically listed foreign stock | 9,048,244  |
| 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   |                                   |            |

Top 10 shareholders involved in refinancing shares lending:

Applicable  Not applicable

Changes in top 10 shareholders compared with the prior period

Applicable  Not applicable

Unit: share

| Changes in top 10 shareholders compared with the end of the prior period                                     |  |   |                             |  |                             |
|--|--|---|-----------------------------|--|-----------------------------|
| Full name of shareholder   | Newly added to or exiting from top 10 shareholders in the Reporting Period | Shares lent in refinancing and not yet returned at the period-end |                             | Shares in the common account and credit account plus shares lent in refinancing and not yet returned at the period-end |                             |
|  |  | Total shares  | As % of total share capital | Total shares   | As % of total share capital |
| Hong Kong Securities Clearing Company Limited  | Newly added  | 0   | 0.00%                       | 30,367,806   | 1.96%                       |
| Caitong Fund-Huatai Securities Co., Ltd.-Caitong Fund Junxinag Yongxi Single Asset Management Plan           | Newly added  | 0   | 0.00%                       | 15,392,492   | 0.99%                       |
| Nuode Asset Management-Huatai Securities Co., Ltd.-Caitong Fund Pujiang No. 120 Single Asset Management Plan | Newly added  | 0   | 0.00%                       | 14,846,416   | 0.96%                       |
| Zhuang Jianyi  | Exiting  | 0   | 0.00%                       | 11,903,509   | 0.77%                       |
| Zhang Shaowu   | Exiting  | 0   | 0.00%                       | 11,700,000   | 0.76%                       |
| China Merchants Securities (Hong Kong) Co., Ltd  | Exiting  | 0   | 0.00%                       | 9,048,244  | 0.58%                       |

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. | Lyu Yongzhong                         | 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. | Wang Jia | 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  |



|  |   |  |  |   |
|--|---|--|--|---|
|  |   |  |  | <p>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.</p> |
| Shareholdings of controlling shareholder in other listed companies at home or abroad in reporting period | <p>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:</p> <ol style="list-style-type: none"> <li>1. a 40.52% stake of 136,318,684 shares in Rising Nonferrous (stock code: 600259);</li> <li>2. a 35.72% stake of 1,335,060,698 shares in Zhongjin Lingnan Nonfemet (stock code: 000060);</li> <li>3. a 23.19% stake of 268,311,117 shares in Fenghua Advanced (stock code: 000636);</li> <li>4. a 26.37% stake of 291,458,228 A shares and H shares in Dongjiang Environment (stock code: 002672);</li> <li>5. a 6.26% stake of 5,724,384,653 shares in China Telecom (stock code: 601728).</li> </ol> |  |  |   |

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 | Date of establishment | Unified social credit code | Principal activity |
|---------------------------|-----------------------------|-----------------------|----------------------------|--------------------|
|---------------------------|-----------------------------|-----------------------|----------------------------|--------------------|

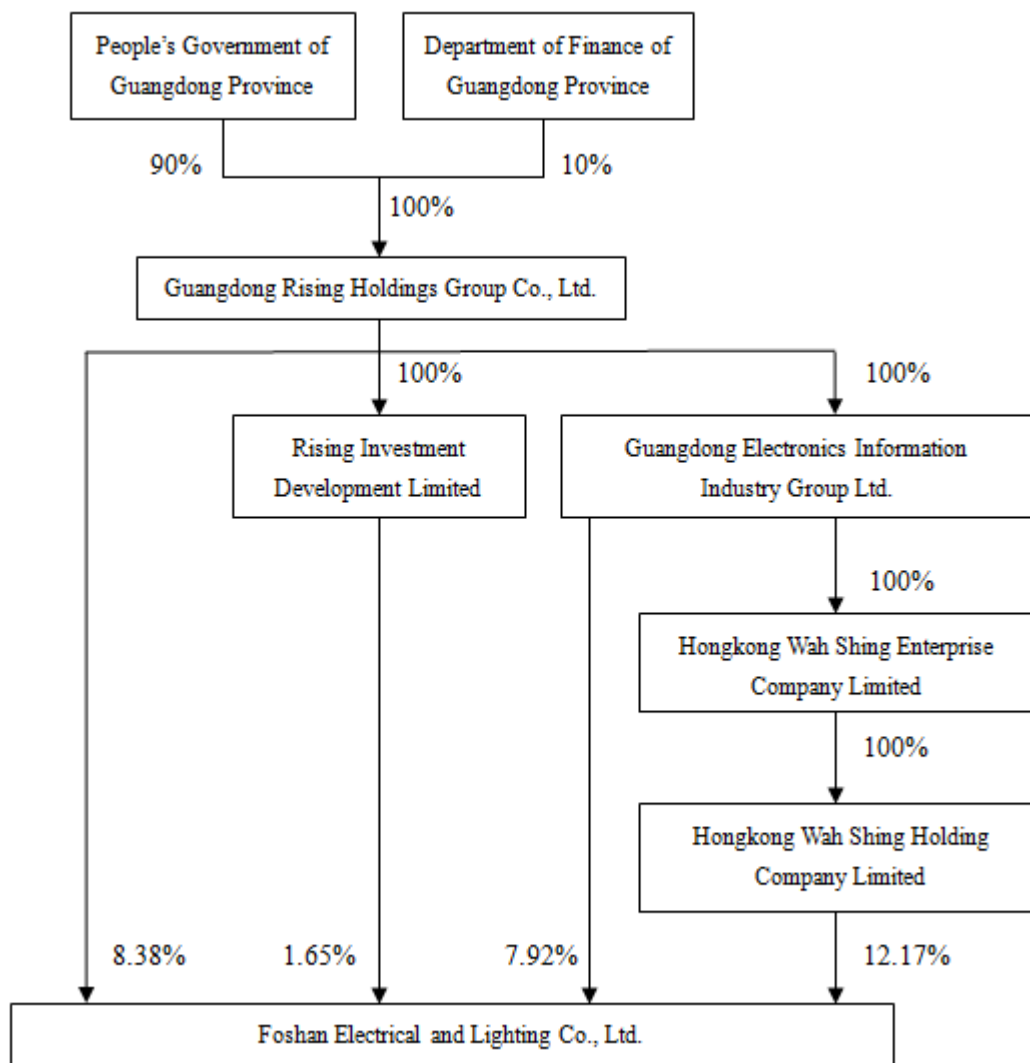
|   | in charge   |                  |                    |  |
|---|---|------------------|--------------------|--|
| Guangdong Rising Holdings Group Co., Ltd.   | Lyu Yongzhong   | 23 December 1999 | 91440000719283849E | Asset management and operation, equity management and operation, investment operation, 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 home or abroad in this Reporting Period | <p>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:</p> <ol style="list-style-type: none"> <li>1. a 40.52% stake of 136,318,684 shares in Rising Nonferrous (stock code: 600259);</li> <li>2. a 35.72% stake of 1,335,060,698 shares in Zhongjin Lingnan Nonfemet (stock code: 000060);</li> <li>3. a 23.19% stake of 268,311,117 shares in Fenghua Advanced (stock code: 000636);</li> <li>4. a 26.37% stake of 291,458,228 A shares and H shares in Dongjiang Environment (stock code: 002672);</li> <li>5. a 6.26% stake of 5,724,384,653 shares in China Telecom (stock code: 601728).</li> </ol> |                  |                    |  |

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

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

Applicable  Not applicable

During the Reporting Period, in accordance with the *Reply on the Approval of the Registration of Foshan Electrical and Lighting Co., Ltd. for the Issue of Shares to Specific Objects* (ZJXK [2023] No. 1974) issued by the CSRC, the Company issued 186,783,583 A shares to 13 specific objects, of which Rising Holdings Group, the Company's de facto controller, subscribed for 46,695,895 A shares by way of cash. The shares subscribed by Rising Holdings Group shall not be transferred within 18 months from the date of closing of the issue, and the shares subscribed by other investors shall not be transferred within six months from the date of listing.

#### **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               | 17 April 2024                               |
| Name of the independent auditor           | WUYIGE Certified Public Accountants LLP     |
| No. of independent auditor's report       | WUYIGE Auditor's Report [2024] No. 22-00012 |
| Names of certified public accountants     | He Xiaojuan, Wang Jingkun                   |

#### 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 2023, 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 2023, 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 "V-37. Income" and "VII-61. Operating Revenue and Cost of Sales" in the notes to the financial

statements, the Company's operating revenue was RMB9,057,292,003.90 during 2023, with the main business revenue being RMB8,783,592,484.22, accounting for 96.98% 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

- (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, customer receipt records and export documents, 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 stated in Notes "V-13. Accounts **R**eceivable" and "VII-5. Accounts **R**eceivable" to the financial statements, as of 31 December 2023, the book balance of accounts receivable in the consolidated financial statements of the Company was RMB2,235,966,456.78, including RMB142,467,176.38 in the balance of bad debt provision. The determination of the recoverability of accounts receivable requires the Management to identify the impaired items and objective evidence, assess the expected future cash flows to be obtained, and determine their present value. This involves significant accounting estimates and judgements by the Management, and the provision for impairment of expected credit losses on accounts receivable is significant to the financial statements. Therefore, the impairment of accounts receivable is considered a key audit matter.

### 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 a 21.48% equity interest in Foshan NationStar Optoelectronics Co., Ltd. (hereinafter "NationStar Optoelectronics"), resulting in goodwill of RMB405,620,123.64. The goodwill of NationStar Optoelectronics has a significant impact on its financial statements. Additionally, in the goodwill impairment test, the Company's Management reasonably judged and identified signs of goodwill impairment based on internal and external information. Furthermore, impairment signs and the annual year-end impairment test heavily rely on the estimates and assumptions made by the Management, particularly in significant judgments regarding the forecast of future revenue, long-term revenue growth rates, gross profit margins, operating expenses, and discount rates of relevant asset groups. These estimates involve uncertainties and may be significantly influenced by the Management's judgments about future markets and economic environments. Different estimates and assumptions adopted significantly influence the recoverable value of the goodwill appraised. As goodwill impairment testing involves significant judgments and estimates made by the Management, it is considered a key audit matter.

#### 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) Where necessary, with the assistance of internal valuation experts, evaluate the reasonableness of the type of value, valuation methodology and valuation parameters, such as the discount rate, of the asset valuation reports

issued by external 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 2023 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: Wang Jingkun

17 April 2024

## 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 2023

Unit: RMB

| Item   | 31 December 2023     | 1 January 2023       |
|--|----------------------|----------------------|
| Current assets:                                    |                      |                      |
| Monetary assets                                    | 3, 596, 049, 654. 55 | 2, 484, 508, 907. 43 |
| Settlement reserve                                 |                      |                      |
| Interbank loans granted                            |                      |                      |
| Held-for-trading financial assets                  | 152, 529, 775. 41    | 261, 541, 896. 45    |
| Derivative financial assets                        |                      |                      |
| Notes receivable                                   | 1, 057, 352, 267. 60 | 821, 537, 774. 07    |
| Accounts receivable                                | 2, 093, 499, 280. 40 | 1, 920, 770, 941. 76 |
| Accounts receivable financing                      | 443, 201, 960. 02    | 569, 868, 831. 79    |
| Prepayments  | 34, 508, 638. 92     | 45, 526, 548. 93     |
| Premiums receivable                                |                      |                      |
| Reinsurance receivables                            |                      |                      |
| Receivable reinsurance contract reserve            |                      |                      |
| Other receivables                                  | 49, 108, 300. 85     | 32, 902, 865. 98     |
| Including: Interest receivable                     |                      |                      |
| Dividends receivable                               |                      |                      |
| Financial assets purchased under resale agreements |                      |                      |
| Inventories  | 1, 971, 171, 641. 14 | 2, 031, 637, 401. 87 |
| Contract assets                                    | 4, 252, 013. 94      | 5, 466, 875. 07      |
| Assets held for sale                               | 17, 147, 339. 84     | 17, 147, 339. 84     |
| Current portion of non-current assets              |                      |                      |
| Other current assets                               | 109, 292, 399. 14    | 79, 438, 576. 89     |
| Total current assets                               | 9, 528, 113, 271. 81 | 8, 270, 347, 960. 08 |
| Non-current assets:                                |                      |                      |
| Loans and advances to customers                    |                      |                      |
| Investments in debt obligations                    |                      |                      |
| Investments in other debt obligations              | 454, 822, 905. 25    |                      |
| Long-term receivables                              |                      |                      |
| Long-term equity investments                       | 179, 188, 555. 15    | 181, 931, 792. 66    |
| Investments in other equity instruments            | 699, 762, 746. 35    | 864, 191, 346. 40    |

|   |                   |                   |
|---|-------------------|-------------------|
| Other non-current financial assets                        |                   |                   |
| Investment property                                       | 163,636,347.41    | 44,611,882.44     |
| Fixed assets  | 3,453,214,586.47  | 3,508,094,282.41  |
| Construction in progress                                  | 1,174,533,505.11  | 1,282,780,335.14  |
| Productive living assets                                  |                   |                   |
| Oil and gas assets  |                   |                   |
| Right-of-use assets                                       | 8,812,320.64      | 13,047,727.73     |
| Intangible assets   | 434,549,913.99    | 340,166,852.37    |
| Development costs   |                   |                   |
| Goodwill  | 421,831,593.46    | 421,831,593.46    |
| Long-term prepaid expense                                 | 190,362,699.25    | 190,126,627.91    |
| Deferred income tax assets                                | 106,283,766.95    | 90,244,005.41     |
| Other non-current assets                                  | 119,327,703.18    | 81,543,512.85     |
| Total non-current assets                                  | 7,406,326,643.21  | 7,018,569,958.78  |
| Total assets  | 16,934,439,915.02 | 15,288,917,918.86 |
| Current liabilities:                                      |                   |                   |
| Short-term borrowings                                     | 220,019,877.73    | 157,715,359.35    |
| Borrowings from the central bank                          |                   |                   |
| Interbank loans obtained                                  |                   |                   |
| Held-for-trading financial liabilities                    |                   | 4,679,000.00      |
| Derivative financial liabilities                          |                   |                   |
| Notes payable   | 2,271,174,787.69  | 1,975,743,568.71  |
| Accounts payable  | 2,875,980,206.64  | 2,513,177,458.14  |
| Advances from customers                                   | 466,872.69        | 2,532,442.44      |
| Contract liabilities                                      | 235,335,693.28    | 125,143,161.61    |
| 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                                 | 193,830,812.66    | 173,034,152.18    |
| Taxes payable   | 42,940,157.30     | 64,295,552.10     |
| Other payables  | 362,491,923.01    | 440,230,081.05    |
| Including: Interest payable                               |                   |                   |
| Dividends payable   |                   | 15,646.07         |
| Handling charges and commissions payable                  |                   |                   |
| Reinsurance payables                                      |                   |                   |
| Liabilities directly associated with assets held for sale |                   |                   |
| Current portion of non-current liabilities                | 343,914,214.45    | 65,540,510.67     |

|  |                   |                   |
|--|-------------------|-------------------|
| Other current liabilities  | 95,008,427.01     | 100,192,681.00    |
| Total current liabilities  | 6,641,162,972.46  | 5,622,283,967.25  |
| Non-current liabilities:   |                   |                   |
| Insurance contract reserve                                       |                   |                   |
| Long-term borrowings   | 253,093,421.29    | 747,931,023.71    |
| Bonds payable  |                   |                   |
| Including: Preferred shares                                      |                   |                   |
| Perpetual bonds  |                   |                   |
| Lease liabilities  | 4,310,967.92      | 7,055,542.18      |
| Long-term payables   |                   |                   |
| Long-term employee benefits payable                              |                   |                   |
| Provisions   | 14,277,087.30     | 9,587,043.31      |
| Deferred income  | 75,185,461.27     | 97,078,233.43     |
| Deferred income tax liabilities                                  | 174,806,746.25    | 204,428,275.95    |
| Other non-current liabilities                                    | 205,769.48        | 308,780.61        |
| Total non-current liabilities                                    | 521,879,453.51    | 1,066,388,899.19  |
| Total liabilities  | 7,163,042,425.97  | 6,688,672,866.44  |
| Owners' equity:  |                   |                   |
| Share capital  | 1,548,778,230.00  | 1,361,994,647.00  |
| Other equity instruments   |                   |                   |
| Including: Preferred shares                                      |                   |                   |
| Perpetual bonds  |                   |                   |
| Capital reserves   | 914,336,325.66    | 7,245,971.54      |
| Less: Treasury stock   | 82,165,144.15     | 82,165,144.15     |
| Other comprehensive income                                       | 360,027,027.59    | 498,141,018.70    |
| Specific reserve   | 1,213,325.92      |                   |
| Surplus reserves   | 107,944,679.06    | 91,359,027.15     |
| General reserve  |                   |                   |
| Retained earnings  | 3,435,308,364.11  | 3,296,435,828.50  |
| Total equity attributable to owners of the Company as the parent | 6,285,442,808.19  | 5,173,011,348.74  |
| Non-controlling interests  | 3,485,954,680.86  | 3,427,233,703.68  |
| Total owners' equity   | 9,771,397,489.05  | 8,600,245,052.42  |
| Total liabilities and owners' equity                             | 16,934,439,915.02 | 15,288,917,918.86 |

Legal representative: WanShan

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 2023 | 1 January 2023 |
|-----------------|------------------|----------------|
| Current assets: |                  |                |
| Monetary assets | 1,756,256,289.35 | 616,301,656.56 |

|   |                  |                  |
|---|------------------|------------------|
| Held-for-trading financial assets       |                  | 200,565,014.22   |
| Derivative financial assets             |                  |                  |
| Notes receivable                        | 90,413,382.59    | 130,473,889.36   |
| Accounts receivable                     | 840,003,427.41   | 914,875,676.00   |
| Accounts receivable financing           | 105,327,382.82   | 14,127,710.41    |
| Prepayments                             | 7,334,575.29     | 13,129,004.94    |
| Other receivables                       | 558,342,534.44   | 511,036,345.72   |
| Including: Interest receivable          |                  |                  |
| Dividends receivable                    |                  |                  |
| Inventories                             | 462,793,053.42   | 475,047,674.61   |
| Contract assets                         | 4,252,013.94     | 5,466,875.07     |
| Assets held for sale                    |                  |                  |
| Current portion of non-current assets   |                  |                  |
| Other current assets                    | 8,244,786.97     | 9,844,377.83     |
| Total current assets                    | 3,832,967,446.23 | 2,890,868,224.72 |
| Non-current assets:                     |                  |                  |
| Investments in debt obligations         |                  |                  |
| Investments in other debt obligations   | 454,822,905.25   |                  |
| Long-term receivables                   |                  |                  |
| Long-term equity investments            | 2,502,623,981.06 | 2,505,563,031.07 |
| Investments in other equity instruments | 659,684,177.55   | 823,131,485.48   |
| Other non-current financial assets      |                  |                  |
| Investment property                     | 47,163,026.83    | 40,982,686.40    |
| Fixed assets                            | 651,197,430.25   | 548,743,031.51   |
| Construction in progress                | 205,106,029.03   | 187,318,584.50   |
| Productive living assets                |                  |                  |
| Oil and gas assets                      |                  |                  |
| Right-of-use assets                     | 5,082,521.44     | 6,963,639.23     |
| Intangible assets                       | 93,932,977.96    | 94,698,330.35    |
| Development costs                       |                  |                  |
| Goodwill                                |                  |                  |
| Long-term prepaid expense               | 29,727,301.65    | 37,118,287.24    |
| Deferred income tax assets              | 36,285,162.26    | 31,202,848.92    |
| Other non-current assets                | 48,331,060.62    | 48,873,160.34    |
| Total non-current assets                | 4,733,956,573.90 | 4,324,595,085.04 |
| Total assets                            | 8,566,924,020.13 | 7,215,463,309.76 |
| Current liabilities:                    |                  |                  |
| Short-term borrowings                   |                  |                  |
| Held-for-trading financial liabilities  |                  | 4,679,000.00     |
| Derivative financial liabilities        |                  |                  |
| Notes payable                           | 982,735,414.37   | 826,037,810.34   |
| Accounts payable                        | 977,444,406.30   | 788,288,700.08   |
| Advances from customers                 |                  | 2,285,714.30     |

|   |                  |                  |
|---|------------------|------------------|
| Contract liabilities                                      | 145,086,858.16   | 47,498,783.11    |
| Employee benefits payable                                 | 64,958,645.43    | 49,182,531.44    |
| Taxes payable   | 20,946,142.07    | 9,700,312.91     |
| Other payables  | 324,137,191.03   | 202,509,326.09   |
| Including: Interest payable                               |                  |                  |
| Dividends payable   |                  |                  |
| Liabilities directly associated with assets held for sale |                  |                  |
| Current portion of non-current liabilities                | 1,377,403.64     | 1,881,117.79     |
| Other current liabilities                                 | 82,802,283.98    | 88,215,663.53    |
| Total current liabilities                                 | 2,599,488,344.98 | 2,020,278,959.59 |
| Non-current liabilities:                                  |                  |                  |
| Long-term borrowings                                      |                  | 182,912,120.75   |
| Bonds payable   |                  |                  |
| Including: Preferred shares                               |                  |                  |
| Perpetual bonds   |                  |                  |
| Lease liabilities   | 3,705,117.80     | 5,082,521.44     |
| Long-term payables  |                  |                  |
| Long-term employee benefits payable                       |                  |                  |
| Provisions  |                  |                  |
| Deferred income   |                  |                  |
| Deferred income tax liabilities                           | 63,366,691.06    | 88,165,954.92    |
| Other non-current liabilities                             |                  |                  |
| Total non-current liabilities                             | 67,071,808.86    | 276,160,597.11   |
| Total liabilities   | 2,666,560,153.84 | 2,296,439,556.70 |
| Owners' equity:   |                  |                  |
| Share capital   | 1,548,778,230.00 | 1,361,994,647.00 |
| Other equity instruments                                  |                  |                  |
| Including: Preferred shares                               |                  |                  |
| Perpetual bonds   |                  |                  |
| Capital reserves  | 909,058,541.44   | 7,426,635.62     |
| Less: Treasury stock                                      | 82,165,144.15    | 82,165,144.15    |
| Other comprehensive income                                | 359,858,073.06   | 498,788,284.79   |
| Specific reserve  | 897,781.74       |                  |
| Surplus reserves  | 339,248,748.30   | 322,663,096.39   |
| Retained earnings   | 2,824,687,635.90 | 2,810,316,233.41 |
| Total owners' equity                                      | 5,900,363,866.29 | 4,919,023,753.06 |
| Total liabilities and owners' equity                      | 8,566,924,020.13 | 7,215,463,309.76 |

Legal representative: WanShan

Chief Financial Officer: Tang Qionglan

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



### 3. Consolidated Income Statement

Unit: RMB

| Item   | 2023             | 2022             |
|--|------------------|------------------|
| 1. Revenue   | 9,057,292,003.90 | 8,759,965,275.96 |
| Including: Operating revenue   | 9,057,292,003.90 | 8,759,965,275.96 |
| Interest revenue   |                  |                  |
| Insurance premium income   |                  |                  |
| Handling charge and commission income  |                  |                  |
| 2. Costs and expenses  | 8,639,746,992.68 | 8,360,248,566.32 |
| Including: Cost of sales   | 7,354,814,252.01 | 7,223,971,501.53 |
| 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   | 72,268,419.87    | 62,027,216.12    |
| Selling expense  | 331,039,604.55   | 256,820,593.82   |
| Administrative expense   | 430,544,371.96   | 408,119,409.22   |
| R&D expense  | 483,579,093.81   | 440,787,934.06   |
| Finance costs  | -32,498,749.52   | -31,478,088.43   |
| Including: Interest expense  | 24,128,844.17    | 22,311,206.70    |
| Interest income  | 47,710,201.22    | 29,169,641.75    |
| Add: Other income  | 90,204,646.62    | 84,894,793.92    |
| Return on investment (“-” for loss)  | 14,598,948.35    | 10,633,954.02    |
| Including: Share of profit or loss of joint ventures and associates                | 1,833,621.59     | 2,467,060.07     |
| Income from the derecognition of financial assets at amortized cost (“-” for loss) |                  |                  |
| Exchange gain (“-” for loss)   |                  |                  |
| Net gain on exposure hedges (“-” for loss)   |                  |                  |
| Gain on changes in fair value (“-” for loss)                                       | 1,129,444.26     | -9,518,428.58    |

|  |                 |                 |
|--|-----------------|-----------------|
| Credit impairment loss (“-” for loss)  | -52,131,054.21  | -15,404,763.61  |
| Asset impairment loss (“-” for loss)   | -81,268,657.36  | -91,517,378.38  |
| Asset disposal income (“-” for loss)   | 12,719,324.89   | 968,273.19      |
| 3. Operating profit (“-” for loss)   | 402,797,663.77  | 379,773,160.20  |
| Add: Non-operating income  | 9,540,666.39    | 18,757,057.63   |
| Less: Non-operating expense  | 6,538,763.70    | 16,812,534.08   |
| 4. Profit before tax (“-” for loss)  | 405,799,566.46  | 381,717,683.75  |
| Less: Income tax expense   | 21,126,964.48   | 31,011,277.73   |
| 5. Net profit (“-” for net loss)   | 384,672,601.98  | 350,706,406.02  |
| 5.1 By operating continuity  |                 |                 |
| 5.1.1 Net profit from continuing operations (“-” for net loss)   | 384,672,601.98  | 350,706,406.02  |
| 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                                     | 290,357,652.22  | 230,320,570.67  |
| 5.2.1 Net profit attributable to non-controlling interests   | 94,314,949.76   | 120,385,835.35  |
| 6. Other comprehensive income, net of tax  | -137,433,230.11 | -383,701,554.10 |
| Attributable to owners of the Company as the parent  | -138,113,991.11 | -383,929,211.19 |
| 6.1 Items that will not be reclassified to profit or loss  | -138,930,211.73 | -383,579,545.85 |
| 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                               | -138,930,211.73 | -383,579,545.85 |
| 6.1.4 Changes in the fair value arising from changes in own credit risk                                  |                 |                 |
| 6.1.5 Other  |                 |                 |
| 6.2 Items that will be reclassified to profit or loss  | 816,220.62      | -349,665.34     |
| 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 | 816, 220. 62      | -349, 665. 34      |
| 6.2.7 Other   |                   |                    |
| Attributable to non-controlling interests   | 680, 761. 00      | 227, 657. 09       |
| 7. Total comprehensive income   | 247, 239, 371. 87 | -32, 995, 148. 08  |
| Attributable to owners of the Company as the parent   | 152, 243, 661. 11 | -153, 608, 640. 52 |
| Attributable to non-controlling interests   | 94, 995, 710. 76  | 120, 613, 492. 44  |
| 8. Earnings per share   |                   |                    |
| 8.1 Basic earnings per share  | 0. 2128           | 0. 1707            |
| 8.2 Diluted earnings per share  | 0. 2108           | 0. 1691            |

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

Legal representative: WanShan

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                      | 2023                 | 2022                 |
|---------------------------|----------------------|----------------------|
| 1. Operating revenue      | 3, 370, 500, 210. 73 | 3, 314, 037, 139. 28 |
| Less: Cost of sales       | 2, 669, 830, 010. 84 | 2, 684, 105, 565. 79 |
| Taxes and surcharges      | 28, 696, 224. 90     | 22, 878, 262. 76     |
| Selling expense           | 201, 942, 644. 31    | 148, 184, 632. 71    |
| Administrative expense    | 170, 906, 350. 75    | 156, 902, 439. 16    |
| R&D expense               | 126, 839, 317. 28    | 148, 634, 853. 78    |
| Finance costs             | -15, 149, 738. 19    | -4, 648, 251. 30     |
| Including: Interest costs | 3, 768, 074. 03      | 11, 637, 904. 69     |
| Interest revenue          | 12, 619, 606. 34     | 6, 836, 685. 73      |

|  |                 |                 |
|--|-----------------|-----------------|
| Add: Other income  | 14,162,829.17   | 10,475,710.63   |
| Return on investment (“-” for loss)  | 24,345,065.94   | 19,058,287.08   |
| Including: Share of profit or loss of joint ventures and associates                                      | 1,833,621.59    | 2,467,060.07    |
| 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   |
| Credit impairment loss (“-” for loss)  | -32,773,855.07  | -16,035,761.65  |
| Asset impairment loss (“-” for loss)   | -28,910,470.10  | -25,904,176.29  |
| Asset disposal income (“-” for loss)   | 12,469,694.01   | -84,087.53      |
| 2. Operating profit (“-” for loss)   | 176,728,664.79  | 136,543,708.62  |
| Add: Non-operating income  | 365,819.08      | 7,433,114.60    |
| Less: Non-operating expense  | 1,144,051.24    | 12,232,901.96   |
| 3. Profit before tax (“-” for loss)  | 175,950,432.63  | 131,743,921.26  |
| Less: Income tax expense   | 10,093,913.53   | 13,888,953.87   |
| 4. Net profit (“-” for net loss)   | 165,856,519.10  | 117,854,967.39  |
| 4.1 Net profit from continuing operations (“-” for net loss)   | 165,856,519.10  | 117,854,967.39  |
| 4.2 Net profit from discontinued operations (“-” for net loss)   |                 |                 |
| 5. Other comprehensive income, net of tax  | -138,930,211.73 | -384,990,256.85 |
| 5.1 Items that will not be reclassified to profit or loss  | -138,930,211.73 | -384,990,256.85 |
| 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                               | -138,930,211.73 | -384,990,256.85 |
| 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  | 26,926,307.37 | -267,135,289.46 |
| 7. Earnings per share  |               |                 |
| 7.1 Basic earnings per share   |               |                 |
| 7.2 Diluted earnings per share   |               |                 |

Legal representative: WanShan

Chief Financial Officer: Tang Qionglan

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

## 5. Consolidated Cash Flow Statement

Unit: RMB

| Item  | 2023             | 2022             |
|---|------------------|------------------|
| 1. Cash flows from operating activities:                    |                  |                  |
| Proceeds from sale of commodities and rendering of services | 8,065,012,419.58 | 8,205,869,081.25 |
| 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   | 229,414,220.39   | 228,641,448.24   |
| Cash generated from other operating activities  | 219,221,813.77   | 224,376,200.78   |
| Subtotal of cash generated from operating activities  | 8,513,648,453.74 | 8,658,886,730.27 |
| Payments for commodities and services   | 5,219,988,965.35 | 5,492,158,956.70 |
| 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  | 1,391,392,105.83 | 1,398,058,450.95 |
| Taxes paid  | 395,513,858.13   | 337,132,030.63   |
| Cash used in other operating activities   | 332,363,545.45   | 366,648,971.30   |
| Subtotal of cash used in operating activities   | 7,339,258,474.76 | 7,593,998,409.58 |
| Net cash generated from/used in operating activities  | 1,174,389,978.98 | 1,064,888,320.69 |
| <b>2. Cash flows from investing activities:</b>   |                  |                  |
| Proceeds from disinvestment   | 380,981,292.12   | 364,902,240.66   |
| Return on investment  | 27,200,412.45    | 10,965,289.74    |
| Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets | 15,079,869.64    | 2,340,973.60     |
| Net proceeds from the disposal of subsidiaries and other business units                       |                  |                  |
| Cash generated from other investing activities  | 80,711.83        |                  |
| Subtotal of cash generated from investing activities  | 423,342,286.04   | 378,208,504.00   |
| Payments for the acquisition of fixed assets, intangible assets and other long-lived assets   | 376,549,919.12   | 593,230,455.33   |

|   |                         |                         |
|---|-------------------------|-------------------------|
| Payments for investments  | 720,700,000.00          | 131,695,763.31          |
| Net increase in pledged loans granted   |                         |                         |
| Net payments for the acquisition of subsidiaries and other business units       |                         |                         |
| Cash used in other investing activities   | 33,612,950.00           |                         |
| Subtotal of cash used in investing activities                                   | 1,130,862,869.12        | 724,926,218.64          |
| Net cash generated from/used in investing activities                            | -707,520,583.08         | -346,717,714.64         |
| <b>3. Cash flows from financing activities:</b>                                 |                         |                         |
| Capital contributions received  | 1,091,377,596.17        |                         |
| Including: Capital contributions by non-controlling interests to subsidiaries   |                         |                         |
| Borrowings raised   | 297,756,038.67          | 1,136,936,000.00        |
| Cash generated from other financing activities                                  | 15,469,794.51           | 19,142,320.59           |
| Subtotal of cash generated from financing activities                            | 1,404,603,429.35        | 1,156,078,320.59        |
| Repayment of borrowings   | 391,955,216.77          | 526,743,238.15          |
| Interest and dividends paid   | 191,158,501.03          | 174,723,549.79          |
| Including: Dividends paid by subsidiaries to non-controlling interests          | 32,130,255.23           | 26,131,133.89           |
| Cash used in other financing activities   | 138,043,774.42          | 1,200,170,498.73        |
| Subtotal of cash used in financing activities                                   | 721,157,492.22          | 1,901,637,286.67        |
| Net cash generated from/used in financing activities                            | 683,445,937.13          | -745,558,966.08         |
| <b>4. Effect of foreign exchange rates changes on cash and cash equivalents</b> | <b>4,966,303.59</b>     | <b>33,150,614.37</b>    |
| <b>5. Net increase in cash and cash equivalents</b>                             | <b>1,155,281,636.62</b> | <b>5,762,254.34</b>     |
| Add: Cash and cash equivalents, beginning of the period                         | 1,945,971,307.26        | 1,940,209,052.92        |
| <b>6. Cash and cash equivalents, end of the period</b>                          | <b>3,101,252,943.88</b> | <b>1,945,971,307.26</b> |

Legal representative: WanShan

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                                     | 2023 | 2022 |
|--|------|------|
| 1. Cash flows from operating activities: |      |      |

|   |                      |                      |
|---|----------------------|----------------------|
| Proceeds from sale of commodities and rendering of services                                   | 3, 172, 331, 505. 84 | 3, 237, 208, 695. 89 |
| Tax rebates   | 113, 727, 709. 96    | 120, 903, 979. 22    |
| Cash generated from other operating activities  | 71, 968, 034. 73     | 86, 562, 699. 07     |
| Subtotal of cash generated from operating activities  | 3, 358, 027, 250. 53 | 3, 444, 675, 374. 18 |
| Payments for commodities and services   | 2, 003, 568, 260. 17 | 1, 933, 543, 212. 27 |
| Cash paid to and for employees  | 465, 614, 131. 12    | 517, 926, 952. 08    |
| Taxes paid  | 88, 243, 833. 94     | 157, 918, 324. 75    |
| Cash used in other operating activities   | 135, 741, 826. 48    | 139, 013, 449. 48    |
| Subtotal of cash used in operating activities   | 2, 693, 168, 051. 71 | 2, 748, 401, 938. 58 |
| Net cash generated from/used in operating activities  | 664, 859, 198. 82    | 696, 273, 435. 60    |
| 2. Cash flows from investing activities:  |                      |                      |
| Proceeds from disinvestment   |                      | 292, 992, 240. 66    |
| Return on investment  | 36, 858, 062. 04     | 18, 264, 046. 87     |
| Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets | 10, 799, 817. 00     | 42, 771. 45          |
| Net proceeds from the disposal of subsidiaries and other business units                       |                      |                      |
| Cash generated from other investing activities  |                      |                      |
| Subtotal of cash generated from investing activities  | 47, 657, 879. 04     | 311, 299, 058. 98    |
| Payments for the acquisition of fixed assets, intangible assets and other long-lived assets   | 51, 703, 074. 73     | 106, 842, 452. 24    |
| Payments for investments  | 250, 000, 000. 00    | 1, 193, 664, 444. 95 |
| Net payments for the acquisition of subsidiaries and other business units                     |                      |                      |
| Cash used in other investing activities   | 33, 612, 950. 00     |                      |
| Subtotal of cash used in investing activities   | 335, 316, 024. 73    | 1, 300, 506, 897. 19 |
| Net cash generated from/used in investing activities  | -287, 658, 145. 69   | -989, 207, 838. 21   |
| 3. Cash flows from financing activities:  |                      |                      |
| Capital contributions received  | 1, 091, 377, 596. 17 |                      |
| Borrowings raised   |                      | 382, 336, 000. 00    |
| Cash generated from other financing activities  |                      |                      |



|  |                  |                 |
|--|------------------|-----------------|
| Subtotal of cash generated from financing activities                     | 1,091,377,596.17 | 382,336,000.00  |
| Repayment of borrowings  | 178,893,000.00   | 367,956,000.00  |
| Interest and dividends paid  | 140,340,441.08   | 141,558,638.42  |
| Cash used in other financing activities                                  | 1,261,522.66     | 2,716,690.66    |
| Subtotal of cash used in financing activities                            | 320,494,963.74   | 512,231,329.08  |
| Net cash generated from/used in financing activities                     | 770,882,632.43   | -129,895,329.08 |
| 4. Effect of foreign exchange rates changes on cash and cash equivalents | 936,838.90       | 22,065,861.60   |
| 5. Net increase in cash and cash equivalents                             | 1,149,020,524.46 | -400,763,870.09 |
| Add: Cash and cash equivalents, beginning of the period                  | 461,062,144.20   | 861,826,014.29  |
| 6. Cash and cash equivalents, end of the period                          | 1,610,082,668.66 | 461,062,144.20  |

Legal representative: WanShan

Chief Financial Officer: Tang Qionglan

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

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

2023

Unit: RMB

| Item                                  | 2023   |                          |       |  |                  |                      |                            |                   |                  |                  |                   |       |                  | 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 of the prior | 1,361,994,647.00   |                          |       |  | 7,245,971.54     | 82,165,144.15        | 498,141,018.70             |                   | 91,359,027.15    |                  | 3,296,435,828.50  |       | 5,173,011,348.74 | 3,427,233,703.68          | 8,600,245,052.42     |

|  |                              |  |  |  |                            |                           |                                 |                      |                           |  |                              |  |                              |                              |                              |
|--|------------------------------|--|--|--|----------------------------|---------------------------|---------------------------------|----------------------|---------------------------|--|------------------------------|--|------------------------------|------------------------------|------------------------------|
| year   |                              |  |  |  |                            |                           |                                 |                      |                           |  |                              |  |                              |                              |                              |
| Add:<br>Adju<br>stme<br>nt<br>for<br>chan<br>ge in<br>acco<br>untin<br>g<br>polic<br>y |                              |  |  |  |                            |                           |                                 |                      |                           |  |                              |  |                              |                              |                              |
| Adju<br>stme<br>nt<br>for<br>corre<br>ction<br>of<br>previ<br>ous<br>error             |                              |  |  |  |                            |                           |                                 |                      |                           |  |                              |  |                              |                              |                              |
| Othe<br>r  |                              |  |  |  |                            |                           |                                 |                      |                           |  |                              |  |                              |                              |                              |
| 2.<br>Bala<br>nce<br>as at<br>the<br>begi<br>nning<br>of<br>the<br>year                | 1,36<br>1,99<br>4,64<br>7.00 |  |  |  | 7,24<br>5,97<br>1.54       | 82,1<br>65,1<br>44.1<br>5 | 498,<br>141,<br>018.<br>70      |                      | 91,3<br>59,0<br>27.1<br>5 |  | 3,29<br>6,43<br>5,82<br>8.50 |  | 5,17<br>3,01<br>1,34<br>8.74 | 3,42<br>7,23<br>3,70<br>3.68 | 8,60<br>0,24<br>5,05<br>2.42 |
| 3.<br>Incre<br>ase/<br>decr<br>ease<br>in<br>the                                       | 186,<br>783,<br>583.<br>00   |  |  |  | 907,<br>090,<br>354.<br>12 |                           | -<br>138,<br>113,<br>991.<br>11 | 1,21<br>3,32<br>5.92 | 16,5<br>85,6<br>51.9<br>1 |  | 138,<br>872,<br>535.<br>61   |  | 1,11<br>2,43<br>1,45<br>9.45 | 58,7<br>20,9<br>77.1<br>8    | 1,17<br>1,15<br>2,43<br>6.63 |

|  |                            |  |  |  |                            |  |                                 |  |  |  |  |                            |  |                              |                           |                              |
|--|----------------------------|--|--|--|----------------------------|--|---------------------------------|--|--|--|--|----------------------------|--|------------------------------|---------------------------|------------------------------|
| period (“-” for decrease)                        |                            |  |  |  |                            |  |                                 |  |  |  |  |                            |  |                              |                           |                              |
| 3.1<br>Total comprehensive income                |                            |  |  |  |                            |  | -<br>138,<br>113,<br>991.<br>11 |  |  |  |  | 290,<br>357,<br>652.<br>22 |  | 152,<br>243,<br>661.<br>11   | 94,9<br>95,7<br>10.7<br>6 | 247,<br>239,<br>371.<br>87   |
| 3.2<br>Capital increased and reduced by owners   | 186,<br>783,<br>583.<br>00 |  |  |  | 907,<br>090,<br>354.<br>12 |  |                                 |  |  |  |  |                            |  | 1,09<br>3,87<br>3,93<br>7.12 | -<br>5,45<br>8,44<br>8.30 | 1,08<br>8,41<br>5,48<br>8.82 |
| 3<br>.2.1<br>Ordinary shares increased by owners | 186,<br>783,<br>583.<br>00 |  |  |  | 901,<br>631,<br>905.<br>82 |  |                                 |  |  |  |  |                            |  | 1,08<br>8,41<br>5,48<br>8.82 |                           | 1,08<br>8,41<br>5,48<br>8.82 |
| 3<br>.2.2<br>Capital increased by holders        |                            |  |  |  |                            |  |                                 |  |  |  |  |                            |  |                              |                           |                              |

|   |  |  |  |  |              |  |  |               |  |                 |  |                 |                |                 |
|---|--|--|--|--|--------------|--|--|---------------|--|-----------------|--|-----------------|----------------|-----------------|
| of other equity instruments                           |  |  |  |  |              |  |  |               |  |                 |  |                 |                |                 |
| 3.2.3 Share-based payments included in owners' equity |  |  |  |  |              |  |  |               |  |                 |  |                 |                |                 |
| 3.2.4 Other   |  |  |  |  | 5,458,448.30 |  |  |               |  |                 |  | 5,458,448.30    | -5,458,448.30  |                 |
| 3.3 Profit distribution                               |  |  |  |  |              |  |  | 16,585,651.91 |  | -151,485,116.61 |  | -134,899,464.70 | -31,969,754.99 | -166,869,219.69 |
| 3.3.1 Appropriation to surplus reserves               |  |  |  |  |              |  |  | 16,585,651.91 |  | -16,585,651.91  |  |                 |                |                 |
|   |  |  |  |  |              |  |  |               |  |                 |  |                 |                |                 |

|  |  |  |  |  |  |  |  |  |  |  |  |                |  |                |  |               |  |                |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|----------------|--|----------------|--|---------------|--|----------------|--|--|--|
| 3.3.2<br>Appropriation to general reserve          |  |  |  |  |  |  |  |  |  |  |  |                |  |                |  |               |  |                |  |  |  |
| 3.3.3<br>Appropriation to owners (or shareholders) |  |  |  |  |  |  |  |  |  |  |  | -              |  | -              |  | -             |  | -              |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  | 134,899,464.70 |  | 134,899,464.70 |  | 31,969,754.99 |  | 166,869,219.69 |  |  |  |
| 3.3.4<br>Other                                     |  |  |  |  |  |  |  |  |  |  |  |                |  |                |  |               |  |                |  |  |  |
| 3.4<br>Transfers within owners' equity             |  |  |  |  |  |  |  |  |  |  |  |                |  |                |  |               |  |                |  |  |  |
| 3.4.1<br>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 retai      |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |

|   |  |  |  |  |  |  |                              |  |  |  |  |                              |                              |                              |
|---|--|--|--|--|--|--|------------------------------|--|--|--|--|------------------------------|------------------------------|------------------------------|
| ned<br>earni<br>ngs   |  |  |  |  |  |  |                              |  |  |  |  |                              |                              |                              |
| 3.4.5<br>Othe<br>r<br>com<br>preh<br>ensiv<br>e<br>inco<br>me<br>trans<br>ferre<br>d to<br>retai<br>ned<br>earni<br>ngs |  |  |  |  |  |  |                              |  |  |  |  |                              |                              |                              |
| 3.4.6<br>Othe<br>r  |  |  |  |  |  |  |                              |  |  |  |  |                              |                              |                              |
| 3.<br>5<br>Spec<br>ific<br>reser<br>ve  |  |  |  |  |  |  | 1, 21<br>3, 32<br>5. 92      |  |  |  |  | 1, 21<br>3, 32<br>5. 92      | 1, 15<br>3, 46<br>9. 71      | 2, 36<br>6, 79<br>5. 63      |
| 3.5.1<br>Incre<br>ase<br>in<br>the<br>perio<br>d  |  |  |  |  |  |  | 17, 4<br>69, 6<br>64. 0<br>5 |  |  |  |  | 17, 4<br>69, 6<br>64. 0<br>5 | 11, 2<br>83, 2<br>52. 7<br>9 | 28, 7<br>52, 9<br>16. 8<br>4 |
| 3.5.2<br>Used<br>in<br>the<br>perio<br>d  |  |  |  |  |  |  | 16, 2<br>56, 3<br>38. 1<br>3 |  |  |  |  | 16, 2<br>56, 3<br>38. 1<br>3 | 10, 1<br>29, 7<br>83. 0<br>8 | 26, 3<br>86, 1<br>21. 2<br>1 |

|       |       |  |  |  |      |       |      |  |      |  |       |  |       |       |       |
|-------|-------|--|--|--|------|-------|------|--|------|--|-------|--|-------|-------|-------|
| d     |       |  |  |  |      |       |      |  |      |  |       |  |       |       |       |
| 3.    |       |  |  |  |      |       |      |  |      |  |       |  |       |       |       |
| 6     |       |  |  |  |      |       |      |  |      |  |       |  |       |       |       |
| Other |       |  |  |  |      |       |      |  |      |  |       |  |       |       |       |
| 4.    |       |  |  |  |      |       |      |  |      |  |       |  |       |       |       |
| Balan |       |  |  |  |      |       |      |  |      |  |       |  |       |       |       |
| ce    |       |  |  |  |      |       |      |  |      |  |       |  |       |       |       |
| as at |       |  |  |  |      |       |      |  |      |  |       |  |       |       |       |
| the   | 1, 54 |  |  |  | 914, | 82, 1 | 360, |  | 107, |  | 3, 43 |  | 6, 28 | 3, 48 | 9, 77 |
| end   | 8, 77 |  |  |  | 336, | 65, 1 | 027, |  | 944, |  | 5, 30 |  | 5, 44 | 5, 95 | 1, 39 |
| of    | 8, 23 |  |  |  | 325. | 44. 1 | 027. |  | 679. |  | 8, 36 |  | 2, 80 | 4, 68 | 7, 48 |
| the   | 0. 00 |  |  |  | 66   | 5     | 59   |  | 06   |  | 4. 11 |  | 8. 19 | 0. 86 | 9. 05 |
| perio |       |  |  |  |      |       |      |  |      |  |       |  |       |       |       |
| d     |       |  |  |  |      |       |      |  |      |  |       |  |       |       |       |

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 of the prior 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     |                      |
| Add: Adjustment for change in              |  |                          |                 |       |                      |                      |                            |                   |                   |                  |                      |       | 18, 918. 22          | 16, 252. 29          | 35, 170. 51               |                      |



|   |              |  |  |  |              |              |              |  |             |  |              |  |              |              |               |
|---|--------------|--|--|--|--------------|--------------|--------------|--|-------------|--|--------------|--|--------------|--------------|---------------|
| accounting policy                                     |              |  |  |  |              |              |              |  |             |  |              |  |              |              |               |
| Adjustment for correction of previous error           |              |  |  |  |              |              |              |  |             |  |              |  |              |              |               |
| Other   |              |  |  |  |              |              |              |  |             |  |              |  |              |              |               |
| 2. Balance as at the beginning of the year            | 1,399,346.15 |  |  |  | 1,051,158.61 | 250,600.874  | 982,987.454  |  | 741,353.347 |  | 3,111,882.99 |  | 7,036,127.69 | 3,543,757.42 | 10,579,885.18 |
| 3. Increase/decrease in the period (“-” for decrease) | -37,351.50   |  |  |  | 1,043,912.64 | -168,435.730 | 484,846.435  |  | 649,994.320 |  | 184,552.833  |  | 1,863,316.34 | 116,523.723  | 1,979,640.06  |
| 3.1 Total   |              |  |  |  |              |              | -383,929.211 |  |             |  | 230,320.570  |  | -153,608.640 | 120,613.492  | -32,995.148   |

|  |                                |  |  |  |                                   |                                 |    |  |                                 |  |  |  |                                   |                                 |                                   |
|--|--------------------------------|--|--|--|-----------------------------------|---------------------------------|----|--|---------------------------------|--|--|--|-----------------------------------|---------------------------------|-----------------------------------|
| prehe<br>ensiv<br>e<br>inco<br>me  |                                |  |  |  |                                   |                                 | 19 |  |                                 |  |  |  | 52                                |                                 | 8                                 |
| 3.2<br>Capi<br>tal<br>incre<br>ased<br>and<br>redu<br>ced<br>by<br>own<br>ers                                      | -<br>37,3<br>51,5<br>07.0<br>0 |  |  |  | -<br>1,04<br>3,91<br>2,64<br>2.64 | -<br>168,<br>435,<br>730.<br>39 |    |  | -<br>661,<br>779,<br>817.<br>55 |  |  |  | -<br>1,57<br>4,60<br>8,23<br>6.80 | -<br>211,<br>006,<br>082.<br>37 | -<br>1,78<br>5,61<br>4,31<br>9.17 |
| 3<br>.2.1<br>Ordi<br>nary<br>share<br>s<br>incre<br>ased<br>by<br>own<br>ers                                       | -<br>37,3<br>51,5<br>07.0<br>0 |  |  |  | -<br>4,82<br>5,94<br>8.60         | -<br>168,<br>435,<br>730.<br>39 |    |  | -<br>126,<br>258,<br>274.<br>79 |  |  |  |                                   |                                 |                                   |
| 3<br>.2.2<br>Capi<br>tal<br>incre<br>ased<br>by<br>hold<br>ers<br>of<br>other<br>equit<br>y<br>instr<br>ume<br>nts |                                |  |  |  |                                   |                                 |    |  |                                 |  |  |  |                                   |                                 |                                   |
| 3  |                                |  |  |  |                                   |                                 |    |  |                                 |  |  |  |                                   |                                 |                                   |

|   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|---|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| .2.3  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Share-based payments included in owners' equity |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| .2.4  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Other   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.3   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Profit distribution                             |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.3.1   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Appropriation to surplus reserves               |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.3.2   |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| Appropriation to general reser                  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |



|   |  |  |  |  |  |  |                                 |  |  |  |                            |  |  |  |  |
|---|--|--|--|--|--|--|---------------------------------|--|--|--|----------------------------|--|--|--|--|
| ase<br>in<br>capit<br>al (or<br>share<br>capit<br>al)<br>from<br>surpl<br>us<br>reser<br>ves                                      |  |  |  |  |  |  |                                 |  |  |  |                            |  |  |  |  |
| 3.4.3<br>Loss<br>offse<br>t by<br>surpl<br>us<br>reser<br>ves   |  |  |  |  |  |  |                                 |  |  |  |                            |  |  |  |  |
| 3.4.4<br>Chan<br>ges<br>in<br>defin<br>ed<br>bene<br>fit<br>sche<br>mes<br>trans<br>ferre<br>d to<br>retai<br>ned<br>earn<br>ings |  |  |  |  |  |  |                                 |  |  |  |                            |  |  |  |  |
| 3.4.5<br>Othe<br>r<br>com   |  |  |  |  |  |  | -<br>100,<br>917,<br>224.<br>19 |  |  |  | 100,<br>917,<br>224.<br>19 |  |  |  |  |

|  |                              |  |  |  |                      |                           |                            |  |                           |  |                              |  |                              |                              |                              |
|--|------------------------------|--|--|--|----------------------|---------------------------|----------------------------|--|---------------------------|--|------------------------------|--|------------------------------|------------------------------|------------------------------|
| pre<br>hensiv<br>e<br>inco<br>me<br>trans<br>ferre<br>d to<br>retai<br>ned<br>earn<br>ings |                              |  |  |  |                      |                           |                            |  |                           |  |                              |  |                              |                              |                              |
| 3.4.6<br>Othe<br>r   |                              |  |  |  |                      |                           |                            |  |                           |  |                              |  |                              |                              |                              |
| 3.<br>5<br>Spec<br>ific<br>reser<br>ve   |                              |  |  |  |                      |                           |                            |  |                           |  |                              |  |                              |                              |                              |
| 3.5.1<br>Incre<br>ase<br>in<br>the<br>perio<br>d   |                              |  |  |  |                      |                           |                            |  |                           |  |                              |  |                              |                              |                              |
| 3.5.2<br>Used<br>in<br>the<br>perio<br>d   |                              |  |  |  |                      |                           |                            |  |                           |  |                              |  |                              |                              |                              |
| 3.<br>6<br>Othe<br>r   |                              |  |  |  |                      |                           |                            |  |                           |  |                              |  |                              |                              |                              |
| 4.<br>Bala<br>nce  | 1,36<br>1,99<br>4,64<br>7.00 |  |  |  | 7,24<br>5,97<br>1.54 | 82,1<br>65,1<br>44.1<br>5 | 498,<br>141,<br>018.<br>70 |  | 91,3<br>59,0<br>27.1<br>5 |  | 3,29<br>6,43<br>5,82<br>8.50 |  | 5,17<br>3,01<br>1,34<br>8.74 | 3,42<br>7,23<br>3,70<br>3.68 | 8,60<br>0,24<br>5,05<br>2.42 |

|                             |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|
| as at the end of the period |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
|-----------------------------|--|--|--|--|--|--|--|--|--|--|--|--|--|--|--|

Legal representative: WanShan

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

2023

Unit: RMB

| Item  | 2023             |                          |                  |       |                  |                      |                            |                  |                  |                   |       |                      |
|---|------------------|--------------------------|------------------|-------|------------------|----------------------|----------------------------|------------------|------------------|-------------------|-------|----------------------|
|   | 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      | 1,361,994,647.00 |                          |                  |       | 7,426,635.62     | 82,165,144.15        | 498,788,284.79             |                  | 322,663,096.39   | 2,810,316,233.41  |       | 4,919,023,753.06     |
| Add: Adjustment for change in accounting policy |                  |                          |                  |       |                  |                      |                            |                  |                  |                   |       |                      |
| Adjustment for correction of                    |                  |                          |                  |       |                  |                      |                            |                  |                  |                   |       |                      |

|  |                  |  |  |  |                |               |                 |            |                |                  |  |                  |
|--|------------------|--|--|--|----------------|---------------|-----------------|------------|----------------|------------------|--|------------------|
| previous error   |                  |  |  |  |                |               |                 |            |                |                  |  |                  |
| Other adjustments                                      |                  |  |  |  |                |               |                 |            |                |                  |  |                  |
| 2. Balance as at the beginning of the year             | 1,361,994,647.00 |  |  |  | 7,426,635.62   | 82,165,144.15 | 498,788,284.79  |            | 322,663,096.39 | 2,810,316,233.41 |  | 4,919,023,753.06 |
| 3. Increase/ decrease in the period (“.” for decrease) | 186,783,583.00   |  |  |  | 901,631,905.82 |               | -138,930,211.73 | 897,781.74 | 16,585,651.91  | 14,371,402.49    |  | 981,340,113.23   |
| 3.1 Total comprehensive income                         |                  |  |  |  |                |               | -138,930,211.73 |            |                | 165,856,519.10   |  | 26,926,307.37    |
| 3.2 Capital increased and reduced by owners            | 186,783,583.00   |  |  |  | 901,631,905.82 |               |                 |            |                |                  |  | 1,088,415,488.82 |
| 3.2.1 Ordinary   | 186,783,583.00   |  |  |  | 901,631,905.82 |               |                 |            |                |                  |  | 1,088,415,488.82 |



|  |  |  |  |  |  |  |  |  |                          |                                |  |                                |
|--|--|--|--|--|--|--|--|--|--------------------------|--------------------------------|--|--------------------------------|
| shares<br>increas<br>ed by<br>owners   |  |  |  |  |  |  |  |  |                          |                                |  |                                |
| 3.<br>2.2<br>Capital<br>increas<br>ed by<br>holder<br>s of<br>other<br>equity<br>instru<br>ments |  |  |  |  |  |  |  |  |                          |                                |  |                                |
| 3.<br>2.3<br>Share-<br>based<br>payme<br>nts<br>includ<br>ed in<br>owners<br>,<br>equity         |  |  |  |  |  |  |  |  |                          |                                |  |                                |
| 3.<br>2.4<br>Other   |  |  |  |  |  |  |  |  |                          |                                |  |                                |
| 3.3<br>Profit<br>distrib<br>ution  |  |  |  |  |  |  |  |  | 16, 58<br>5, 651<br>. 91 | -<br>151, 4<br>85, 11<br>6. 61 |  | -<br>134, 8<br>99, 46<br>4. 70 |
| 3.3.1<br>Appro<br>priatio<br>n to<br>surplus<br>reserve<br>s                                     |  |  |  |  |  |  |  |  | 16, 58<br>5, 651<br>. 91 | -<br>16, 58<br>5, 651<br>. 91  |  |                                |
| 3.3.2<br>Appro   |  |  |  |  |  |  |  |  |                          | -<br>134, 8<br>99, 46<br>4. 70 |  | -<br>134, 8<br>99, 46<br>4. 70 |

|  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|
| priation to owners (or shareholders)                               |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.3.3 Other  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.4 Transfers within owners' equity                                |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.4.1 Increase in capital (or share capital) from capital reserves |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.4.2 Increase in capital (or share capital) from surplus reserves |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.4.3 Loss offset  |  |  |  |  |  |  |  |  |  |  |  |  |

|   |  |  |  |  |  |  |  |              |  |  |  |              |
|---|--|--|--|--|--|--|--|--------------|--|--|--|--------------|
| by surplus reserves   |  |  |  |  |  |  |  |              |  |  |  |              |
| 3.4.4 Changes in defined benefit schemes transferred to retained earnings |  |  |  |  |  |  |  |              |  |  |  |              |
| 3.4.5 Other comprehensive income transferred to retained earnings         |  |  |  |  |  |  |  |              |  |  |  |              |
| 3.4.6 Other   |  |  |  |  |  |  |  |              |  |  |  |              |
| 3.5 Specific reserve  |  |  |  |  |  |  |  | 897,781.74   |  |  |  | 897,781.74   |
| 3.5.1 Increase in   |  |  |  |  |  |  |  | 8,010,891.57 |  |  |  | 8,010,891.57 |

|  |                              |  |  |  |                        |                       |                        |                      |                        |                              |  |                              |
|--|------------------------------|--|--|--|------------------------|-----------------------|------------------------|----------------------|------------------------|------------------------------|--|------------------------------|
| the period   |                              |  |  |  |                        |                       |                        |                      |                        |                              |  |                              |
| 3.5.2<br>Used<br>in the<br>period                      |                              |  |  |  |                        |                       |                        | 7,113,<br>109.<br>83 |                        |                              |  | 7,113,<br>109.<br>83         |
| 3.6<br>Other   |                              |  |  |  |                        |                       |                        |                      |                        |                              |  |                              |
| 4.<br>Balanc<br>e as at<br>the end<br>of the<br>period | 1,548,<br>778,<br>230.0<br>0 |  |  |  | 909,0<br>58,54<br>1.44 | 82,16<br>5,144<br>.15 | 359,8<br>58,07<br>3.06 | 897,7<br>81.74       | 339,2<br>48,74<br>8.30 | 2,824,<br>687,<br>635.9<br>0 |  | 5,900,<br>363,<br>866.2<br>9 |

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.<br>Balanc<br>e as at<br>the end<br>of the<br>prior<br>year             | 1,399,<br>346,<br>154.0<br>0 |                          |                  |       | 22,56<br>8,665<br>.93 | 250,6<br>00,87<br>4.54 | 984,6<br>95,76<br>5.83     |                  | 741,3<br>53,34<br>7.96 | 2,738,<br>229,<br>003.2<br>7 |       | 5,635,<br>592,<br>062.4<br>5 |
| Add:<br>Adjust<br>ment<br>for<br>change<br>in<br>accoun<br>ting<br>policy |                              |                          |                  |       |                       |                        |                            |                  |                        |                              |       |                              |
| Adjust<br>ment  |                              |                          |                  |       |                       |                        |                            |                  |                        |                              |       |                              |

|   |                |  |  |  |                   |                 |                 |  |                 |                  |  |                  |
|---|----------------|--|--|--|-------------------|-----------------|-----------------|--|-----------------|------------------|--|------------------|
| for correction of previous error                      |                |  |  |  |                   |                 |                 |  |                 |                  |  |                  |
| Other adjustments                                     |                |  |  |  |                   |                 |                 |  |                 |                  |  |                  |
| 2. Balance as at the beginning of the year            | 1,399,346.00   |  |  |  | 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.  | -37,351,507.00 |  |  |  | -4,825,168,435.73 |                 |                 |  | -126,212,966.88 |                  |  |                  |

|  |              |  |  |  |                            |               |  |  |                             |                             |  |                             |
|--|--------------|--|--|--|----------------------------|---------------|--|--|-----------------------------|-----------------------------|--|-----------------------------|
| 2.1<br>Ordinary<br>shares<br>increas<br>ed by<br>owners  | 1,507<br>.00 |  |  |  | ,948.<br>60                | 35,73<br>0.39 |  |  | 58,27<br>4.79               |                             |  |                             |
| 3.<br>2.2<br>Capital<br>increas<br>ed by<br>holder<br>s of<br>other<br>equity<br>instru<br>ments |              |  |  |  |                            |               |  |  |                             |                             |  |                             |
| 3.<br>2.3<br>Share-<br>based<br>payme<br>nts<br>includ<br>ed in<br>owners<br>,<br>equity         |              |  |  |  |                            |               |  |  |                             |                             |  |                             |
| 3.<br>2.4<br>Other   |              |  |  |  | -<br>10,31<br>6,081<br>.71 |               |  |  | -<br>304,2<br>17,47<br>3.52 |                             |  | -<br>314,5<br>33,55<br>5.23 |
| 3.3<br>Profit<br>distrib<br>ution  |              |  |  |  |                            |               |  |  | 11,78<br>5,496<br>.74       | -<br>146,6<br>84,96<br>1.44 |  | -<br>134,8<br>99,46<br>4.70 |
| 3.3.1<br>Appro<br>priatio<br>n to<br>surplus<br>reserve<br>s                                     |              |  |  |  |                            |               |  |  | 11,78<br>5,496<br>.74       | -<br>11,78<br>5,496<br>.74  |  |                             |



|  |  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|--|
| 3.4.3<br>Loss<br>offset<br>by<br>surplus<br>reserve<br>s   |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.4.4<br>Chang<br>es in<br>define<br>d<br>benefit<br>schem<br>es<br>transfe<br>rred to<br>retaine<br>d<br>earnin<br>gs |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.4.5<br>Other<br>compr<br>ehensi<br>ve<br>incom<br>e<br>transfe<br>rred to<br>retaine<br>d<br>earnin<br>gs            |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.4.6<br>Other   |  |  |  |  |  |  |  |  |  |  |  |  |
| 3.5<br>Specifi<br>c<br>reserve   |  |  |  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |  |  |  |



|   |                  |  |  |  |              |               |                |  |                |                  |  |                  |
|---|------------------|--|--|--|--------------|---------------|----------------|--|----------------|------------------|--|------------------|
| 3.5.1<br>Increase in the period           |                  |  |  |  |              |               |                |  |                |                  |  |                  |
| 3.5.2<br>Used in the period               |                  |  |  |  |              |               |                |  |                |                  |  |                  |
| 3.6<br>Other                              |                  |  |  |  |              |               |                |  |                |                  |  |                  |
| 4.<br>Balance as at the end of the period | 1,361,994,647.00 |  |  |  | 7,426,635.62 | 82,165,144.15 | 498,788,284.79 |  | 322,663,096.39 | 2,810,316,233.41 |  | 4,919,023,753.06 |

Legal representative: WanShan

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 26th Meeting of the 9th 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. On 14 March 2023, the Company held the 39th Meeting of the Ninth Session of the Board of Directors and considered and passed the Proposal on the *Company's Compliance with the Conditions for the Issuance of A Shares to Specific Objects*, and the Board of Directors agreed that the Company should apply for the issuance of shares to specific

objects to the Shenzhen Stock Exchange ("SZSE"). According to the resolutions passed at the 39th Meeting of the Ninth Board of Directors and the First Extraordinary General Meeting of 2023, the Company applied for the issuance of ordinary shares (A shares) not exceeding 30% of the total share capital, i.e., not exceeding 408,598,394 shares to specific investors, and 186,783,583 shares were actually issued. After the issuance of shares, the total share capital of the Company changed from 1,361,994,647 shares to 1,548,778,230 shares, and the registered capital of the Company changed to RMB One Billion, Five Hundred and Forty-eight Million, Seven Hundred and Seventy-eight Thousand, Two Hundred and Thirty (RMB1,548,778,230.00).

Credibility code of the Company: 91440000190352575W.

Legal representative: Mr. Wan Shan

Corporate domicile: No. 64, Fenjiang North Road, Chancheng District, Foshan, Guangdong Province

Office address: No. 8, Zhihui Road, Chancheng District, 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 other products.

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

(II) Authorized issuer and date of approval of the financial report

The Financial Report was approved and authorized for issue by the Board of Directors on 17 April 2024.

(III) 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 Lamp 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 Company"), FSL Zhida Electric Technology Co., Ltd. (referred to as "Zhida 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 12 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. (Baoli Vanadium) is in a state of non-continuing operations, the Financial Statements 2023 of Baoli Vanadium were formulated at fair value or costs whichever was lower.

The scope of consolidation of the financial statements for this period decreased by one subsidiary, FSL LIGHTING GMBH, compared with the previous period. See Note IX "Changes in the scope of consolidation" and Note X "Interests in other entities" for details.

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

### **1. Preparation Basis**

The Company's financial statements are prepared on a going concern basis, based on transactions and events that actually occur, in accordance with the provisions of the Accounting Standards for Business Enterprises - Basic Guidelines and specific accounting standards issued by the Ministry of Finance (hereinafter referred to as "ASBEs"), 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 and on the basis of the significant accounting policies and accounting estimates formulated.

### **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 2023, business results and cash flows, as well as other relevant information for 2023.

### 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.

### 5. Methods for Determining materiality standards and selection criteria

Applicable  Not applicable

#### 1. Materiality of Financial Statement Items

The Company determines the materiality of financial statement items based on the principle of whether such items affect the users of financial statements making economic decisions in terms of both the nature and amount. The materiality of financial statement items in terms of the amount is determined based on a certain percentage of relevant items in total assets, total liabilities, net assets, operating income, and net profit. The materiality of financial statement items in terms of nature is based on factors with a significant impact on the Company's financial position and operating results, such as whether they are part of routine operating activities, whether they result in changes in profit or loss, and whether they affect regulatory indicators.

#### 2. Materiality of Detailed Items in the Notes to Financial Statement Items

The Company determines the materiality of detailed items in the notes to financial statement items based on the materiality of the financial statement items. This determination is made by considering a certain percentage of the specific item, or a combination of the amount of the item, taking into account the nature of the specific item. Certain items that are not material to the financial statements may be material to the notes and still require separate disclosure in the notes. The materiality criteria related to the notes to the financial statement items are:

| Item   | Materiality criteria  |
|--|---|
| Significant accounts receivable with bad debt provision separately accrued                           | The individual amount accounts for more than 10% of the account receivable or bad debt provision, and the amount exceeds RMB10 million. |
| Bad debt provision of accounts receivable collected or reversed with significant amount in this year | Individual amount accounts for more than 10% of the current reversal of bad debt provision, and the amount exceeds RMB10 million.       |
| Significant verification of accounts receivable in this year   | The individual amount accounts for more than 10% of the   |

|   |   |
|---|---|
|   | account receivable or bad debt provision, and the amount exceeds RMB10 million.   |
| Significant construction in progress                        | The ending balance of an individual construction in progress accounts for more than 10%, and the amount exceeds RMB50 million.  |
| Significant accounts payable/other payables over one year   | The individual amount accounts for more than 10% of accounts payable over 1 year/other payables, and the amount exceeds RMB10 million.  |
| Significant cash flows generated from investment activities | Cash flows of an individual investment accounts for more than 3% of the net assets at the period-end, and the amount exceeds RMB100 million.  |
| Significant non-wholly-owned subsidiary                     | Minority shareholders hold more than 5% interest and any of the items of total assets, net assets, operating revenues and net profits of the subsidiary accounts for more than 10% of the corresponding items in the consolidated financial statements. |
| Significant joint ventures or associated enterprises        | The investment income generated from joint ventures or associated enterprises (The loss is calculated in absolute terms) accounts for more than 10% of the net profit of consolidated financial statements.   |
| Significant debt reorganization                             | The influence of individual amount on net profit exceeds 10%.   |
| Significant commitments                                     | The amount of an individual commitment exceeds RMB10 million.   |
| Significant contingency                                     | The amount of money involved in cases exceeds RMB10 million.  |

## 6. 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

In case of business combination involving enterprises not under the same control, the combination costs shall be the total fair values of the assets paid, liabilities incurred or assumed and the equity securities issued on the date of acquisition by the acquirer in exchange for control on the acquiree. Identifiable assets, liabilities and contingent liabilities of the acquiree acquired in a business combination not under the same control that qualify for recognition are measured at fair value on the date of acquisition. The acquirer recognizes as goodwill the difference between the combination costs and the fair value share of the identifiable net assets of the acquiree obtained in the combination. If the combination costs are less than the fair value share of the acquiree's identifiable net assets obtained in the combination, the difference between the combination costs still less than the fair value share of the acquiree's identifiable net assets obtained in the combination after review shall be included in the non-operating revenue for the current period.

## 7. Criteria for Judging Control and Methods for Preparing Consolidated Financial Statements

### 1. Judgment criteria for control

The scope of consolidation of the consolidated financial statements is determined on the basis of control. An investee is considered to be controlled if the following three elements are present: the possession of power over the investee, the enjoyment of variable returns as a result of participating in the relevant activities of the investee, and the ability to use the power over the investee to affect the amount of returns.

## 2. Preparation methods for consolidation financial statements

### (1) 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.

### (2) 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".

### (3) 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.

### (4) 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 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.

## 8. 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.

## 9. 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.

## 10. 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. 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.

## 11. Financial Instruments

### 1. Classification, recognition and measurement of financial instruments

#### (1) Financial assets

Based on the business model for managing financial assets and the contractual cash flow characteristics of financial assets, the Company classifies its financial assets into the following three categories:

a) Financial assets are measured at the amortized cost. The business model of the Company for managing such financial assets aims at obtaining contractual cash flow, and the characteristics of contractual cash flow of such financial assets are basically the same as basic borrowing arrangement, namely the cash flow arising on a specific date, which are solely payments of principal and interest on the principal amount outstanding. Interest income is subsequently recognized on such financial assets on the basis of the effective interest method.

b) Financial assets at fair value and changes included in other comprehensive income The business model of the Company for managing such financial assets aims at receiving contractual cash flow as well as selling, and the characteristics of contractual cash flow of such financial assets are basically the same as basic borrowing arrangement. Such financial assets are subsequently measured at fair value with changes recognized in other comprehensive income, except for interest income, impairment losses or gains calculated in accordance with the effective interest method and foreign exchange gains or losses recognized in the current profit or loss.

c) Financial assets measured at fair value through profit or loss for the current period Financial assets held that are not classified as at amortized cost and at fair value through other comprehensive income are measured at fair value, with gains or losses (including interest and dividend income) recognized in profit or loss for the current period. On initial recognition, a financial asset may be irrevocably designated as financial asset at fair value through profit or loss if the accounting mismatch can be eliminated or reduced. The designation shall not be revoked once made.

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. Such financial assets are subsequently measured at fair value, and 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

On initial recognition, financial liabilities are classified into the following categories:

a) Financial liabilities measured at fair value through profit and loss for the current period. Such financial liabilities are subsequently measured at fair value, and the resulting gains or losses are recognized in profit or loss for the current period.

b) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

c) Financial liabilities measured at amortized cost. Such financial liabilities are measured at amortized cost using the effective interest method.

### 2. 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. 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.

### 3. Derecognition of financial instruments

A financial asset is derecognized when one of the following conditions is met: (1) the contractual right to receive cash flows from the financial asset is terminated; (2) the financial asset is transferred and the conditions for derecognition are met.

If the present obligation of a financial liability is discharged in whole or in part, the discharged portion is derecognized. If an existing liability is replaced by another financial liability from the same creditor on substantially different terms, or the terms of an existing liability are substantially modified, the existing financial liability is derecognized and a new financial liability is recognized simultaneously. All regular acquisitions or sales of financial assets are recognized and derecognized on a transaction date basis.

## 12. Notes Receivable

The determination methods and accounting methods of notes receivable are detailed in Note V-13. Accounts Receivable.

## 13. Accounts Receivable

### 1. Measurement of expected credit loss

The Company uses expected credit losses as the basis for impairment accounting and recognizes an allowance for bad debts for financial assets measured at amortized cost (including accounts receivable, including notes receivable and accounts receivable), financing receivables, lease receivables, and other receivables.

### 2. Recognition method for expected credit losses

The general approach to expected credit losses is that: 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.

The simplified approach for expected credit losses is to always measure the allowance for losses at an amount equal to the expected credit losses throughout their lives.

### 3. Accounting methods of the expected credit losses

To reflect the changes in credit risk of financial instruments since initial recognition, the Company remeasures expected credit losses at each balance sheet date. The resulting increase or reversal amount of the loss provision should be recognized as an impairment loss or gain in profit or loss and offset against the carrying amount of the financial asset as stated in the balance sheet or included in projected liabilities, depending on the type of financial instrument (loan commitments or financial guarantee contracts).

### 4. Method of the provision for losses on the measurement of receivables, lease receivables

(1) Receivables with no significant financing component. For receivables 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.

①Accounts receivable of expected credit losses withdrawn individually

| Rationale for a single provision for expected credit losses | Objective evidence of impairment   |
|---|--|
| Individual accruals for expected credit losses              | The impairment tests are conducted separately for accounts receivable individually accrued. 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 |

②Accounts Receivable with Expected Credit Losses Provision Based on Credit Risk Portfolio

| Portfolio name  | Basis for portfolio recognition   | Determination method of expected credit losses  |
|---|---|---|
| Business portfolio of general lighting and auto lamps | General lighting, auto lamps and other relevant business with the Company as the parent and the subsidiary Nanning Liaowang as the representative, this portfolio takes the aging of accounts receivable as the credit risk characteristics | Prepare the comparative list between aging of accounts receivable and expected credit loss rate over the entire life and calculate the expected credit loss by consulting historical experience in credit losses, combining current situation and prediction for future economic situation. |
| Business portfolio of LED packaging and components    | LED packaging, components and other relevant business with the subsidiary NationStar Optoelectronics as the representative, this portfolio takes the aging of accounts receivable as the credit risk characteristics                        | Prepare the comparative list between aging of accounts receivable and expected credit loss rate over the entire life and calculate the expected credit loss by consulting historical experience in credit losses, combining current situation and prediction for future economic situation. |
| Internal business portfolio                           | Related parties and internal transactions   | Other methods   |

Notes 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                | Prepare the comparative list between aging of accounts receivable and expected credit loss rate over the entire life and calculate the expected credit loss by consulting historical experience in credit losses, combining current situation and prediction for future economic situation. |

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

Among portfolios, expected credit losses accrued by aging analysis:

| Aging | Expected credit loss rate                  |   |
|-------|--|---|
|       | Business portfolio of general lighting and | Business portfolio of LED packaging and |

|                                  | auto lamps | components |
|----------------------------------|------------|------------|
| Within 1 year (including 1 year) | 3%         | 2%         |
| 1 to 2 years                     | 10%        | 10%        |
| 2 to 3 years                     | 30%        | 30%        |
| 3 to 4 years                     | 50%        | 50%        |
| 4 to 5 years                     | 80%        | 80%        |
| Over 5 years                     | 100%       | 100%       |

(2) Receivables and lease receivables containing significant financing components.

For receivables with significant financing components and lease receivables, the Company measures the provision for losses in accordance with the general method, i.e., the "three-stage" model. The credit risk characteristics grouping, the aging calculation method based on the credit risk characteristics grouping, and the criteria for determining individual provisioning are consistent with the recognition standards for those without financing components.

5. 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.

(1) Categories of bad debt provision according to credit risk characteristics and basis of determination

The Company divides other receivables into certain credit risk 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:

| Portfolio name                            | Basis for portfolio recognition |
|---|---------------------------------|
| Portfolio 1: Deposit, security deposit    | Based on nature of accounts     |
| Portfolio 2: Amounts from related parties | Based on nature of accounts     |
| Portfolio 3: Advances on behalf of others | Based on nature of accounts     |

(2) Aging calculation method for recognizing credit risk combinations based on aging

Refer to the description of receivables with no significant financing components.

(3) Criteria for determining the bad debt provision based on individual items

Refer to the description of receivables with no significant financing components.

#### 14. Accounts Receivable Financing

The determination methods and accounting methods of receivables financing are detailed in Note V-13. Accounts Receivable.

## 15. 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 V-13. Accounts Receivable.

## 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. The provision for impairment of contract assets is made with reference to the method of determining expected credit losses in this note.

Contract assets are categorized into the following portfolios according to credit risk characteristics:

| Portfolio  | Determination basis  |
|--|--|
| Portfolio 1: General lighting and lamps business portfolio   | General lighting, automotive lamps and related businesses represented by the parent company and its subsidiary Nanning Liaowang. This portfolio uses the aging of accounts receivable as the credit risk characteristic. |
| Portfolio 2: LED packaging and components business portfolio | LED packaging, components and other related businesses represented by subsidiary NationStar Optoelectronics. This portfolio uses the aging of accounts receivable as the credit risk characteristic                      |
| Portfolio 3: Internal business portfolio                     | This portfolio involves related-party transactions and internal transactions   |

## 17. 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. Inventory system of inventories

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

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

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

### 5. Criteria for Recognizing and 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. 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.

## **18. Assets Held for Sale**

### **1. Recognition criteria and accounting treatment for non-current assets classified as held for sale or disposal groups**

A non-current asset or disposal group whose carrying value will be recovered principally through sale rather than through continuing use is classified as held for sale and meets the following conditions: first, it is immediately available for sale under current conditions based on the customary practice for sales of such assets or disposal groups in similar transactions; and second, it is highly probable that the sale will occur, i.e., the enterprise has already resolved on a plan for the sale and has obtained a firm commitment to purchase, and it is expected that 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.

The amount of asset impairment loss recognized for disposal groups held for sale shall be offset against the carrying value of goodwill in the disposal group first, and then against the carrying value of each non-current asset proportionately according to the proportion of the carrying value of each non-current asset in the disposal group as defined in the applicable measurement of the "Accounting Standards for Business Enterprises - Non-current Assets Held for Sale, Disposal Groups and Discontinued Operations".

### **2. Recognition criteria and presentation of discontinued operations**

Discontinued operations is a separately distinguishable component that meets one of the following conditions and that has been disposed of by the Company or classified by the Company as held for sale: the component represents a separate principal business or a separate principal operating area; the component is part of a related program of proposed dispositions of a separate principal business or a separate principal operating area; The component is a subsidiary acquired specifically for resale.

The Company presents gains and losses from continuing operations and gains and losses from discontinued operations separately in the statement of income. Operating gains and losses, such as impairment losses and reversal amounts for discontinued operations, and gains and losses on disposals are presented as gains and losses from discontinued operations. The revenues, expenses, gross profit, income tax expense (benefit) and net profit from discontinued operations, impairment losses recognized on assets or disposal groups of discontinued operations and the amount of their reversal, total gain or loss on disposal of discontinued operations, income tax expense (benefit) and net gain or loss on disposal, net cash flows from operating activities, investing activities and financing activities of discontinued operations, and gains and losses from continuing operations and gains and losses from discontinued operations attributable to owners of the parent company are disclosed in the notes.

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

Not applicable

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

The determination methods and accounting methods of other investment in debt obligations are detailed in Note V-11. Financial Instruments.

## 21. Long-term Receivables

Not applicable

## 22. Long-term Equity Investments

### 1. Judgment criteria for joint control and significant influence

Joint control means that activities that have a significant impact on the return of an arrangement must be decided upon with the unanimous consent of the participants sharing control, including sales and purchases of goods or services, management of financial assets, purchases and disposals of assets, research and development activities, and financing activities. Significant influence refers to the condition where an investor holds between 20% to 50% of the voting capital in an investee, generally indicating a significant influence. Or, although less than 20%, having a significant influence 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.

### 2. 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*.

### 3. 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.

## 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 | 3-36 years       | 1%-10%              | 31.67%-3.17%             |
| Machinery equipment      | Straight-line depreciation method | 2-11 years       | 1%-10%              | 47.50%-8.18%             |
| Transportation equipment | Straight-line depreciation method | 5-10 years       | 1%-10%              | 19.00%-9.50%             |
| Electronic equipment     | Straight-line depreciation method | 2-8 years        | 1%-10%              | 47.50%-11.88%            |
| Other equipment          | Straight-line depreciation method | 5 years          | 5%-10%              | 19%-18%                  |

The Company's fixed assets are mainly classified into: buildings and structures, machinery and equipment, electronic equipment, transportation equipment, etc. The depreciation method is the average annual limit method. The service lives and estimated residual values of fixed assets are determined according to the nature and utilization of each category of fixed assets. At the end of the year, the service lives, estimated residual values and depreciation methods of fixed assets are reviewed, and adjustments are made accordingly if there are differences from the original estimates. All fixed assets are depreciated, except for fully depreciated fixed assets that continue to be used and land that is separately accounted for.

## 25. Construction in Progress

The Company's construction in progress is divided into two types: Construction on a self-operation basis and a contracted basis. The criteria and time point for carrying forward construction in progress to fixed assets are based on the construction in progress reaching its intended state of use. The standard for determining the intended usable condition shall be one of the following: The physical construction (including installation) of the fixed assets has been fully completed or substantially completed; production or trial operation has been conducted, and the results show that the assets can operate normally or can steadily produce qualified products, or the results of the trial operation show that they can function normally or operate; the amount of expenditure on the fixed assets constructed is little or almost no longer incurred; the fixed assets acquired have met the design or contract requirements, or are substantially consistent with the design or contract requirements.



## **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. Intangible Assets**

### **1. Pricing method of intangible assets**

The Company initially measures the intangible assets at cost. For the acquired intangible assets, the actual prices paid and related expenses shall be regarded as the actual costs. The actual cost of intangible assets invested by investors shall be recognized according to the value agreed upon in the investment contract or agreement. In case of unfair contract or agreement, the actual cost shall be recognized according to the fair value. The cost of self-developed intangible assets shall be the total expenditure incurred before they reach the intended use.

### **2. Service life and its determination basis, estimation, amortization method, or review procedure**

Intangible assets with finite service lives are amortized on a straight-line basis over their service lives, and the service lives and amortization methods of intangible assets are reviewed at the end of the year and adjusted accordingly if there are differences from the original estimates. Intangible assets with indefinite service lives are not amortized, but are reviewed at the end of the year for service lives and estimated when there is conclusive evidence that the service life is finite.

The useful life and its determination basis and amortization method of intangible assets with restricted useful life:

| Category           | Useful life | Determination basis of useful life  | Amortization method |
|--------------------|-------------|-------------------------------------|---------------------|
| Land use right     | 20-50       | Duration of land use rights         | Method of line      |
| Patent use right   | 5-20        | Expected number of years of benefit | Method of line      |
| Software use right | 3-10        | Expected number of years of benefit | Method of line      |

The intangible assets are regarded as intangible assets with uncertain service life if the term during which they can bring economic benefits to the Company is unforeseeable or if their usage period is uncertain. The bases for determining of uncertain service life are: The intangible assets come from contractual or other legal rights, but the contract or laws have no certain stipulations of the service life; the term during which the intangible assets bring economic benefits to the Company is still unforeseeable even with consideration of peer status or demonstrations of related professionals.

At the end of each year, the review of service life of intangible assets with uncertain service life mainly adopts the method of reviewing from lower department to upper department, where departments related to the use of intangible assets shall conduct the basic review and make assessment of whether the determining basis of uncertain service life changes.

### 3. The scope of R&D expenditure collection and the related accounting treatment

The scope of the Company's R&D expenditures is mainly formulated based on the Company's research and development projects, which mainly includes: including R&D personnel's employee remuneration, direct input expenses, depreciation expenses and long-term amortization expenses, design expenses, equipment commissioning expenses, amortization expenses of intangible assets, commissioned external research and development expenses, and other expenses, etc.

Expenditures incurred during the research phase of an internal research and development project are recognized in profit or loss when incurred; expenditures incurred during the development phase that meet the conditions for recognition as an intangible asset are transferred to intangible asset accounting.

Specific criteria for dividing the research phase and development phase of internal research and development projects: 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.

### 30. 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.

### **31. 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.

### **32. 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.

### **33. 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.

## **34. Accrued liabilities**

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.

## **35. Share-based Payment**

Not applicable

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

Not applicable

## **37. Revenue**

Disclosure of accounting policies adopted for revenue recognition and measurement by type of business

The Company recognizes revenue based on the transaction price apportioned to the performance obligation in a contract when the customer obtains control of the underlying good or service. Obtaining control of related goods refers to that customers can control the use of the goods and obtain almost all the economic benefits from the goods. A performance obligation is a contractual commitment by the Company to transfer a clearly distinguishable commodity to a customer. The transaction price is the amount of consideration that the Company expects to be entitled to receive as a result of the transfer of the commodity to the customer, excluding amounts collected on behalf of third parties and amounts that the Company expects to return to the customer.

Whether the performance obligation is to be fulfilled within a certain period of time or at a certain point in time depends on the terms of the contract and the relevant legal provisions. If the performance obligation is fulfilled within a certain period of time, the Company recognizes revenue in accordance with the progress of performance. Otherwise, the Company recognizes revenue at a point in time when the customer obtains control of the

underlying asset.

The Company determines whether the Company's status is that of a principal or agent when engaging in a transaction based on whether it has control over the goods or services prior to transferring them to the customer. If the Company is able to control the goods or services before transferring them to the customer, the Company is the principal responsible party and recognizes revenue based on the total consideration received or receivable. Otherwise, the Company shall recognize revenue as an agent based on the amount of commissions or fees to which it is expected to be entitled, which shall be determined at the net amount of the total consideration received or receivable less the price payable to other related parties, or at the established commission amount or percentage, etc.

Specific principles and measurement methods for revenue recognition by business type: The Company recognizes revenue from general lighting products, LED packaging and component products, automotive lamp products, trading and other products as follows:

(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; products have been loaded on board; 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.

Different business models for the same type of business involving different revenue recognition and measurement methods

None.

### **38. Contract Costs**

Contract costs are either the incremental costs of obtaining a contract with a customer or the costs to fulfil a contract with a customer. Incremental costs of obtaining a contract ("contract acquisition costs") are costs that won't have been incurred if the contract is not acquired. The Company recognizes as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs.

Costs incurred for the performance of a contract that do not fall within the scope of other enterprise accounting standards, such as inventory, are recognized as an asset as contract performance costs when the following conditions are simultaneously met: The cost is directly related to a current or anticipated acquisition of a contract and includes direct labour, direct materials, manufacturing overhead (or similar costs), costs explicitly attributable to the user, and other costs incurred solely as a result of that contract; the cost increases the resources available to meet future performance obligations; and the cost is expected to be recovered.

Contract performance costs recognized as assets are included in "Inventory" on the balance sheet if the amortization period at the initial recognition doesn't exceed one year or one normal operating cycle; if the amortization period at the initial recognition is more than one year or one normal operating cycle, they are included in "Other non-current assets" on the balance sheet.

Contract acquisition cost recognized as assets are included in "Other current assets" on the balance sheet if the amortization period at the initial recognition doesn't exceed one year or one normal operating cycle; if the amortization period at the initial recognition is more than one year or one normal operating cycle, they are included in "Other non-current assets" on the balance sheet.

The Company amortizes the assets recognized for contract acquisition costs and contract performance costs on the same basis as the revenue recognition of the merchandise to which the assets relate, and recognizes them in profit or loss for the current period. Assets formed from the incremental cost of acquiring a contract with an amortization period of not more than one year are recognized in profit or loss for the current period when it occurs.

If the carrying amount of an asset related to the cost of a contract exceeds the difference between the following two items, the Company makes an allowance for impairment and recognizes an asset impairment loss for the excess: the remaining consideration expected to be received for the transfer of the merchandise to which the asset relates; and the estimated costs to be incurred for the transfer of the related merchandise.

If the two differences above are higher than the book value of the assets due to the subsequent changes in the impairment factors in previous periods, the asset impairment provisions set aside should be reversed and recognized as profit and loss of the current period. However, upon the reversal, the book value of the assets shall not exceed the book value of the assets on the reversal date, supposing that impairment provisions are not set aside.

### **39. 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 shall be recognized as asset-related subsidies.

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.

#### **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.

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

#### **1. Recognition of deferred income tax**

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. Measurement of deferred income tax**

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.

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.

### 3. Basis for netting off deferred income taxes

Deferred income tax assets and deferred income tax liabilities are presented in net amount after offsetting when the following conditions are simultaneously met: there is a legal right to settle current income tax assets and current income tax liabilities on a net basis; the deferred income tax assets and deferred income tax liabilities are related to income taxes levied by the same tax authority on the same taxable entity or are related to different taxable entities, but are not expected to reverse in the future in each of the periods in which the deferred income tax assets and deferred income tax liabilities are material; and the taxable entities involved intend to settle current income tax assets and current income tax liabilities on a net basis. However, in each future period in which the deferred tax assets and deferred tax liabilities are reversed, the taxable entity involved intends to either settle the current income tax assets and current income tax liabilities on a net basis or to acquire the assets and settle the liabilities at the same time.

## 41. Lease

The Company assesses whether a contract is a lease or contains a lease at the inception date of the contract. A contract is a lease or contains a lease if one of the parties to the contract has given up the right to control the use of one or more identified assets for a specified period of time in exchange for consideration.

### (1) Accounting treatment for leases as the lessee

1. 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.

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

After the commencement date of the lease term, the Group uses the cost for initial measurement of right-of-use assets. This cost includes the initial measurement amount of the lease liability, lease payments made on or before the commencement date of the lease term net of lease incentives, and initial direct cost.

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. When the recoverable amount is less than the carrying amount of the right-of-use asset, the carrying amount is written down to the recoverable amount.

#### (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 fixed payments and payments that are reasonably certain to be made when the option to purchase or terminate the lease is exercised. Variable lease payments that are not covered in the measurement of the lease liabilities are included in current profit or loss when actually incurred.

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. Interest expense on the lease liability for each period during the lease term is calculated on the basis of a fixed periodic rate, i.e., the discount rate used by the Company or a revised discount rate, and is included in finance costs.

## 2. Judgment criteria and accounting treatment for short-term leases and leases of low-value assets as a lessee for simplified treatment

For short-term leases with a lease term of no exceeding 12 months and leases where the brand-new value of a single asset is less than RMB40,000, the Company has elected not to recognize right-of-use assets and lease liabilities, and to charge the related rental expenses to current profit or loss or the cost of the related assets on a straight-line basis for each period during the lease term.

### (2) Accounting treatment of leases as the lessor

The Company recognizes leases that transfer substantially all the risks and rewards associated with ownership of the leased asset as finance leases at the inception of the lease, and leases other than these are classified as operating leases.

#### (1) Accounting treatment of operating leases

Rental income from operating leases is recognized on a straight-line basis over the lease term. Initial direct expenses are capitalized and recognized as current income in instalments over the lease term on the same recognition basis as rental income, and variable rentals not included in lease receipts are recognized as rental income when they are actually incurred.

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

On the inception of a 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 and the finance lease asset is derecognized. Initial direct costs are included in the initial recorded value of the finance lease receivable.

## 42. Other Significant Accounting Policies and Estimates

### (1) Safety production expenses

Operating in the electrical machinery and equipment manufacturing industry, the Company has accrued safety production expenses in accordance with the relevant provisions of the Management Measures for the Provision and Use of Enterprise Production Safety Costs (C.Z. [2022] No. 136) jointly issued by the Ministry of Finance and the Ministry of Emergency Management on 21 November 2022. Safety production expenses, when accrued, are included in costs or current profit or loss of relevant products and in the "Special Reserve" account. When safety production expenses are used within the prescribed scope and are operating expenses, they are directly used to offset the special reserves. If they form fixed assets, the expenses incurred are first aggregated under the "Construction in Progress" account, and when the safety projects are completed and reach the predetermined usable state, they are recognised as fixed assets. Meanwhile, the special reserves are offset as per the cost of forming fixed assets, and an equivalent amount of accumulated depreciation is recognised. The aforesaid fixed assets will not be depreciated as accrued in the future period.

## 43. Changes in Main Accounting Policies and Estimates

### (1) Change in accounting policies

Applicable  Not applicable

Unit: RMB

| Changes to the accounting policies and why  | Name of statement item materially affected  | Amount affected |
|---|---|-----------------|
| <i>Interpretation No. 16 of the Accounting Standards for Business Enterprises</i> issued by the Ministry of Finance in 2022 stipulates that for single transactions that are not business combinations, that affect neither | Deferred income tax assets, deferred income tax liabilities, retained earnings, minority interest, income tax expense, net profit | -101,779.19     |



|   |  |  |
|---|--|--|
| <p>accounting profit nor taxable income (or deductible losses) at the time the transaction occurs, and where the initial recognition of assets and liabilities results in taxable temporary differences and deductible temporary differences of equal amounts (including lease transactions in which the lessee recognises the initial lease liability and includes it in the right-of-use asset on the commencement date of the lease term, as well as transactions in which estimated liabilities are recognised and included in the costs of related assets due to fixed assets' retirement obligations), exemption from initial recognition of deferred income tax liabilities and deferred income tax assets shall not apply. Enterprises shall recognise the corresponding deferred income tax liabilities and deferred income tax assets, respectively, in accordance with No. 18 of the Accounting Standards for Business Enterprises -- Income Taxes when the transaction is affected. The Company implemented this provision on 1 January 2023, and retrospectively adjusted the comparative statements and cumulative effect numbers for taxable temporary differences and deductible temporary differences arising from lease liabilities and right-of-use assets at the date of initial implementation. For these individual transactions occurring prior to 1 January 2022, if the temporary differences that result in the related assets and liabilities still exist as of 1 January 2022, the Company recognized deferred tax assets and deferred tax liabilities as of 1 January 2022 and adjusted retained earnings as of 1 January 2022 for the difference.</p> |  |  |
|---|--|--|

**(2) Changes in accounting estimates**

Applicable Not applicable

**(3) Adjustments to Financial Statement Items at the Beginning of the Year of the First Implementation of the New Accounting Standards Implemented since 2023**

Applicable Not applicable

The effect of this matter on the 31 December 2022 and financial statements for 2022 is described as follows:

| Item of consolidated balance sheet | 31 December 2022<br>(before) | 31 December 2022<br>(after) | Affected |
|------------------------------------|------------------------------|-----------------------------|----------|
|                                    |                              |                             |          |

|  |                  |                  |              |
|--|------------------|------------------|--------------|
| Assets:  |                  |                  |              |
| Deferred income tax assets                                       | 88,387,206.25    | 90,244,005.41    | 1,856,799.16 |
| Liabilities:   |                  |                  |              |
| Deferred income tax liabilities                                  | 202,469,697.60   | 204,428,275.95   | 1,958,578.35 |
| Shareholders' equity:  |                  |                  |              |
| Retained earnings  | 3,296,490,575.52 | 3,296,435,828.50 | -54,747.02   |
| Total equity attributable to owners of the Company as the parent | 5,173,066,095.76 | 5,173,011,348.74 | -54,747.02   |
| Non-controlling interests  | 3,427,280,735.85 | 3,427,233,703.68 | -47,032.17   |
| Total owners' equity   | 8,600,346,831.61 | 8,600,245,052.42 | -101,779.19  |

| Item of consolidated income statement                                | 2022 (before)  | 2022 (after)   | Affected    |
|--|----------------|----------------|-------------|
| Income tax expense   | 30,874,328.03  | 31,011,277.73  | 136,949.70  |
| Net profit   | 350,843,355.72 | 350,706,406.02 | -136,949.70 |
| Net profit attributable to shareholders of the Company as the parent | 230,394,235.91 | 230,320,570.67 | -73,665.24  |
| Net profit attributable to non-controlling interests                 | 120,449,119.81 | 120,385,835.35 | -63,284.46  |

| Item of consolidated balance sheet of the Company as the parent | 31 December 2022 (before) | 31 December 2022 (after) | Affected     |
|---|---------------------------|--------------------------|--------------|
| Assets:   |                           |                          |              |
| Deferred income tax assets                                      | 30,158,303.04             | 31,202,848.92            | 1,044,545.88 |
| Liabilities:  |                           |                          |              |
| Deferred income tax liabilities                                 | 87,121,409.04             | 88,165,954.92            | 1,044,545.88 |

#### 44. 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       | 11%, 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 Company, Nanning Liaowang, Chongqing Guinuo, Liuzhou Lighting, Liuzhou Foreshine, Qingdao Lighting, NationStar Optoelectronics, NationStar Semiconductor, Germany NationStar, Fenghua Semiconductor | 15%             |
| Indonesia Liaowang  | 11%             |
| Other subsidiaries  | 25%             |

## 2. Tax Preference

1. The Company passed the review of high-tech enterprises in 2023 and obtained the certificate of high-tech enterprise (Certificate No. GR202344003659) approved by the Guangdong Provincial Department of Science and Technology, the Department of Finance of Guangdong Province, and the Guangdong Provincial Tax Service of State Taxation Administration. According to relevant regulations, the Company is entitled to a reduced enterprise income tax rate of 15% for three years starting from 2023.

2. Subsidiary Zhida Company passed the review of high-tech enterprises in December 2022 and obtained the certificate of high-tech enterprise (Certificate No.: GR202244009711) approved by the Guangdong Provincial Department of Science and Technology, the Department of Finance of Guangdong Province, and the Guangdong Provincial Tax Service of State Taxation Administration. According to the relevant regulations, Zhida Company is entitled to a reduced enterprise income tax rate of 15% for three years starting from 2022.

3. Subsidiary Chanchang Company passed the audit of high-tech enterprises in December 2021 and obtained the certificate of high-tech enterprise (Certificate No.: GR202144000342) approved by the Guangdong Provincial Department of Science and Technology, the Department of Finance of Guangdong Province, and the Guangdong Provincial Tax Service of State Taxation Administration. According to the relevant regulations, Chanchang Company is entitled to a reduced enterprise income tax rate of 15% for three years starting from 2021.

4. Subsidiary Haolaite Company passed the review of high-tech enterprises in 2022 and obtained the certificate of high-tech enterprise (Certificate No. GR202244003711) approved by the Guangdong Provincial Department of Science and Technology, the Department of Finance of Guangdong Province, and the Guangdong Provincial Tax Service of State Taxation Administration. According to relevant regulations, Haolaite Company is entitled to a reduced enterprise income tax rate of 15% for three years starting from 2022.

5. Subsidiary Nanning Liaowang passed the review of high-tech enterprises in 2023 and obtained the certificate of high-tech enterprise (Certificate No. GR202345001098) approved by the Science and Technology Department of the Guangxi Zhuang Autonomous Region, the Department of Finance of Guangxi Zhuang Autonomous Region, and the Guangxi Zhuang Autonomous Region Tax Service of State Taxation Administration. According to relevant regulations, Nanning Liaowang is entitled to a reduced enterprise income tax rate of 15% for three years starting from 2023.

6. Chongqing Guinuo, a wholly-owned subsidiary of Nanning Liaowang, enjoys the tax incentives of reducing

and exempting enterprise income tax for the development of western China since 1 January 2019, and is entitled to a reduced enterprise income tax rate of 15% after examination by and filing with the tax authorities.

7. Liuzhou Lighting, a wholly-owned subsidiary of Nanning Liaowang, passed the review of high-tech enterprise in 2022 and obtained the certificate of high-tech enterprise (Certificate No.: GR202245001221). According to relevant regulations, Liuzhou Lighting will pay enterprise income tax at a reduced rate of 15% for three years starting from 2022.

8. Liuzhou Fuxuan, a wholly-owned subsidiary of Nanning Liaowang, passed the review of high-tech enterprise on 30 November 2021 and obtained the certificate of high-tech enterprise (Certificate No.: GR202145001045) approved by the Science and Technology Department of the Guangxi Zhuang Autonomous Region, the Department of Finance of Guangxi Zhuang Autonomous Region, and the Guangxi Zhuang Autonomous Region Tax Service of State Taxation Administration. According to relevant regulations, Liuzhou Fuxuan will pay enterprise income tax at a reduced rate of 15% for three years starting from 2021.

9. Qingdao Lighting, a wholly-owned subsidiary of Nanning Liaowang, passed the review of high-tech enterprise on 14 December 2022 and obtained the certificate of high-tech enterprise (Certificate No.: GR202237100785) approved by the Qingdao Municipal Science and Technology Bureau, the Qingdao Municipal Finance Bureau, and the Qingdao Municipal Tax Service of State Taxation Administration. According to relevant regulations, Qingdao Optoelectronics will pay enterprise income tax at a reduced rate of 15% for three years starting from 2022.

10. Subsidiary NationStar Optoelectronics was recognized as a high-tech enterprise on 16 December 2008, and its certificate number was GR200844000097. It was re-recognized as a high-tech enterprise in 2023, and its new certificate number is GR202344017343. According to relevant regulations, NationStar Optoelectronics will pay enterprise income tax at a reduced rate of 15% for three years starting from 2023.

11. NationStar Semiconductor, a wholly-owned subsidiary of NationStar Optoelectronics, was recognized as a high-tech enterprise on 10 October 2015, and its certificate number was GR201544001238. It was re-recognized as a high-tech enterprise in 2021, and its new certificate number is GR202144008779. According to relevant regulations, NationStar Semiconductor will pay enterprise income tax at a reduced rate of 15% for three years starting from 2021.

12. Fenghua Semiconductor, a majority-owned subsidiary of NationStar Optoelectronics, was recognized as a high-tech enterprise on 16 December 2008, and its certificate number was GR200844000295. It was re-recognized as a high-tech enterprise in 2021, and its new certificate number is GR202144008851. According to relevant regulations, Fenghua Semiconductor will pay enterprise income tax at a reduced rate of 15% for three years starting from 2021.

13. Indonesia Liaowang, a wholly-owned subsidiary of Nanning Liaowang, is located in the country where Indonesia's statutory corporate income tax rate is 22%, and there are local incentives for medium, small and micro enterprises to reduce or waive income tax by 50%, therefore, Indonesia Liaowang is subject to a preferential tax rate of 11% for the payment of enterprise income tax.

14. The subsidiary, Zhicheng Company, 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                                | 42,466.76        | 52,093.54         |
| Bank deposits                               | 1,942,320,219.96 | 766,180,952.79    |
| Other monetary assets (note 1)              | 466,064,741.94   | 522,361,684.92    |
| Money deposited in finance company (note 2) | 1,179,154,268.07 | 1,191,722,805.36  |
| To-be-received interest (note 3)            | 8,467,957.82     | 4,191,370.82      |
| Total                                       | 3,596,049,654.55 | 2,484,508,907.43  |
| Of which: Total amount deposited overseas   | 31,405,378.56    | 34,169,227.46     |

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 “31. Assets with Restricted Ownership or Right of Use” in Note “VII Notes to Consolidated Financial Statements”).

Note 2: Money deposited in finance company was those deposited in Guangdong Rising Finance Co., Ltd.

Note 3: 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 | 152,529,775.41 | 261,541,896.45    |
| Including:  |                |                   |
| Wealth management products                            | 151,550,477.63 | 260,569,863.53    |
| Equity instrument investments                         | 979,297.78     | 972,032.92        |
| Including:  |                |                   |
| Total   | 152,529,775.41 | 261,541,896.45    |

### 3. Derivative Financial Assets

Naught

#### 4. Notes Receivable

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

Unit: RMB

| Item                       | Ending balance   | Beginning balance |
|----------------------------|------------------|-------------------|
| Bank acceptance bill       | 984,928,441.40   | 786,244,513.66    |
| Commercial acceptance bill | 72,423,826.20    | 35,293,260.41     |
| Total                      | 1,057,352,267.60 | 821,537,774.07    |

##### (2) Disclosure by Withdrawal Methods for Bad Debts

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 | 1,058,830,304.87 | 100.00%    | 1,478,037.27       | 0.14%                 | 1,057,352,267.60 | 822,258,044.69    | 100.00%    | 720,270.62         | 0.09%                 | 821,537,774.07 |
| Of which:  |                  |            |                    |                       |                  |                   |            |                    |                       |                |
| Bank acceptance bill                                   | 984,928,441.40   | 93.02%     | 0.00               | 0.00%                 | 984,928,441.40   | 786,244,513.66    | 95.62%     | 0.00               | 0.00%                 | 786,244,513.66 |
| Commercial acceptance bill                             | 73,901,863.47    | 6.98%      | 1,478,037.27       | 2.00%                 | 72,423,826.20    | 36,013,531.03     | 4.38%      | 720,270.62         | 2.00%                 | 35,293,260.41  |
| Total  | 1,058,830,304.87 | 100.00%    | 1,478,037.27       | 0.14%                 | 1,057,352,267.60 | 822,258,044.69    | 100.00%    | 720,270.62         | 0.09%                 | 821,537,774.07 |

Withdrawal of bad debt provision by group: RMB1,478,037.27

Unit: RMB

| Name          | Ending balance  |                    |                       |
|---------------|-----------------|--------------------|-----------------------|
|               | Carrying amount | Bad debt provision | Withdrawal proportion |
| Within 1 year | 73,901,863.47   | 1,478,037.27       | 2.00%                 |
| Total         | 73,901,863.47   | 1,478,037.27       |                       |

A description of the basis for determining the portfolio:

See Note V-13. Accounts Receivable.

If adopting the general mode of expected credit loss to withdraw bad debt provision of notes receivable:

Applicable Not applicable

### (3) Bad Debt Provision Withdrawal, Reversed or Recovered in the Current Period

Withdrawal of bad debt provision:

Unit: RMB

| Category                   | Beginning balance | Changes in the current period |                       |              |        | Ending balance |
|----------------------------|-------------------|-------------------------------|-----------------------|--------------|--------|----------------|
|                            |                   | Withdrawal                    | Reversed or recovered | Verification | Others |                |
| Commercial acceptance bill | 720,270.62        | 757,766.65                    |                       |              |        | 1,478,037.27   |
| Total                      | 720,270.62        | 757,766.65                    |                       |              |        | 1,478,037.27   |

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

Applicable  Not applicable

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

Unit: RMB

| Item                 | Ending pledged amount |
|----------------------|-----------------------|
| Bank acceptance bill | 734,739,569.87        |
| Total                | 734,739,569.87        |

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

Unit: RMB

| Item                 | Amount of recognition termination at the period-end | Amount of not terminated recognition at the period-end |
|----------------------|---|--|
| Bank acceptance bill | 159,317,903.43                                      | 138,535,986.93   |
| Total                | 159,317,903.43                                      | 138,535,986.93   |

### (6) Notes Receivable Written-off in Current Period

None

## 5. Accounts Receivable

### (1) Disclosure by Aging

Unit: RMB

| Aging                            | Ending carrying amount | Beginning carrying amount |
|----------------------------------|------------------------|---------------------------|
| Within 1 year (including 1 year) | 1,944,758,964.52       | 1,799,959,881.31          |
| 1 to 2 years                     | 151,569,005.90         | 161,368,649.46            |
| 2 to 3 years                     | 99,249,444.34          | 25,396,115.75             |
| Over 3 years                     | 40,389,042.02          | 57,529,219.10             |
| 3 to 4 years                     | 9,919,239.39           | 9,539,173.73              |

|              |                  |                  |
|--------------|------------------|------------------|
| 4 to 5 years | 7,074,054.82     | 30,412,705.43    |
| Over 5 years | 23,395,747.81    | 17,577,339.94    |
| Total        | 2,235,966,456.78 | 2,044,253,865.62 |

## (2) Disclosure by Withdrawal Methods for Bad Debts

Unit: RMB

| Category  | Ending balance   |            |                    |                       |                  | Beginning balance |            |                    |                       |                  |
|---|------------------|------------|--------------------|-----------------------|------------------|-------------------|------------|--------------------|-----------------------|------------------|
|   | Carrying amount  |            | Bad debt provision |                       | Carrying value   | Carrying amount   |            | Bad debt provision |                       | Carrying value   |
|   | Amount           | Proportion | Amount             | Withdrawal proportion |                  | Amount            | Proportion | Amount             | Withdrawal proportion |                  |
| Accounts receivable withdrawn bad debt provision separately | 25,780,344.44    | 1.15%      | 21,977,900.85      | 85.25%                | 3,802,443.59     | 25,123,263.57     | 1.23%      | 25,123,263.57      | 100.00%               | 0.00             |
| Of which:   |                  |            |                    |                       |                  |                   |            |                    |                       |                  |
| Accounts receivable withdrawn bad debt provision by group   | 2,210,186,112.34 | 98.85%     | 120,489,275.53     | 5.45%                 | 2,089,696,836.81 | 2,019,130,602.05  | 98.77%     | 98,359,660.29      | 4.87%                 | 1,920,770,941.76 |
| Of which:   |                  |            |                    |                       |                  |                   |            |                    |                       |                  |
| (1) Business portfolio of general lighting and auto         | 1,698,428,474.56 | 75.96%     | 109,583,622.27     | 6.45%                 | 1,588,844,852.29 | 1,499,783,089.81  | 73.37%     | 87,156,675.78      | 5.81%                 | 1,412,626,414.03 |



|  |                  |         |                |       |                  |                  |         |                |       |                  |
|--|------------------|---------|----------------|-------|------------------|------------------|---------|----------------|-------|------------------|
| lamps  |                  |         |                |       |                  |                  |         |                |       |                  |
| (2) Business portfolio of LED packaging and components | 511,757,637.78   | 22.89%  | 10,905,653.26  | 2.13% | 500,851,984.52   | 519,347,512.24   | 25.40%  | 11,202,984.51  | 2.16% | 508,144,527.73   |
| Total  | 2,235,966,456.78 | 100.00% | 142,467,176.38 | 6.37% | 2,093,499,280.40 | 2,044,253,865.62 | 100.00% | 123,482,923.86 | 6.04% | 1,920,770,941.76 |

Individual withdrawal of bad debt provision: RMB21,977,900.85

There were no significant accounts receivable with bad debt provision separately accrued in the current period.

Withdrawal of bad debt provision by group: RMB120,489,275.53

Unit: RMB

| Name  | Ending balance   |                    |                       |
|---|------------------|--------------------|-----------------------|
|   | Carrying amount  | Bad debt provision | Withdrawal proportion |
| (1) Business portfolio of general lighting and auto lamps | 1,698,428,474.56 | 109,583,622.27     | 6.45%                 |
| (2) Business portfolio of LED packaging and components    | 511,757,637.78   | 10,905,653.26      | 2.13%                 |
| Total   | 2,210,186,112.34 | 120,489,275.53     |                       |

Notes to the determination basis for the group:

See Note V-13. Accounts Receivable.

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

Applicable Not applicable

### (3) Bad Debt Provision Withdrawal, Reversed or Recovered in the Current Period

Withdrawal of bad debt provision:

Unit: RMB

| Category                              | Beginning balance | Changes in the current period |  |                       |               |       | Ending balance |
|---------------------------------------|-------------------|-------------------------------|--|-----------------------|---------------|-------|----------------|
|                                       |                   | Withdrawn                     | Write-offs in prior periods and reversals in current periods | Reversed or collected | Verified      | Other |                |
| Bad debt provision separately accrued | 25,123,263.57     | 17,127,281.39                 |  | 573,448.92            | 19,699,195.19 |       | 21,977,900.85  |

|  |                |               |            |            |               |              |                |
|--|----------------|---------------|------------|------------|---------------|--------------|----------------|
| Bad debt provision withdrawn according to groups | 98,359,660.29  | 32,550,591.11 | 144,531.00 |            | 6,180,396.87  | 4,385,110.00 | 120,489,275.53 |
| <b>Total</b>                                     | 123,482,923.86 | 49,677,872.50 | 144,531.00 | 573,448.92 | 25,879,592.06 | 4,385,110.00 | 142,467,176.38 |

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

The amount of expected credit losses accrued in the current period was RMB49,677,872.50, the amount of prior period write-offs reversed in the current period was RMB144,531.00, the amount of expected credit losses recovered or reversed in the current period was RMB573,448.92, the amount of expected credit losses written off in the current period was RMB25,879,592.06, and the amount of other reductions in the current period was RMB4,385,110.00, which is RMB15,632.09 different from the amount of credit impairment loss accrued in the current period of RMB49,088,791.49, which is due to the difference in translation of foreign currency statements at the end of the period.

#### (4) Accounts Receivable Written-off in Current Period

Unit: RMB

| Item                                     | Written-off amount |
|--|--------------------|
| Accounts receivable actually written off | 25,968,850.45      |

Of which, verification of significant accounts receivable:

Unit: RMB

| Name of the entity | Nature            | Amount        | Reason                                     | Procedure   | Whether occurred because of related-party transactions |
|--------------------|-------------------|---------------|--|---|--|
| Customer 1         | Payment for goods | 11,170,827.14 | Final court judgment, no recovery expected | Perform the approval procedures in accordance with the Company's bad debt management system | Not  |
| <b>Total</b>       |                   | 11,170,827.14 |  |   |  |

Notes to verification of accounts receivable:

RMB25,968,850.45 of accounts receivable has been verified with the bad debt provision of RMB25,879,592.06, and the approval procedures have been performed in accordance with the Company's bad debt management system.

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

Unit: RMB

| Name of the entity | Ending balance of accounts receivable | Ending balance of contract assets | Ending balance of accounts receivable and contract assets | Proportion to total ending balance of accounts receivable and | Ending balance of bad debt provision of accounts receivable and |
|--------------------|---------------------------------------|-----------------------------------|---|---|---|
|--------------------|---------------------------------------|-----------------------------------|---|---|---|

|       |                |  |                | contract assets | impairment provision for contract assets |
|-------|----------------|--|----------------|-----------------|--|
| No. 1 | 152,154,428.66 |  | 152,154,428.66 | 6.79%           | 4,564,632.86                             |
| No. 2 | 131,038,483.49 |  | 131,038,483.49 | 5.84%           | 3,931,154.50                             |
| No. 3 | 117,177,579.94 |  | 117,177,579.94 | 5.23%           | 3,517,821.49                             |
| No. 4 | 108,311,768.39 |  | 108,311,768.39 | 4.83%           | 3,249,353.05                             |
| No. 5 | 103,803,612.42 |  | 103,803,612.42 | 4.63%           | 3,114,108.37                             |
| Total | 612,485,872.90 |  | 612,485,872.90 | 27.32%          | 18,377,070.27                            |

## 6. Contract Assets

### (1) List of Contract Assets

Unit: RMB

| Item            | Ending balance  |                    |                | Beginning balance |                    |                |
|-----------------|-----------------|--------------------|----------------|-------------------|--------------------|----------------|
|                 | Carrying amount | Bad debt provision | Carrying value | Carrying amount   | Bad debt provision | Carrying value |
| Contract assets | 6,074,305.63    | 1,822,291.69       | 4,252,013.94   | 6,074,305.63      | 607,430.56         | 5,466,875.07   |
| Total           | 6,074,305.63    | 1,822,291.69       | 4,252,013.94   | 6,074,305.63      | 607,430.56         | 5,466,875.07   |

### (2) Significant changes in the amount of carrying value and the reason in the Reporting Period

There was no significant change in carrying value in the Reporting Period.

### (3) Disclosure by Withdrawal Methods for Bad Debts

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:  |                 |            |                    |                       |                |                   |            |                    |                       |                |
| Bad debt provision withdrawn according to groups | 6,074,305.63    | 100.00%    | 1,822,291.69       | 30.00%                | 4,252,013.94   | 6,074,305.63      | 100.00%    | 607,430.56         | 10.00%                | 5,466,875.07   |
| Of which:  |                 |            |                    |                       |                |                   |            |                    |                       |                |
| Business portfolio of general lighting           | 6,074,305.63    | 100.00%    | 1,822,291.69       | 30.00%                | 4,252,013.94   | 6,074,305.63      | 100.00%    | 607,430.56         | 10.00%                | 5,466,875.07   |

|                |              |         |              |        |              |              |         |            |        |              |
|----------------|--------------|---------|--------------|--------|--------------|--------------|---------|------------|--------|--------------|
| and auto lamps |              |         |              |        |              |              |         |            |        |              |
| Total          | 6,074,305.63 | 100.00% | 1,822,291.69 | 30.00% | 4,252,013.94 | 6,074,305.63 | 100.00% | 607,430.56 | 10.00% | 5,466,875.07 |

Withdrawal of bad debt provision by group: RMB1,822,291.69

Unit: RMB

| Name  | Ending balance  |                    |                       |
|---|-----------------|--------------------|-----------------------|
|   | Carrying amount | Bad debt provision | Withdrawal proportion |
| Business portfolio of general lighting and auto lamps | 6,074,305.63    | 1,822,291.69       | 30.00%                |
| Total   | 6,074,305.63    | 1,822,291.69       |                       |

Notes to the determination basis for the group:

See Note V-16. Contract Assets.

Withdrawal of bad debt provision by adopting the general mode of expected credit loss

Applicable Not applicable

#### (4) Bad Debt Provision Withdrawal, Reversed or Recovered in the Current Period

Unit: RMB

| Item  | Withdrawal of the current period | Reversal or recovery in the Reporting Period | Write-off/verified for the current period | Reason |
|---|----------------------------------|--|---|--------|
| Provision for impairment of contract assets | 1,214,861.13                     |  |   |        |
| Total                                       | 1,214,861.13                     |  |   | —      |

Of which significant amount of recovered or transferred-back bad debt provision for the current period: Naught.

#### (5) Contract Assets Written-off in Current Period

Naught.

### 7. Accounts Receivable Financing

#### (1) Accounts Receivable Financing Listed by Category

Unit: RMB

| Item                  | Ending balance | Beginning balance |
|-----------------------|----------------|-------------------|
| Bank acceptance bills | 443,201,960.02 | 569,868,831.79    |
| Total                 | 443,201,960.02 | 569,868,831.79    |

#### (2) Disclosure by Withdrawal Methods for Bad Debts

None.

The basis for the division of each stage and the withdrawal proportion of bad debt provision

See Note V-13. Accounts Receivable.

Notes to significant changes in the carrying amount of accounts receivable financing with amount changed of loss provision in the current period:Naught

**(3) Bad Debt Provision Withdrawal, Reversed or Recovered in the Current Period**

None.

**(4) Accounts Receivable Financing Pledged by the Company at the Period-end**

Unit: RMB

| Item                  | Ending pledged amount |
|-----------------------|-----------------------|
| Bank acceptance bills | 120,221,199.92        |
| Total                 | 120,221,199.92        |

**(5) Accounts Receivable Financing Which Had Endorsed by the Company or had Discounted and had not Due on the Balance Sheet Date at the Period-end**

Unit: RMB

| Item                  | Amount of recognition termination at the period-end | Amount of not terminated recognition at the period-end |
|-----------------------|---|--|
| Bank acceptance bills | 382,666,660.54                                      |  |
| Total                 | 382,666,660.54                                      |  |

**(6) Accounts Receivable Financing with Actual Verification for the Current Period**

None.

**(7) The changes of accounts receivable financing in the Current Period and the changes in fair value**

None.

**(8) Other Notes**

None.

**8. Other Receivables**

Unit: RMB

| Item              | Ending balance | Beginning balance |
|-------------------|----------------|-------------------|
| Other receivables | 49,108,300.85  | 32,902,865.98     |
| Total             | 49,108,300.85  | 32,902,865.98     |

**(1) Interest Receivable**

**1) Category of Interest Receivable**

None.

**2) Significant Overdue Interest**

None.

**3) Disclosure by Withdrawal Methods for Bad Debts**

Applicable Not applicable

**4) Bad Debt Provision Withdrawal, Reversed or Recovered in the Current Period**

None.

**5) Interest Receivable Written-off in Current Period**

None.

**(2) Dividend Receivable**

**1) Category of Dividend Receivable**

None.

**2) Significant Dividends Receivable Aging over 1 Year**

None.

**3) Disclosure by Withdrawal Methods for Bad Debts**

Applicable Not applicable

**4) Bad Debt Provision Withdrawal, Reversed or Recovered in the Current Period: None.**

**5) Dividends Receivable Written-off in Current Period**

None.

**(3) Other Receivables**

**1) Category of Other Receivables by Account Nature**

Unit: RMB

| Nature                     | Ending carrying amount | Beginning carrying amount |
|----------------------------|------------------------|---------------------------|
| Other current accounts     | 65,389,794.88          | 45,041,494.42             |
| Performance bonds          | 17,686,774.68          | 14,472,948.78             |
| Export VAT rebates         | 4,708,061.84           | 10,011,271.72             |
| Staff loans and petty cash | 1,589,234.30           | 1,164,918.15              |
| Rents and utilities        | 817,043.94             | 1,220,591.91              |
| <b>Total</b>               | <b>90,190,909.64</b>   | <b>71,911,224.98</b>      |

## 2) Disclosure by Aging

Unit: RMB

| Aging                            | Ending carrying amount | Beginning carrying amount |
|----------------------------------|------------------------|---------------------------|
| Within 1 year (including 1 year) | 46,054,067.53          | 30,536,942.63             |
| 1 to 2 years                     | 7,676,026.75           | 2,955,796.80              |
| 2 to 3 years                     | 2,219,050.74           | 8,142,805.16              |
| Over 3 years                     | 34,241,764.62          | 30,275,680.39             |
| 3 to 4 years                     | 5,990,920.12           | 4,691,584.24              |
| 4 to 5 years                     | 4,583,526.14           | 1,234,886.46              |
| Over 5 years                     | 23,667,318.36          | 24,349,209.69             |
| Total                            | 90,190,909.64          | 71,911,224.98             |

## 3) Disclosure by Withdrawal Methods for Bad Debts

Applicable Not applicable

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 |                |
| Bad debt provision separately accrued   | 31,541,239.47   | 34.97%     | 31,541,239.47      | 100.00%               | 0.00           | 30,105,899.47     | 41.87%     | 30,105,899.47      | 100.00%               | 0.00           |
| Of which:   |                 |            |                    |                       |                |                   |            |                    |                       |                |
| Withdrawal of bad debt provision by group   | 58,649,670.17   | 65.03%     | 9,541,369.32       | 16.27%                | 49,108,300.85  | 41,805,325.51     | 58.13%     | 8,902,459.53       | 21.30%                | 32,902,865.98  |
| Of which:   |                 |            |                    |                       |                |                   |            |                    |                       |                |
| Other receivables with bad debt provision based on a combination of credit risk characteristics | 58,649,670.17   | 65.03%     | 9,541,369.32       | 16.27%                | 49,108,300.85  | 41,805,325.51     | 58.13%     | 8,902,459.53       | 21.30%                | 32,902,865.98  |
| Total   | 90,190,909.64   | 100.00%    | 41,082,608.79      | 45.55%                | 49,108,300.85  | 71,911,224.98     | 100.00%    | 39,008,359.00      | 54.25%                | 32,902,865.98  |

Bad debt provision separately accrued: RMB31,541,239.47

Unit: RMB

| Name       | Beginning balance |                    | Ending balance  |                    |                       |   |
|------------|-------------------|--------------------|-----------------|--------------------|-----------------------|---|
|            | Carrying amount   | Bad debt provision | Carrying amount | Bad debt provision | Withdrawal proportion | Reason for withdraw                                 |
| Customer A | 20,000,000.00     | 20,000,000.00      | 20,000,000.00   | 20,000,000.00      | 100.00%               | It is not expected that the money will be recovered |
| Total      | 20,000,000.00     | 20,000,000.00      | 20,000,000.00   | 20,000,000.00      |                       |   |

Withdrawal of bad debt provision by group: RMB9,541,369.32

Unit: RMB

| Name  | Ending balance  |                    |                       |
|---|-----------------|--------------------|-----------------------|
|   | Carrying amount | Bad debt provision | Withdrawal proportion |
| Other receivables with bad debt provision based on a combination of credit risk characteristics | 58,649,670.17   | 9,541,369.32       | 16.27%                |
| Total   | 58,649,670.17   | 9,541,369.32       |                       |

Notes to the determination basis for the group:

See Note V-13. Accounts Receivable.

Withdrawal of bad debt provision by adopting the general mode of expected credit loss:

Unit: RMB

| Bad debt provision                              | First stage                                | Second stage   | Third stage  | Total         |
|---|--|--|--|---------------|
|   | Expected credit loss in 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 2023                       | 584,406.20                                 | 4,785,285.13   | 33,638,667.67  | 39,008,359.00 |
| Balance of 1 January 2023 in the current period |  |  |  |               |
| Withdrawal of the current period                | 758,317.72                                 | 3,418,394.08   | -1,881,025.74  | 2,295,686.06  |
| Verification of the current period              |  | 221,436.27   |  | 221,436.27    |
| Balance of 31 December 2023                     | 1,342,723.92                               | 7,982,242.94   | 31,757,641.93  | 41,082,608.79 |

The basis for the division of each stage and the withdrawal proportion of bad debt provision

See Note V-13. Accounts Receivable.

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

Applicable Not applicable

#### 4) Bad Debt Provision Withdrawn, Reversed or Recovered in the Current Period

Withdrawal of bad debt provision:

Unit: RMB

| Category | Beginning | Changes in the current period | Ending balance |
|----------|-----------|-------------------------------|----------------|
|----------|-----------|-------------------------------|----------------|



|                   | balance              | Withdrawal          | Reversed or recovered | Charged-off/Written-off | Others |                      |
|-------------------|----------------------|---------------------|-----------------------|-------------------------|--------|----------------------|
| Other receivables | 39,008,359.00        | 2,295,686.06        |                       | 221,436.27              |        | 41,082,608.79        |
| <b>Total</b>      | <b>39,008,359.00</b> | <b>2,295,686.06</b> |                       | <b>221,436.27</b>       |        | <b>41,082,608.79</b> |

The amount of expected credit losses accrued during the current period was RMB2,295,686.06, the amount of expected credit losses recovered or reversed during the current period was RMB0.00, and the amount of expected credit losses verified during the current period was RMB221,436.27, which was RMB11,189.99 different from the amount of credit impairment loss on other receivables accrued during the current period of RMB2,284,496.07, which was due to the difference in translation of foreign currency statements at the end of the current period.

Of which the bad debt provision recovered or transferred-back with significant amount during the current period: None.

### 5) Particulars of the Actual Verification of Other Receivables during the Current Period

Unit: RMB

| Item       | Written-off amount |
|------------|--------------------|
| Customer A | 221,436.27         |

Of which the verification of significant other receivables: None.

### 6) 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              | Other intercourse accounts | 20,000,000.00        | Within 5 years | 22.18%  | 20,000,000.00                        |
| No. 2              | Other intercourse accounts | 15,883,375.00        | Within 1 year  | 17.61%  | 476,501.25                           |
| No. 3              | Other intercourse accounts | 5,000,000.00         | 1-2 years      | 5.54%   | 5,000,000.00                         |
| No. 4              | VAT export tax refunds     | 4,708,061.84         | Within 1 years | 5.22%   | 141,241.86                           |
| No. 5              | Other intercourse accounts | 4,289,457.98         | 3-4 years      | 4.76%   | 4,289,457.98                         |
| <b>Total</b>       |                            | <b>49,880,894.82</b> |                | <b>55.31%</b>   | <b>29,907,201.09</b>                 |

### 7) Presentation in Other Receivables due to the Centralized Management of Funds

None.

## 9. Prepayment

### (1) Prepayment Listed by Aging Analysis

Unit: RMB

| Aging                 | Ending balance |            | Beginning balance |            |
|-----------------------|----------------|------------|-------------------|------------|
|                       | Amount         | Proportion | Amount            | Proportion |
| Within 1 year         | 27,750,424.91  | 80.42%     | 36,419,452.21     | 80.00%     |
| One to two years      | 3,496,897.72   | 10.13%     | 3,345,048.70      | 7.35%      |
| Two to three years    | 665,594.01     | 1.93%      | 3,313,296.20      | 7.28%      |
| More than three years | 2,595,722.28   | 7.52%      | 2,448,751.82      | 5.37%      |
| Total                 | 34,508,638.92  |            | 45,526,548.93     |            |

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

None.

## (2) Top 5 Prepayment in Ending Balance Collected according to the Prepayment Target

Unit: RMB

| Name of units | Relationship with the Company | Ending balance | Aging         | Proportion to total prepayments (%) |
|---------------|-------------------------------|----------------|---------------|-------------------------------------|
| No. 1         | Non-Related Party             | 7,000,000.00   | Within 1 year | 20.28%                              |
| No. 2         | Non-Related Party             | 2,637,285.53   | Within 1 year | 7.64%                               |
| No. 3         | Non-Related Party             | 2,502,468.00   | Within 1 year | 7.25%                               |
| No. 4         | Non-Related Party             | 1,813,361.52   | Within 1 year | 5.25%                               |
| No. 5         | Non-Related Party             | 1,479,646.01   | Within 1 year | 4.29%                               |
| Total         |                               | 15,432,761.06  |               | 44.71%                              |

## 10. Inventories

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

No

### (1) Category of Inventory

Unit: RMB

| Item             | Ending balance   |   |                | Beginning balance |   |                |
|------------------|------------------|---|----------------|-------------------|---|----------------|
|                  | Carrying amount  | Depreciation reserves of inventories or impairment provision for contract performance costs | Carrying value | Carrying amount   | Depreciation reserves of inventories or impairment provision for contract performance costs | Carrying value |
| Raw materials    | 305,927,108.28   | 13,862,774.27   | 292,064,334.01 | 414,134,452.55    | 6,893,242.38  | 407,241,210.17 |
| Goods in process | 247,880,117.38   |   | 247,880,117.38 | 239,412,167.33    |   | 239,412,167.33 |
| Inventory goods  | 1,051,891,889.47 | 146,951,222.27  | 904,940,667.20 | 1,019,990,159.16  | 139,368,445.90  | 880,621,713.26 |
| Goods in transit | 425,003,429.61   | 9,197,980.38  | 415,805,449.23 | 391,149,213.49    | 9,805,170.06  | 381,344,043.43 |
| Semi-finished    | 96,957,960.11    | 4,480,118.25  | 92,477,841.86  | 113,621,240.54    | 914,242.37  | 112,706,998.17 |

|                       |                  |                |                  |                  |                |                  |
|-----------------------|------------------|----------------|------------------|------------------|----------------|------------------|
| goods                 |                  |                |                  |                  |                |                  |
| Low-value consumables | 1,322,185.78     |                | 1,322,185.78     | 2,742,435.82     |                | 2,742,435.82     |
| Others                | 16,681,045.68    |                | 16,681,045.68    | 7,568,833.69     |                | 7,568,833.69     |
| Total                 | 2,145,663,736.31 | 174,492,095.17 | 1,971,171,641.14 | 2,188,618,502.58 | 156,981,100.71 | 2,031,637,401.87 |

## (2) Falling Price Reserves of Inventory and Impairment Reserves for Contract Performance Costs

Unit: RMB

| Item                | Beginning balance | Increased amount of the current period |        | Decreased amount for the current period |        | Ending balance |
|---------------------|-------------------|--|--------|---|--------|----------------|
|                     |                   | Withdrawal                             | Others | Transferred-back or charged-off         | Others |                |
| Raw materials       | 6,893,242.38      | 10,828,363.66                          |        | 3,858,831.77                            |        | 13,862,774.27  |
| Inventory goods     | 139,368,445.90    | 57,603,756.77                          |        | 50,020,980.40                           |        | 146,951,222.27 |
| Goods in transit    | 9,805,170.06      | 3,329,081.69                           |        | 3,936,271.37                            |        | 9,197,980.38   |
| Semi-finished goods | 914,242.37        | 3,673,839.38                           |        | 107,963.50                              |        | 4,480,118.25   |
| Total               | 156,981,100.71    | 75,435,041.50                          |        | 57,924,047.04                           |        | 174,492,095.17 |

Provision for decline in value of inventories by portfolio

None.

Criteria for making provision for decline in value of inventories by portfolio

See Note V-17. Inventory.

## (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

## 11. Held-for-sale Assets

Unit: RMB

| Item   | Ending carrying amount | Impairment provision | Ending carrying amount | 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 2024        |
| Total  | 17,147,339.84          |                      | 17,147,339.84          | 183,855,895.00 | 55,718,333.95              |                         |

Other notes:

Note: For details, see Part X-XVIII.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 | 94,451,130.80         | 72,851,826.53        |
| Advance payment of enterprise income tax      | 11,454,058.94         | 3,676,607.32         |
| Others  | 3,387,209.40          | 2,910,143.04         |
| <b>Total</b>                                  | <b>109,292,399.14</b> | <b>79,438,576.89</b> |

## 14. Investments in debt obligations

Naught.

## 15. Other Investments in Debt Obligations

### (1) List of Other Investments in Debt Obligations

Unit: RMB

| Item                               | Beginning balance | Accrued interest    | Interest adjustment | Change in fair value in the reporting period | Ending balance        | Cost                  | Accumulated changes in fair value | Accumulated impairment provision recognized in other comprehensive income | Notes                              |
|------------------------------------|-------------------|---------------------|---------------------|--|-----------------------|-----------------------|-----------------------------------|---|------------------------------------|
| Large Bank Certificates of Deposit |                   | 4,822,905.25        |                     |  | 454,822,905.25        | 450,000,000.00        |                                   |   | Large Bank Certificates of Deposit |
| <b>Total</b>                       |                   | <b>4,822,905.25</b> |                     |  | <b>454,822,905.25</b> | <b>450,000,000.00</b> |                                   |   |                                    |

Changes in the impairment provision for other investments in debt obligations during the current period: Naught.

### (2) Significant Other Investments in Debt Obligations at the Period-end

Unit: RMB

| Item | Ending balance | Beginning balance |
|------|----------------|-------------------|
|------|----------------|-------------------|

|  | Par value             | Coupon rate | Actual interest rate | Maturity date   | Overdue principal | Par value | Coupon rate | Actual interest rate | Maturity date | Overdue principal |
|--|-----------------------|-------------|----------------------|-----------------|-------------------|-----------|-------------|----------------------|---------------|-------------------|
| Large bank certificates of deposit in China Everbright Bank  | 100,000,000.00        | 3.30%       | 3.30%                | 6 January 2026  |                   |           |             |                      |               |                   |
| Large bank certificates of deposit in Bank of Communications | 50,000,000.00         | 2.90%       | 2.90%                | 31 August 2026  |                   |           |             |                      |               |                   |
| Large bank certificates of deposit in China Everbright Bank  | 150,000,000.00        | 2.90%       | 2.90%                | 3 November 2026 |                   |           |             |                      |               |                   |
| Large bank certificates of deposit in Bank of Guangzhou      | 150,000,000.00        | 2.95%       | 2.95%                | 1 December 2026 |                   |           |             |                      |               |                   |
| <b>Total</b>   | <b>450,000,000.00</b> |             |                      |                 |                   |           |             |                      |               |                   |

### (3) Status of Accrued Depreciation Reserves

Naught.

The basis for the division of each stage and the withdrawal proportion of bad debt provision

See Note V-17. Other Investments in Debt Obligations.

### (4) Status of Other Investments in Debt Obligations Written-off in Current Period

Naught.

## 16. Other Equity Instrument Investment

Unit: RMB

| Project name  | Ending balance        | Beginning balance     | Gains recorded in other comprehensive income in the current period | Losses recorded in other comprehensive income in the current period | Accumulative gains recorded in other comprehensive income in the current period | Accumulative losses recorded in other comprehensive income in the current period | Dividend income recognized in current year | Reason for assigning to measure in fair value of which changes included other comprehensive income |
|---|-----------------------|-----------------------|--|---|---|--|--|--|
| Gotion High-tech Co., Ltd.  | 368,376,506.50        | 493,967,194.53        |  | 125,590,688.03  | 285,362,021.37  |  |  | Non-trading equity instruments   |
| Xiamen Bank Co.,Ltd.  | 290,807,671.05        | 328,664,290.95        |  | 37,856,619.90   | 137,850,064.22  |  | 16,633,969.35                              | Non-trading equity instruments   |
| Guangdong Rising Finance Co., Ltd.  | 30,000,000.00         | 30,000,000.00         |  |   |   |  | 144,753.13                                 | Non-trading equity instruments   |
| Beijing Guangrong Lianmeng Semiconductor lighting Industry Investment Center(L.P.)  | 7,078,568.80          | 8,059,860.92          |  |   |   |  | 394,575.79                                 | Non-trading equity instruments   |
| Foshan Nanhai District United Guangdong New Light Source Industry Innovation Center | 3,000,000.00          | 3,000,000.00          |  |   |   |  |  | Non-trading equity instruments   |
| China Guangfa Bank Co.,Ltd.   | 500,000.00            | 500,000.00            |  |   |   |  |  | Non-trading equity instruments   |
| <b>Total</b>  | <b>699,762,746.35</b> | <b>864,191,346.40</b> |  | <b>163,447,307.93</b>   | <b>423,212,085.59</b>   |  | <b>17,173,298.27</b>                       |  |

Non-trading equity instrument investment in the Current Period disclosed by items

Unit: RMB

| Project name | Dividend income recognized | Accumulative gains | Accumulative losses | Amount of other comprehensive income transferred to retained earnings | Reason for assigning to measure in fair value of which changes included other comprehensive | Reason for other comprehensive income transferred to retained earnings |
|--------------|----------------------------|--------------------|---------------------|---|---|--|
|              |                            |                    |                     |   |   |  |

|  |               |                |  |  | income  |     |
|--|---------------|----------------|--|--|---|-----|
| Gotion High-tech Co., Ltd.   |               | 285,362,021.37 |  |  | Not satisfied with the condition of trading equity instrument | N/A |
| Xiamen Bank Co.,Ltd.   | 16,633,969.35 | 137,850,064.22 |  |  | Not satisfied with the condition of trading equity instrument | N/A |
| Guangdong Rising Finance Co., Ltd.   | 144,753.13    | 148,834.09     |  |  | Not satisfied with the condition of trading equity instrument | N/A |
| Beijing Guangrong Lianmeng Semiconductor lighting Industry Investment Center(L.P.) | 394,575.79    | 995,839.20     |  |  | Not satisfied with the condition of trading equity instrument | N/A |
| Total  | 17,173,298.27 | 424,356,758.88 |  |  |   |     |

### 17. Long-term Receivables

None.

### 18. Long-term Equity Investment

Unit: RMB

| Investee                   | Beginning balance (carrying value) | Beginning balance of depreciation reserve | Increase/decrease for the current period |                    |   |  |                         |  |                                    | 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 |                                 |  | Others |
| I. Joint ventures          |                                    |   |  |                    |   |  |                         |  |                                    |                                 |  |        |
| II. Associated enterprises |                                    |   |  |                    |   |  |                         |  |                                    |                                 |  |        |
| Shenzhen Primatronix       | 181,931,792.66                     |   |  |                    | 1,833,621.59  |  |                         |  | 4,576,859.10                       |                                 | 179,188,555.15                         |        |

|  |                |  |  |  |              |  |  |              |  |  |                |  |
|--|----------------|--|--|--|--------------|--|--|--------------|--|--|----------------|--|
| (Nanh<br>o)<br>Electro<br>nics<br>Ltd. |                |  |  |  |              |  |  |              |  |  |                |  |
| Subtotal                               | 181,931,792.66 |  |  |  | 1,833,621.59 |  |  | 4,576,859.10 |  |  | 179,188,555.15 |  |
| Total                                  | 181,931,792.66 |  |  |  | 1,833,621.59 |  |  | 4,576,859.10 |  |  | 179,188,555.15 |  |

The recoverable amount is determined based on the net amount of the fair value minus disposal costs

Applicable  Not applicable

The recoverable amount is determined by the present value of the forecasted future cash flow.

Applicable  Not applicable

The reason for the discrepancy between the foregoing information and the information used in the impairment tests in prior years or external information

None.

The reason for the discrepancy between the information used in the Company's impairment tests in prior years and the actual situation of those years

None.

Other notes:

None.

## 19. Other Non-current Financial Assets

None.

## 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 | 150,591,407.72       |                |                          | 150,591,407.72 |
| (1) Transfer from                 | 150,591,407.72       |                |                          | 150,591,407.72 |



|   |                |  |  |                |
|---|----------------|--|--|----------------|
| inventories/fixed assets/construction in progress                   |                |  |  |                |
| 3. Decreased amount of the period                                   | 36,927.82      |  |  | 36,927.82      |
| (1) Disposal  |                |  |  |                |
| (2) Other transfer  | 36,927.82      |  |  | 36,927.82      |
| 4. Ending balance   | 204,959,267.68 |  |  | 204,959,267.68 |
| II. Accumulative depreciation and accumulative amortization         |                |  |  |                |
| 1. Beginning balance  | 9,792,905.34   |  |  | 9,792,905.34   |
| 2. Increased amount of the period                                   | 31,537,532.38  |  |  | 31,537,532.38  |
| (1) Withdrawal or amortization                                      | 2,646,740.40   |  |  | 2,646,740.40   |
| (2) Transfer from inventories/fixed assets/construction in progress | 28,890,791.98  |  |  | 28,890,791.98  |
| 3. Decreased amount of the period                                   | 7,517.45       |  |  | 7,517.45       |
| (1) Disposal  |                |  |  |                |
| (2) Other transfer  | 7,517.45       |  |  | 7,517.45       |
| 4. Ending balance   | 41,322,920.27  |  |  | 41,322,920.27  |
| 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  | 163,636,347.41 |  |  | 163,636,347.41 |
| 2. Beginning carrying value   | 44,611,882.44  |  |  | 44,611,882.44  |

The recoverable amount is determined based on the net amount of the fair value minus disposal costs

Applicable Not applicable

The recoverable amount is determined by the present value of the forecasted future cash flow.

Applicable Not applicable

The reason for the discrepancy between the foregoing information and the information used in the impairment tests in prior years or external information

None.

The reason for the discrepancy between the information used in the Company's impairment tests in prior years and the actual situation of those years

None.

Other notes:

None.

### **(2) Investment Property Adopting the Fair Value Measurement Mode**

Applicable Not applicable

### **(3) Projects Converted to Investment Properties and Measured at Fair Value**

None.

### **(4) Investment Property Failed to Accomplish Certification of Property**

As of 31 December 2023, the relevant property certificates for the LED workshop and R&D Workshop 18 are still in progress. The Management believes that obtaining such property certificates is not subject to any substantive legal obstacles and has no significant adverse impact on the Company's normal operations.

## **21. Fixed Assets**

Unit: RMB

| Item                     | Ending balance   | Beginning balance |
|--------------------------|------------------|-------------------|
| Fixed assets             | 3,451,760,127.91 | 3,505,729,627.80  |
| Disposal of fixed assets | 1,454,458.56     | 2,364,654.61      |
| Total                    | 3,453,214,586.47 | 3,508,094,282.41  |

### **(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       | 1,945,505,958.75     | 5,026,525,744.08    | 42,934,087.94            | 71,546,378.97        | 87,232,491.32  | 7,173,744,661.06 |

|  |                  |                  |               |               |               |                  |
|--|------------------|------------------|---------------|---------------|---------------|------------------|
| 2. Increased amount of the period          | 369,265,899.26   | 209,783,265.81   | 2,896,830.79  | 10,768,640.75 | 7,350,983.81  | 600,065,620.42   |
| (1) Purchase                               | 2,788,391.14     | 57,421,879.45    | 2,859,707.97  | 9,386,540.89  | 1,418,317.86  | 73,874,837.31    |
| (2) Transfer from construction in progress | 366,354,362.53   | 152,003,021.78   | 31,269.93     | 1,381,883.85  | 5,893,496.89  | 525,664,034.98   |
| (3) Others (note 2)                        | 123,145.59       | 358,364.58       | 5,852.89      | 216.01        | 39,169.06     | 526,748.13       |
| 3. Decreased amount of the period          | 154,893,207.72   | 105,816,523.05   | 7,316,862.64  | 9,434,277.87  | 2,817,763.13  | 280,278,634.41   |
| (1) Disposal or scrap                      | 4,301,800.00     | 105,617,797.74   | 7,316,862.64  | 9,399,568.30  | 2,483,792.00  | 129,119,820.68   |
| (2) Equipment transformation               |                  | 198,725.31       |               |               | 48,132.14     | 246,857.45       |
| (3) Others (note 2)                        | 150,591,407.72   |                  |               | 34,709.57     | 285,838.99    | 150,911,956.28   |
| 4. Ending balance                          | 2,159,878,650.29 | 5,130,492,486.84 | 38,514,056.09 | 72,880,741.85 | 91,765,712.00 | 7,493,531,647.07 |
| II. Accumulative depreciation              |                  |                  |               |               |               |                  |
| 1. Beginning 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 |
| 2. Increased amount of the period          | 83,404,382.14    | 422,084,858.45   | 2,519,961.62  | 7,429,107.41  | 8,041,875.45  | 523,480,185.07   |
| (1) Withdrawal                             | 83,373,391.93    | 419,658,581.83   | 2,514,167.25  | 7,255,898.57  | 8,016,526.36  | 520,818,565.94   |
| (2) Transfer from construction in progress |                  | 2,156,252.87     |               | 172,995.00    |               | 2,329,247.87     |
| (3) Others (note 2)                        | 30,990.21        | 270,023.75       | 5,794.37      | 213.84        | 25,349.09     | 332,371.26       |
| 3. Decreased amount of the period          | 32,977,501.98    | 94,570,266.86    | 6,965,526.01  | 8,946,389.33  | 2,593,787.64  | 146,053,471.82   |
| (1) Disposal or scrap                      | 4,086,710.00     | 94,420,760.30    | 6,965,526.01  | 8,925,455.21  | 2,314,279.72  | 116,712,731.24   |
| (2) Equipment transformation               |                  | 149,506.56       |               |               | 47,553.86     | 197,060.42       |

|   |                      |                      |               |               |               |                      |
|---|----------------------|----------------------|---------------|---------------|---------------|----------------------|
| (3) Others<br>(note)                    | 28,890,791.98        |                      |               | 20,934.12     | 231,954.06    | 29,143,680.16        |
| 4. Ending<br>balance                    | 772,209,491.83       | 3,107,267,227.<br>12 | 28,949,352.01 | 51,404,295.01 | 74,136,436.53 | 4,033,966,802.<br>50 |
| III.<br>Depreciation<br>reserves        |                      |                      |               |               |               |                      |
| 1. Beginning<br>balance                 |                      | 11,129,431.94        | 69.83         | 343,855.06    | 1,587.18      | 11,474,944.01        |
| 2. Increased<br>amount of the<br>period |                      | 3,051,223.55         | 17,954.04     | 21,683.33     |               | 3,090,860.92         |
| (1) Withdrawal                          |                      | 3,051,223.55         | 17,954.04     | 21,683.33     |               | 3,090,860.92         |
| 3. Decreased<br>amount of the<br>period |                      | 6,379,770.41         | 18,023.87     | 362,500.40    | 793.59        | 6,761,088.27         |
| (1) Disposal or<br>scrap                |                      | 6,379,770.41         | 18,023.87     | 362,500.40    | 793.59        | 6,761,088.27         |
| 4. Ending<br>balance                    |                      | 7,800,885.08         |               | 3,037.99      | 793.59        | 7,804,716.66         |
| IV. Carrying<br>value                   |                      |                      |               |               |               |                      |
| 1. Ending<br>carrying value             | 1,387,669,158.<br>46 | 2,015,424,374.<br>64 | 9,564,704.08  | 21,473,408.85 | 17,628,481.88 | 3,451,760,127.<br>91 |
| 2. Beginning<br>carrying value          | 1,223,723,347.<br>08 | 2,235,643,676.<br>61 | 9,539,101.71  | 18,280,946.98 | 18,542,555.42 | 3,505,729,627.<br>80 |

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 classification of houses and buildings leased out to investment properties during the current period.

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

None.

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

None.

**(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, R&D Workshop 11 to 14, and Kelian Building have been completed and put into use and carried forward fixed assets. As of 31 December 2023, 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 (30) Other non-current assets.

#### **(5) Impairment Test of Fixed Assets**

Applicable Not applicable

The recoverable amount is determined based on the net amount of the fair value minus disposal costs

Applicable Not applicable

The recoverable amount is determined by the present value of the forecasted future cash flow

Applicable Not applicable

In 2023, the Company accrued a total impairment provision for fixed assets of RMB3,090,860.92. Specifically, impairment tests were conducted on fixed assets that were severely worn due to prolonged use or became obsolete due to product upgrades. Relevant assets were impaired, and their recoverable amount was estimated based on the fair value and disposal costs determined by reference to the recent disposal and recovery rate of similar assets. The Company accrued an impairment provision of RMB3,090,860.92 based on the higher between the net amount of fair value less disposal costs and the present value of expected future cash flows for the relevant asset groups.

The reason for the discrepancy between the foregoing information and the information used in the impairment tests in prior years or external information

None.

The reason for the discrepancy between the information used in the Company's impairment tests in prior years and the actual situation of those years

None.

Other notes:

None.

#### **(6) Proceeds from Disposal of Fixed Assets**

Unit: RMB

| Item   | Ending balance | Beginning balance |
|--|----------------|-------------------|
| Applying for scrapping up disposed equipment | 1,454,458.56   | 2,364,654.61      |
| Total  | 1,454,458.56   | 2,364,654.61      |

## 22. Construction in progress

Unit: RMB

| Item                     | Ending balance   | Beginning balance |
|--------------------------|------------------|-------------------|
| Construction in progress | 1,174,533,505.11 | 1,282,780,335.14  |
| Total                    | 1,174,533,505.11 | 1,282,780,335.14  |

### (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 | 1,176,061,060.10 | 1,527,554.99          | 1,174,533,505.11 | 1,284,307,890.13  | 1,527,554.99          | 1,282,780,335.14 |
| Total                    | 1,176,061,060.10 | 1,527,554.99          | 1,174,533,505.11 | 1,284,307,890.13  | 1,527,554.99          | 1,282,780,335.14 |

### (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            |
|--|------------------|-------------------|------------------|-----------------------------|------------------------|----------------|--|--------------|--|--|---|------------------------------|
| The Project of the Geely Industrial Park | 1,714,546,700.00 | 421,308,505.55    | 67,490,008.07    | 20,843,008.94               |                        | 467,955,507.68 | 31.31%   | 31.31%       | 562,363.10                                     | 524,527.28   | 2.74%   | Self-financing and Borrowing |
| Kelian Building                          | 726,738,900.00   | 566,254,746.61    | 11,377,600.17    | 311,813,594.94              |                        | 265,818,751.84 | 89.82%   | 93.00%       | 36,640,953.02                                  |  |   | Self-financing and           |

|                             |                  |                  |                |                |  |                  |        |        |               |            |       |  |
|-----------------------------|------------------|------------------|----------------|----------------|--|------------------|--------|--------|---------------|------------|-------|--|
|                             |                  |                  |                |                |  |                  |        |        |               |            |       | Borrowing                              |
| FSLHainan Industrial Park I | 310,400,000.00   | 37,522,769.10    | 127,615,662.62 |                |  | 165,138,431.72   | 57.99% | 61.00% |               |            |       | Raised funds and self-financing (note) |
| Gaoming office building     | 212,135,300.00   | 73,222,239.69    | 91,554,905.79  |                |  | 164,777,145.48   | 84.67% | 90.00% |               |            |       | Self-financing                         |
| Total                       | 2,963,820,900.00 | 1,098,308,263.95 | 298,038,176.65 | 332,656,603.88 |  | 1,063,689,836.72 |        |        | 37,203,316.12 | 524,527.28 | 2.74% |  |

**Note:** The Company pre-invested FSLHainan Industrial Park I Project with self-raised funds and replaced it with raised funds in accordance with relevant regulations. For details, please refer to the Announcement on Replacing the Pre-invested Fund-raising Project with Raised Funds and the Self-raised Funds Paid for Issuance disclosed by the Company on the website of Cninfo.

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

None.

### (4) Impairment Test of Construction in Progress

Applicable  Not applicable

### (5) Engineering Materials

None.

## 23. Productive Living Assets

### (1) Productive Living Assets Adopting Cost Measurement Mode

Applicable  Not applicable

### (2) Impairment Test of Productive Living Assets Adopting Cost Measurement Mode

Applicable  Not applicable

### (3) Productive Living Assets Adopting Fair Value Measurement Mode

Applicable  Not applicable

## 24. Oil and Gas Assets

Applicable  Not applicable

## 25. Right-of-use Assets

### (1) List of Right-of-use Assets

Unit: RMB

| Item                                | Houses and buildings | Land use right | Total         |
|-------------------------------------|----------------------|----------------|---------------|
| <b>I. Original carrying value</b>   |                      |                |               |
| 1. Beginning balance                | 21,717,402.95        | 19,090,760.38  | 40,808,163.33 |
| 2. Increased amount of the period   | 3,188,849.13         |                | 3,188,849.13  |
| (1) Leased in                       | 3,188,849.13         |                | 3,188,849.13  |
| 3. Decreased amount of the period   | 8,094,667.99         | 19,090,760.38  | 27,185,428.37 |
| (1) Disposal                        | 8,094,667.99         | 19,090,760.38  | 27,185,428.37 |
| 4. Ending balance                   | 16,811,584.09        |                | 16,811,584.09 |
| <b>II. Accumulated amortization</b> |                      |                |               |
| 1. Beginning balance                | 9,106,242.62         | 18,654,192.98  | 27,760,435.60 |
| 2. Increased amount of the period   | 6,972,330.58         | 436,567.40     | 7,408,897.98  |
| (1) Withdrawal                      | 6,972,330.58         | 436,567.40     | 7,408,897.98  |
| 3. Decreased amount of the period   | 8,079,309.75         | 19,090,760.38  | 27,170,070.13 |
| (1) Disposal                        | 8,079,309.75         | 19,090,760.38  | 27,170,070.13 |
| 4. Ending balance                   | 7,999,263.45         |                | 7,999,263.45  |
| <b>III. Depreciation reserves</b>   |                      |                |               |
| 1. Beginning balance                |                      |                |               |
| 2. Increased amount of the period   |                      |                |               |
| (1) Withdrawal                      |                      |                |               |
| 3. Decreased amount of the period   |                      |                |               |
| (1) Disposal                        |                      |                |               |
| 4. Ending balance                   |                      |                |               |
| <b>IV. Carrying value</b>           |                      |                |               |
| 1. Ending carrying value            | 8,812,320.64         |                | 8,812,320.64  |
| 2. Beginning carrying value         | 12,611,160.33        | 436,567.40     | 13,047,727.73 |

### (2) Impairment Test of Right-of-use Assets

Applicable Not applicable



## 26. Intangible Assets

### (1) List of Intangible Assets

Unit: RMB

| Item                                       | Land use right | Patent        | Non-patent technology | Software use right | Others (note 1) | Total          |
|--|----------------|---------------|-----------------------|--------------------|-----------------|----------------|
| I. Original carrying value                 |                |               |                       |                    |                 |                |
| 1. Beginning balance                       | 408,013,759.69 | 24,198,472.74 |                       | 35,318,404.44      | 49,109.90       | 467,579,746.77 |
| 2. Increased amount of the period          | 83,156,556.10  | 29,504.95     |                       | 39,936,144.08      |                 | 123,122,205.13 |
| (1) Purchase                               | 350,661.10     | 29,504.95     |                       | 39,936,144.08      |                 | 40,316,310.13  |
| (2) Transfer from construction in progress | 82,805,895.00  |               |                       |                    |                 | 82,805,895.00  |
| 3. Decreased amount of the period          |                |               |                       | 388,613.87         | 49,109.90       | 437,723.77     |
| (1) Disposal                               |                |               |                       | 388,613.87         | 49,109.90       | 437,723.77     |
| 4. Ending balance                          | 491,170,315.79 | 24,227,977.69 |                       | 74,865,934.65      |                 | 590,264,228.13 |
| II. Accumulated amortization               |                |               |                       |                    |                 |                |
| 1. Beginning balance                       | 86,226,483.33  | 24,002,566.64 |                       | 16,746,120.66      | 49,109.90       | 127,024,280.53 |
| 2. Increased amount of the period          | 23,400,548.88  | 182,585.29    |                       | 5,156,009.34       |                 | 28,739,143.51  |
| (1) Withdrawal                             | 8,800,845.96   | 182,585.29    |                       | 5,156,009.34       |                 | 14,139,440.59  |
| (2) Transfer from construction in progress | 14,599,702.92  |               |                       |                    |                 | 14,599,702.92  |
| 3. Decreased amount of the period          |                |               |                       |                    | 49,109.90       | 49,109.90      |
| (1) Withdrawal                             |                |               |                       |                    | 49,109.90       | 49,109.90      |
| 4. Ending                                  | 109,627,032.21 | 24,185,151.93 |                       | 21,902,130.00      |                 | 155,714,314.14 |

|                                   |                |            |  |               |  |                |
|-----------------------------------|----------------|------------|--|---------------|--|----------------|
| balance                           |                |            |  |               |  |                |
| III. Depreciation reserves        |                |            |  |               |  |                |
| 1. Beginning balance              |                |            |  | 388,613.87    |  | 388,613.87     |
| 2. Increased amount of the period |                |            |  |               |  |                |
| (1) Withdrawal                    |                |            |  |               |  |                |
| 3. Decreased amount of the period |                |            |  | 388,613.87    |  | 388,613.87     |
| (1) Disposal                      |                |            |  | 388,613.87    |  | 388,613.87     |
| 4. Ending balance                 |                |            |  |               |  |                |
| IV. Carrying value                |                |            |  |               |  |                |
| 1. Ending carrying value          | 381,543,283.58 | 42,825.76  |  | 52,963,804.65 |  | 434,549,913.99 |
| 2. Beginning carrying value       | 321,787,276.36 | 195,906.10 |  | 18,183,669.91 |  | 340,166,852.37 |

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

None.

Othere notes:

Note 1: The intangible assets-other: mianly refer to the emission permit of Nanning Liaowang confirmed in 2022.

Note 2: The amortization of intangible assets in the current period amounted to RMB14,139,440.59, of which RMB237,526.66 was included in the construction in progress.

## (3) Impairment Test of Intangible Assets

Applicable Not applicable

## 27. 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: As for the M&A of NationStar Optoelectronics in 2014 by Guangdong Electronics Information Industry Group Ltd., the wholly-owned subsidiary of Guangdong Rising Holdings Group Co., Ltd., the difference between the fair value and the net assets attributable to the shareholders of the listed company on the date of acquisition of NationStar Optoelectronics formed goodwill of RMB405,620,123.64.

### (2) Goodwill Impairment Provisions

None.

### (3) Information on the Assets Groups or Combination of Assets Groups which Goodwill Belongs to

The Company's Management determines the asset group or combination of asset groups based on the minimum combination of assets that can independently generate cash inflows under the management or monitoring of production and operating activities. The criteria for determining asset groups or combinations of asset groups are consistent with those of previous years.

Other notes

None.

### (4) Specific Method of Determining the Recoverable Amount

The recoverable amount is determined based on the net amount of the fair value minus disposal costs

Applicable Not applicable

The recoverable amount is determined by the present value of the forecasted future cash flow

Applicable Not applicable

#### 1. Process and Key Parameters of Goodwill Impairment Test:

When conducting an impairment test on goodwill, the Company compares the book value of the relevant asset group (including goodwill) with its recoverable amount to determine whether goodwill impairment should be accrued. The recoverable amount of the asset group is determined based on the present value of expected future cash flows. The present value of the cash flow is estimated by the Company's Management based on the future

cash flows over a five-year detailed forecast period and subsequent stable periods. The estimated future cash flows during the detailed forecast period are determined based on the business plan developed by the Management. The estimated future cash flows during the subsequent stable period are determined based on the level of the last year of the detailed forecast period. The key assumptions used by the Company in estimating the present value of future cash flows include business volume growth rate and discount rate. The pre-tax discount rate used in 2023 was 9.83% and 11.07%, and the growth rate during the detailed forecast period was between 5%-20.54%. When determining parameters related to each key assumption, the Company's Management referred to the Company's historical experience or external information sources.

## 2. Impact of the Goodwill Impairment Test

The goodwill impairment test conducted by the Company in this period has no impact on the financial statements.

The reason for the discrepancy between the foregoing information and the information used in the impairment tests in prior years or external information

None.

The reason for the discrepancy between the information used in the Company's impairment tests in prior years and the actual situation of those years

None.

## (5) Completion of Commitments to Results and Corresponding Goodwill Impairment

When goodwill is formed, there is a commitment to the results and the reporting period or the period preceding the reporting period is within the commitment period

Applicable Not applicable

## 28. Long-term Prepaid Expense

Unit: RMB

| Item                                  | Beginning balance     | Increased amount of the current period | Amortization amount of the current period | Other decreased amount | Ending balance        |
|---------------------------------------|-----------------------|--|---|------------------------|-----------------------|
| Mould                                 | 123,701,355.84        | 81,670,138.20                          | 43,208,573.05                             | 31,833,330.25          | 130,329,590.74        |
| Expense on maintenance and decoration | 53,937,007.68         | 17,253,561.64                          | 22,044,249.28                             |                        | 49,146,320.04         |
| Boarding box                          | 371,728.64            | 604,711.36                             | 308,501.04                                |                        | 667,938.96            |
| Other                                 | 12,116,535.75         | 6,318,284.90                           | 8,215,971.14                              |                        | 10,218,849.51         |
| <b>Total</b>                          | <b>190,126,627.91</b> | <b>105,846,696.10</b>                  | <b>73,777,294.51</b>                      | <b>31,833,330.25</b>   | <b>190,362,699.25</b> |

## 29. 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               | 390,622,029.71        | 59,298,411.33         | 355,634,218.16        | 53,741,627.33        |
| Unrealized profit of internal transactions       | 37,737,392.89         | 5,660,608.94          | 52,989,043.64         | 7,948,356.52         |
| Deductible loss                                  | 124,708,331.49        | 22,015,171.66         | 72,901,011.65         | 12,503,679.82        |
| Depreciation of fixed assets                     | 54,793,929.61         | 8,219,089.44          | 57,459,943.55         | 8,618,991.55         |
| Estimated cost                                   | 46,135,701.47         | 6,920,355.22          | 14,405,700.07         | 2,160,855.01         |
| Accrued liabilities                              | 14,277,087.30         | 2,141,563.09          | 9,579,783.06          | 1,436,967.46         |
| Change in fair value of trading financial assets | 751,107.32            | 112,666.10            | 5,013,923.26          | 752,088.49           |
| Long-term deferred expenses                      |                       |                       | 3,888,860.58          | 583,329.09           |
| Lease liabilities and others                     | 12,750,617.72         | 1,915,901.17          | 16,534,532.14         | 2,498,110.14         |
| <b>Total</b>                                     | <b>681,776,197.51</b> | <b>106,283,766.95</b> | <b>588,407,016.11</b> | <b>90,244,005.41</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 | 83,667,098.60                | 12,550,064.79                   | 88,576,232.73                | 13,286,434.92                   |
| Changes in fair value of other investments in equity instruments                      | 417,362,085.59               | 62,604,312.84                   | 580,809,393.51               | 87,121,409.03                   |
| One-off depreciation of fixed assets  | 649,066,960.98               | 97,598,859.53                   | 680,398,140.98               | 102,059,721.15                  |
| Changes in the fair value of trading financial assets                                 | 1,559,845.00                 | 233,976.75                      | 14,216.68                    | 2,132.50                        |
| Right-of-use assets and others  | 12,108,349.60                | 1,819,532.34                    | 12,943,263.71                | 1,958,578.35                    |
| <b>Total</b>  | <b>1,163,764,339.77</b>      | <b>174,806,746.25</b>           | <b>1,362,741,247.61</b>      | <b>204,428,275.95</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 |   | 106,283,766.95  |   | 90,244,005.41   |

|                                 |  |                |  |                |
|---------------------------------|--|----------------|--|----------------|
| Deferred income tax liabilities |  | 174,806,746.25 |  | 204,428,275.95 |
|---------------------------------|--|----------------|--|----------------|

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

None.

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

None.

### 30. Other Non-current Assets

Unit: RMB

| Item   | Ending balance        |                      |                       | Beginning balance    |                      |                      |
|--|-----------------------|----------------------|-----------------------|----------------------|----------------------|----------------------|
|  | Carrying amount       | Impairment provision | Carrying value        | Carrying amount      | Impairment provision | Carrying value       |
| Long-term assets to be disposed (note 1)           | 41,955,426.17         |                      | 41,955,426.17         | 36,553,212.64        |                      | 36,553,212.64        |
| Advance payment for equipment and project          | 40,991,898.73         |                      | 40,991,898.73         | 44,132,869.26        |                      | 44,132,869.26        |
| Advance payment for long-term assets acquisition   | 36,085,714.00         |                      | 36,085,714.00         |                      |                      |                      |
| Prepayments for equity acquisition                 | 10,000,000.00         | 10,000,000.00        |                       | 10,000,000.00        | 10,000,000.00        |                      |
| Assets of subsidiaries to be cleared and cancelled |                       |                      |                       | 613,072.43           |                      | 613,072.43           |
| Other  | 294,664.28            |                      | 294,664.28            | 244,358.52           |                      | 244,358.52           |
| <b>Total</b>                                       | <b>129,327,703.18</b> | <b>10,000,000.00</b> | <b>119,327,703.18</b> | <b>91,543,512.85</b> | <b>10,000,000.00</b> | <b>81,543,512.85</b> |

Other notes:

Note 1: 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.

### 31. Assets with Restricted Ownership or Right of Use

Unit: RMB

| Item                          | Period-end                   |                              |   |  | Period-beginning             |                              |   |   |
|-------------------------------|------------------------------|------------------------------|---|--|------------------------------|------------------------------|---|---|
|                               | Carrying amount              | Carrying value               | Type of restriction                             | Status of restriction  | Carrying amount              | Carrying value               | Type of restriction                             | Status of restriction   |
| Monetary assets               | 486,328,75<br>2.85           | 486,328,75<br>2.85           | Restricted use                                  | Note deposits, bond deposits, pre-sale of properties, etc.                   | 534,826,52<br>8.99           | 534,826,52<br>8.99           | Restricted use                                  | Note deposits, bond deposits, pre-sale of properties, etc.                                  |
| Notes receivable              | 873,275,55<br>6.80           | 873,275,55<br>6.80           | Pledged, endorsed or discounted but not matured | Pledge of note pool, notes receivable endorsed or discounted but not matured | 751,280,63<br>9.50           | 751,280,63<br>9.50           | Pledged, endorsed or discounted but not matured | Pledge of note pool, notes receivable endorsed or discounted but not matured                |
| Fixed assets                  | 326,522,71<br>5.93           | 219,746,33<br>1.38           | Mortgaged                                       | Related party mortgage guarantees  | 213,180,56<br>8.23           | 149,146,77<br>3.04           | Mortgaged                                       | Pledged for short-term borrowings from banks, mortgaged for borrowings from related-parties |
| Intangible assets             | 15,551,408.<br>00            | 10,652,715.<br>04            | Mortgaged                                       | Related party mortgage guarantees  | 15,551,408.<br>00            | 10,963,743.<br>21            | Mortgaged                                       | Lands mortgaged for short-term borrowings from banks  |
| Accounts receivable financing | 120,221,19<br>9.92           | 120,221,19<br>9.92           | Pledged   | Pledge of note pool  |                              |                              |   |   |
| <b>Total</b>                  | <b>1,821,899,6<br/>33.50</b> | <b>1,710,224,5<br/>55.99</b> |   |  | <b>1,514,839,1<br/>44.72</b> | <b>1,446,217,6<br/>84.74</b> |   |   |

## 32. Short-term Borrowings

### (1) Category of Short-term Borrowings

Unit: RMB

| Item                                | Ending balance        | Beginning balance     |
|-------------------------------------|-----------------------|-----------------------|
| Mortgage loans                      | 83,330,000.00         | 100,000,000.00        |
| Credit loans                        | 70,000,000.00         | 37,596,526.02         |
| Acceptance bill discount            | 66,689,877.73         | 20,000,000.00         |
| Interest from short-term borrowings |                       | 118,833.33            |
| <b>Total</b>                        | <b>220,019,877.73</b> | <b>157,715,359.35</b> |

Notes of the category for short-term loans: Notes receivable discounted but not yet due at the end of the period are all bank acceptances with recourse rights and do not meet the conditions for derecognition. Therefore, they are recognised as short-term

borrowings.

## (2) List of the Short-term Borrowings Overdue but not Returned

None.

## 33. Trading Financial Liabilities

Unit: RMB

| Item                          | Ending balance | Beginning balance |
|-------------------------------|----------------|-------------------|
| Trading financial liabilities |                | 4,679,000.00      |
| Including:                    |                |                   |
| Other                         |                | 4,679,000.00      |
| Including:                    |                |                   |
| Total                         |                | 4,679,000.00      |

## 34. Derivative Financial Liabilities

None.

## 35. Notes Payable

Unit: RMB

| Category             | Ending balance   | Beginning balance |
|----------------------|------------------|-------------------|
| Bank acceptance bill | 2,256,122,566.65 | 1,923,641,752.28  |
| letter of credit     | 15,052,221.04    | 52,101,816.43     |
| Total                | 2,271,174,787.69 | 1,975,743,568.71  |

The total amount of notes payable that are due but unpaid amounted to RMB0.00 at the end of the current period.

## 36. Accounts Payable

### (1) List of Accounts Payable

Unit: RMB

| Item             | Ending balance   | Beginning balance |
|------------------|------------------|-------------------|
| Accounts payable | 2,875,980,206.64 | 2,513,177,458.14  |
| Total            | 2,875,980,206.64 | 2,513,177,458.14  |

### (2) Significant Accounts Payable Aging over One Year or Overdue

Unit: RMB

| Item  | Ending balance | Unpaid/Un-carry-over reason              |
|-------|----------------|--|
| No. 1 | 50,215,590.07  | It has not reached the settlement period |
| No. 2 | 11,091,750.64  | It has not reached the settlement period |
| Total | 61,307,340.71  |  |



### 37. Other Payables

Unit: RMB

| Item              | Ending balance | Beginning balance |
|-------------------|----------------|-------------------|
| Dividends payable |                | 15,646.07         |
| Other payables    | 362,491,923.01 | 440,214,434.98    |
| Total             | 362,491,923.01 | 440,230,081.05    |

#### (1) Interest Payable

None.

#### (2) Dividends Payable

Unit: RMB

| Item                     | Ending balance | Beginning balance |
|--------------------------|----------------|-------------------|
| Ordinary stock dividends |                | 15,646.07         |
| Total                    |                | 15,646.07         |

#### (3) Other Payables

##### 1) Other Payables Listed by Nature of Account

Unit: RMB

| Item                        | Ending balance | Beginning balance |
|-----------------------------|----------------|-------------------|
| Account current             | 122,073,392.43 | 133,618,069.56    |
| Relevant expense of sales   | 88,852,388.08  | 29,232,738.55     |
| Performance bond            | 76,508,284.65  | 67,039,416.12     |
| Payments for demolition     | 36,592,784.44  | 36,734,144.44     |
| Payment for equity transfer | 5,000,000.00   | 134,409,650.00    |
| Other                       | 33,465,073.41  | 39,180,416.31     |
| Total                       | 362,491,923.01 | 440,214,434.98    |

##### 2) Significant Other Accounts Payable Aging over One Year or Overdue

Unit: RMB

| Item   | Ending balance | Unpaid/Un-carry-over reason              |
|--------|----------------|--|
| Unit A | 103,639,661.12 | It has not reached the settlement period |
| Total  | 103,639,661.12 |  |

### 38. Advances from Customer

#### (1) List of Advances from Customers

Unit: RMB

| Item                    | Ending balance | Beginning balance |
|-------------------------|----------------|-------------------|
| Advances from customers | 466,872.69     | 2,532,442.44      |
| Total                   | 466,872.69     | 2,532,442.44      |

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

Naught.

**39. Contract Liabilities**

Unit: RMB

| Item              | Ending balance | Beginning balance |
|-------------------|----------------|-------------------|
| Advances on sales | 235,335,693.28 | 125,143,161.61    |
| Total             | 235,335,693.28 | 125,143,161.61    |

**40. Employee Benefits Payable**

**(1) List of Employee Benefits Payable**

Unit: RMB

| Item   | Beginning balance | Increase         | Decrease         | Ending balance |
|--|-------------------|------------------|------------------|----------------|
| I. Short-term salary                                   | 168,935,119.49    | 1,310,666,848.80 | 1,287,023,442.59 | 192,578,525.70 |
| II. Post-employment benefit-defined contribution plans | 3,890,071.51      | 115,393,947.25   | 118,031,731.80   | 1,252,286.96   |
| III. Termination benefits                              | 208,961.18        | 696,565.24       | 905,526.42       |                |
| Total  | 173,034,152.18    | 1,426,757,361.29 | 1,405,960,700.81 | 193,830,812.66 |

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

Unit: RMB

| Item  | Beginning balance | Increase         | Decrease         | Ending balance |
|---|-------------------|------------------|------------------|----------------|
| 1. Salary, bonus, allowance, subsidy                | 164,655,970.83    | 1,147,620,557.78 | 1,123,073,150.44 | 189,203,378.17 |
| 2. Employee welfare                                 | 666,925.03        | 62,255,523.25    | 62,882,705.18    | 39,743.10      |
| 3. Social insurance                                 | 1,367,698.57      | 51,961,382.31    | 52,815,165.43    | 513,915.45     |
| Of which: Medical insurance premiums                | 1,200,640.78      | 48,758,883.93    | 49,526,594.40    | 432,930.31     |
| Work-related injury insurance                       | 167,057.79        | 3,202,498.38     | 3,288,571.03     | 80,985.14      |
| 4. Housing fund                                     | 458,956.38        | 37,734,019.99    | 37,694,656.87    | 498,319.50     |
| 5. Labor union budget and employee education budget | 1,785,568.68      | 11,095,365.47    | 10,557,764.67    | 2,323,169.48   |
| Total   | 168,935,119.49    | 1,310,666,848.80 | 1,287,023,442.59 | 192,578,525.70 |

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

Unit: RMB

| Item                      | Beginning balance | Increase       | Decrease       | Ending balance |
|---------------------------|-------------------|----------------|----------------|----------------|
| 1. Basic pension benefits | 3,658,022.92      | 105,663,970.62 | 108,380,886.15 | 941,107.39     |
| 2. Unemployment insurance | 131,643.99        | 3,411,637.44   | 3,513,509.75   | 29,771.68      |
| 3. Annuity                | 100,404.60        | 6,318,339.19   | 6,137,335.90   | 281,407.89     |
| Total                     | 3,890,071.51      | 115,393,947.25 | 118,031,731.80 | 1,252,286.96   |

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.

#### 41. Taxes Payable

Unit: RMB

| Item                                   | Ending balance | Beginning balance |
|--|----------------|-------------------|
| VAT                                    | 15,318,825.56  | 35,832,025.02     |
| Corporate income tax                   | 17,336,516.13  | 9,503,893.79      |
| Personal income tax                    | 3,796,001.53   | 2,569,142.68      |
| Urban maintenance and construction tax | 1,905,489.83   | 2,934,691.53      |
| Property tax                           | 1,260,207.36   | 8,147,187.30      |
| Education surcharge                    | 1,423,582.17   | 2,015,767.71      |
| Land use tax                           | 247,268.25     | 1,817,585.50      |
| Other                                  | 1,652,266.47   | 1,475,258.57      |
| Total                                  | 42,940,157.30  | 64,295,552.10     |

#### 42. Liabilities Held for sale

None.

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

Unit: RMB

| Item                                    | Ending balance | Beginning balance |
|---|----------------|-------------------|
| Current portion of long-term borrowings | 339,846,622.13 | 60,322,923.28     |
| Current portion of lease liabilities    | 4,067,592.32   | 5,217,587.39      |
| Total                                   | 343,914,214.45 | 65,540,510.67     |

#### 44. Other Current Liabilities

Unit: RMB

| Item                                      | Ending balance | Beginning balance |
|---|----------------|-------------------|
| Pending changerover output VAT and others | 23,162,317.81  | 8,370,764.15      |

|  |               |                |
|--|---------------|----------------|
| Reversed notes that are endorsed and undue | 71,846,109.20 | 91,821,916.85  |
| Total                                      | 95,008,427.01 | 100,192,681.00 |

## 45. Long-term Borrowings

### (1) Category of Long-term Borrowings

Unit: RMB

| Item  | Ending balance | Beginning balance |
|---|----------------|-------------------|
| Mortgage loans                                | 27,754,169.97  |                   |
| Credit borrowings                             | 565,185,873.45 | 808,253,946.99    |
| Less: Current portion of long-term borrowings | 339,846,622.13 | 60,322,923.28     |
| Total   | 253,093,421.29 | 747,931,023.71    |

## 46. Bonds Payable

None.

## 47. Lease Liabilities

Unit: RMB

| Item                                       | Ending balance | Beginning balance |
|--|----------------|-------------------|
| Lease liabilities                          | 8,378,560.24   | 12,273,129.57     |
| Less: current portion of lease liabilities | 4,067,592.32   | 5,217,587.39      |
| Total                                      | 4,310,967.92   | 7,055,542.18      |

Other notes:

Analysis of the maturity of lease liabilities

| Item      | Ending balance | Beginning balance |
|-----------|----------------|-------------------|
| 1-2 years | 1,637,899.09   | 2,743,459.17      |
| 2-5 years | 2,673,068.83   | 4,312,083.01      |
| Total     | 4,310,967.92   | 7,055,542.18      |

## 48. Long-term Payables

None.

## 49. Long-term Employee Benefits Payable

None.

## 50. Provisions

Unit: RMB

| Item                      | Ending balance | Beginning balance | Reason for formation                             |
|---------------------------|----------------|-------------------|--|
| Product quality assurance | 14,277,087.30  | 9,587,043.31      | Withdrawal of product quality assurance expenses |
| Total                     | 14,277,087.30  | 9,587,043.31      |  |

## 51. Deferred Income

Unit: RMB

| Item              | Beginning balance | Increase for the current period | Decrease for the current period | Ending balance | Reason for formation   |
|-------------------|-------------------|---------------------------------|---------------------------------|----------------|------------------------|
| Government grants | 97,078,233.43     | 12,655,368.65                   | 34,548,140.81                   | 75,185,461.27  | Government allocations |
| Total             | 97,078,233.43     | 12,655,368.65                   | 34,548,140.81                   | 75,185,461.27  | --                     |

Other notes:

| 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 |
|---|----------------------|-------------------------|---|---|--|---------------|----------------------|-------------------------------------|
| <b>Government grants related to assets</b>  | <b>87,291,648.80</b> | <b>6,085,400.00</b>     |   | <b>29,426,184.02</b>                                      |  |               | <b>63,950,864.78</b> |                                     |
| The Projects of the Production Expansion and Technological Transformation of Components of Small-spacing and Outdoor LED Displays | 18,133,049.12        |                         |   | 4,064,551.68  |  |               | 14,068,497.44        | Related to assets                   |
| The Subsidy for Metal-organic Chemical Vapor Deposition (MOCVD)   | 22,090,261.99        |                         |   | 15,005,565.15   |  |               | 7,084,696.84         | Related to assets                   |
| The Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging                           | 9,422,687.81         |                         |   | 1,799,394.64  |  |               | 7,623,293.17         | Related to assets                   |

|  |              |              |  |              |  |  |              |                   |
|--|--------------|--------------|--|--------------|--|--|--------------|-------------------|
| Equipment of LEDs with High Color Rendering Index for Illumination   |              |              |  |              |  |  |              |                   |
| Government Subsidy for Annual Fixed Asset Investment in Advanced Manufacturing and Oil & Gas Extraction Projects   |              | 4,137,000.00 |  |              |  |  | 4,137,000.00 | Related to assets |
| The Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with Small Spacing for Display | 5,278,832.46 | 587,645.00   |  | 1,033,523.36 |  |  | 4,832,954.10 | Related to assets |
| The Project of Resource Conservation and Environmental Protection  | 4,249,848.44 |              |  | 1,809,367.44 |  |  | 2,440,481.00 | Related to assets |
| The First Batch of 2022 Special Funds for Industrial Technological Transformation by the Finance Bureau of Liang Jiang New Area                          | 2,304,000.01 |              |  | 256,000.02   |  |  | 2,047,999.99 | Related to assets |
| The Second Batch of Support Funds for the "Technological Transformation of Thousands of Enterprises" in the Guangxi Zhuang Autonomous Region for 2021    | 1,766,666.62 |              |  | 200,000.04   |  |  | 1,566,666.58 | Related to assets |
| The 2019 Second Batch of Special   | 1,800,000.00 |              |  | 300,000.00   |  |  | 1,500,000.00 | Related to assets |

|  |              |            |  |            |  |  |              |                   |
|--|--------------|------------|--|------------|--|--|--------------|-------------------|
| Funds of RMB3 Million for the Industrial and Information Development of the City   |              |            |  |            |  |  |              |                   |
| The First Batch of Special Funds for the Industrial and Information Development for the Guangxi Zhuang Autonomous Region for 2017 (Technological Transformation) for Liuzhou Guige | 1,766,666.89 |            |  | 399,999.96 |  |  | 1,366,666.93 | Related to assets |
| The Project of the First Batch of Support Funds for Enterprises in Liuzhou City for 2017 for Liuzhou Guige   | 1,500,000.00 |            |  | 300,000.00 |  |  | 1,200,000.00 | Related to assets |
| Research and Development and Industrialization Project of Potassium Nitride-based Rf Devices in the Field of Next Generation Mobile Communication                                  | 970,982.10   |            |  | 113,597.52 |  |  | 857,384.58   | Related to assets |
| The 2019 14th Batch of Industrial Support Funds of RMB1.5 Million  | 900,000.00   |            |  | 150,000.00 |  |  | 750,000.00   | Related to assets |
| Intelligent Technology Reform Project of LED Packaging Workshop in Geely Industrial Park (Phase I)   |              | 620,755.00 |  |            |  |  | 620,755.00   | Related to assets |
| LED Technology for Efficient Cultivation   |              | 740,000.00 |  | 132,827.40 |  |  | 607,172.60   | Related to assets |

|   |            |  |  |            |  |  |            |                   |
|---|------------|--|--|------------|--|--|------------|-------------------|
| in Modern Agriculture and Its Demonstrative Application   |            |  |  |            |  |  |            |                   |
| The Innovation Fund for Enterprises in Liudong New Area for 2017 for Liuzhou Guige  | 750,000.00 |  |  | 150,000.00 |  |  | 600,000.00 | Related to assets |
| The First Batch of 2022 Special Funds for Micro, Small, and Medium Enterprises  | 630,000.00 |  |  | 69,999.99  |  |  | 560,000.01 | Related to assets |
| The Project of the Third Batch of Special Funds of Innovation-driven Development for the Guangxi Zhuang Autonomous Region for 2018 for Liuzhou Guige    | 616,000.00 |  |  | 96,000.00  |  |  | 520,000.00 | Related to assets |
| The Project of Support Funds for Enterprises in Liuzhou City for 2020 for Liuzhou Guige   | 716,666.61 |  |  | 200,000.04 |  |  | 516,666.57 | Related to assets |
| The Key Labs of Semiconductor Micro Display Enterprises in Guangdong Province (for 2020)  | 510,000.00 |  |  | 75,437.40  |  |  | 434,562.60 | Related to assets |
| The Project of Financial Support for Developing Liuzhou City into an Industrial Internet of Things (IIOT) Demonstration City for 2021 for Liuzhou Guige | 579,333.28 |  |  | 158,000.04 |  |  | 421,333.24 | Related to assets |
| The Demonstration of Industrial Internet of Things (IIOT) Applications for LED Production Control   | 515,334.44 |  |  | 134,665.56 |  |  | 380,668.88 | Related to assets |



|   |                     |                     |  |                     |  |  |                      |                   |
|---|---------------------|---------------------|--|---------------------|--|--|----------------------|-------------------|
| The Project of Key Technologies and Industrialization of Silica-based Gallium Nitride Power Components  | 441,240.00          |                     |  | 60,990.00           |  |  | 380,250.00           | Related to assets |
| The Project of Research and Development and Industrialization of NB-IoT-based Multi-Mode Low-Power Wide-Area Internet of Things Node Chips and Packaging Technology | 399,557.60          |                     |  | 37,831.80           |  |  | 361,725.80           | Related to assets |
| Others  | 11,950,521.43       |                     |  | 2,878,431.98        |  |  | 9,072,089.45         | Related to assets |
| <b>Government grants related to income</b>  | <b>9,786,584.63</b> | <b>6,569,968.65</b> |  | <b>5,121,956.79</b> |  |  | <b>11,234,596.49</b> |                   |
| The Research on the Key Technology of 4K/8K Full-colour Micro-LED Displays with Ultra-High Definition (UHD)   | 3,407,456.55        | 3,900,000.00        |  | 2,344,940.27        |  |  | 4,962,516.28         | Related to income |
| The Research on Full-colour and Integrated Packaging of Micro-LED Display with High Brightness and Contrast   | 2,234,709.86        | 529,968.65          |  | 994,276.21          |  |  | 1,770,402.30         | Related to income |
| Research Project on Key Technologies of the Third Generation of High Efficiency and Frequency Semiconductor Electronic Power Module                                 | 1,771,946.26        |                     |  | 66,471.72           |  |  | 1,705,474.54         | Related to income |
| 2023 Automotive Lamp Production Digitalization Workshop   |                     | 850,000.00          |  | 85,000.00           |  |  | 765,000.00           | Related to income |

|  |                      |                      |  |                      |  |  |                      |                   |
|--|----------------------|----------------------|--|----------------------|--|--|----------------------|-------------------|
| Technology Improvement Project   |                      |                      |  |                      |  |  |                      |                   |
| The Fund for the Intelligent Transformation and Upgrading Projects of Automobile Enterprises for 2021  | 555,333.26           |                      |  | 68,000.04            |  |  | 487,333.22           | Related to income |
| The Fund for the Project of the Management Committee of the Liuzhou High-tech Industrial Development Zone                                    | 512,000.08           |                      |  | 63,999.96            |  |  | 448,000.12           | Related to income |
| Epitaxial Growth and Chip Fabrication Techniques for High-Performance Deep Ultraviolet LED   |                      | 400,000.00           |  |                      |  |  | 400,000.00           | Related to income |
| The Guangdong-Hong Kong-Macao Joint Lab of Intelligent Micro-nano Photoelectric Technology   | 351,622.41           |                      |  | 1,622.41             |  |  | 350,000.00           | Related to income |
| The Special Fund of the Science and Technology Department of the Guangxi Zhuang Autonomous Region for Innovation-driven Development for 2020 | 400,000.00           |                      |  | 60,000.00            |  |  | 340,000.00           | Related to income |
| Others   | 553,516.21           | 890,000.00           |  | 1,437,646.18         |  |  | 5,870.03             | Related to income |
| <b>Total</b>   | <b>97,078,233.43</b> | <b>12,655,368.65</b> |  | <b>34,548,140.81</b> |  |  | <b>75,185,461.27</b> |                   |

## 52. Other Non-current Liabilities

Unit: RMB

| Item  | Ending balance | Beginning balance |
|---|----------------|-------------------|
| Pending changerover output VAT                          | 205,769.48     | 307,696.87        |
| Liabilities of subsidiaries to be cleared and cancelled |                | 1,083.74          |

|       |            |            |
|-------|------------|------------|
| Total | 205,769.48 | 308,780.61 |
|-------|------------|------------|

### 53. Share Capital

Unit: RMB

|                   | Beginning balance | Increase/decrease (+/-) |              |                         |       |                | Ending balance   |
|-------------------|-------------------|-------------------------|--------------|-------------------------|-------|----------------|------------------|
|                   |                   | New shares issued       | Bonus shares | Bonus issue from profit | Other | Subtotal       |                  |
| The sum of shares | 1,361,994,647.00  | 186,783,583.00          |              |                         |       | 186,783,583.00 | 1,548,778,230.00 |

Other notes:

| Category/investor   | Beginning balance |            | Increased      | decreased | Ending balance   |            |
|---------------------|-------------------|------------|----------------|-----------|------------------|------------|
|                     | Amount invested   | Percentage |                |           | Amount invested  | Percentage |
| Restricted shares   | 10,753,658.00     | 0.79%      | 186,783,583.00 |           | 197,537,241.00   | 12.75%     |
| Unrestricted shares | 1,351,240,989.00  | 99.21%     |                |           | 1,351,240,989.00 | 87.25%     |
| Total               | 1,361,994,647.00  | 100.00%    | 186,783,583.00 |           | 1,548,778,230.00 | 100.00%    |

The increase in share capital was for the issuance of new shares. On 14 March 2023, the Company held the 39th Meeting of the Ninth Session of the Board of Directors and considered and passed the *Proposal on the Company's Compliance with the Conditions for the Issuance of A Shares to Specific Objects*, and the Board of Directors agreed that the Company should apply for the issuance of shares to specific objects to the Shenzhen Stock Exchange ("SZSE"). According to the resolutions passed at the 39th Meeting of the Ninth Board of Directors and the First Extraordinary General Meeting of 2023, the Company applied for the issuance of ordinary shares (A shares) not exceeding 30% of the total share capital, i.e., not exceeding 408,598,394 shares to specific investors, and 186,783,583 shares were actually issued, with a nominal value of RMB1 per share, at an issuance price of RMB5.86 per share. The total amount raised was RMB1,094,551,796.38, the base date of the share issue was 9 November 2023, and the registered capital after the change was RMB1,548,778,230.00. As of 31 December 2023, the Company has raised net proceeds of RMB1,088,415,488.82, of which RMB186,783,583.00 was increased by the issuance of new shares and RMB901,631,905.82 was transferred to capital surplus.

### 54. Other Equity Instruments

None.

### 55. Capital Reserves

Unit: RMB

| Item                               | Beginning balance | Increase       | Decrease | Ending balance |
|------------------------------------|-------------------|----------------|----------|----------------|
| Capital premium (premium on stock) |                   | 907,090,354.12 |          | 907,090,354.12 |
| Other capital reserves             | 7,245,971.54      |                |          | 7,245,971.54   |
| Total                              | 7,245,971.54      | 907,090,354.12 |          | 914,336,325.66 |

Other notes, including changes and reason of change:

The increase during the period was RMB901,631,905.82 for the increase in capital surplus from the issuance of new shares; and RMB5,458,448.30 of capital surplus was increased due to the increase in holding proportion of Zhida Company.

## 56. Treasury Shares

Unit: RMB

| Item                      | Beginning balance | Increase | Decrease | Ending balance |
|---------------------------|-------------------|----------|----------|----------------|
| Treasury shares (A-share) | 82,165,144.15     |          |          | 82,165,144.15  |
| Total                     | 82,165,144.15     |          |          | 82,165,144.15  |

## 57. Other Comprehensive Income

Unit: RMB

| Item  | Beginning balance | Reporting Period                             |  |   |                          |   |   | Ending balance |
|---|-------------------|--|--|---|--------------------------|---|---|----------------|
|   |                   | Income before taxation in the Current Period | Less: Recorded in other comprehensive income in prior period and transferred to profit or loss in the Current Period | Less: Recorded in other comprehensive income in prior period and transferred to retained earnings in the Current Period | Less: Income tax expense | Attributable to owners of the Company as the parent after tax | Attributable to non-controlling interests after tax |                |
| I. Other comprehensive income that may not subsequently be reclassified to profit or loss | 498,660,484.47    | -163,447,307.93                              |  |   | -24,517,096.20           | -138,930,211.73   |   | 359,730,272.74 |
| Changes in fair value of other equity instrument investment                               | 498,660,484.47    | -163,447,307.93                              |  |   | -24,517,096.20           | -138,930,211.73   |   | 359,730,272.74 |
| II. Other comprehensive   | -519,465.77       | 1,496,981.62                                 |  |   |                          | 816,220.62  | 680,761.00  | 296,754.85     |

|   |                |                  |  |  |                 |                  |            |                |
|---|----------------|------------------|--|--|-----------------|------------------|------------|----------------|
| income that may subsequently be reclassified to profit or loss                            |                |                  |  |  |                 |                  |            |                |
| Differences arising from translation of foreign currency-denominated financial statements | - 519,465.77   | 1,496,981.62     |  |  |                 | 816,220.62       | 680,761.00 | 296,754.85     |
| Total of other comprehensive income   | 498,141,018.70 | - 161,950,326.31 |  |  | - 24,517,096.20 | - 138,113,991.11 | 680,761.00 | 360,027,027.59 |

## 58. Specific Reserve

Unit: RMB

| Item                    | Beginning balance | Increase for the current period | Decrease for the current period | Ending balance |
|-------------------------|-------------------|---------------------------------|---------------------------------|----------------|
| Safety production costs |                   | 17,469,664.05                   | 16,256,338.13                   | 1,213,325.92   |
| Total                   |                   | 17,469,664.05                   | 16,256,338.13                   | 1,213,325.92   |

Other notes, including a description of the increase or decrease for the current period and the reasons for the change:

The increase in the current year represents the safety production expenses accrued in accordance with the proportion stipulated in the Notice on Issuing the *Management Measures for the Provision and Use of Enterprise Production Safety Costs* (C.Z. [2022] No. 136), and the decrease in the current year represents the actual safety production expenses incurred.

## 59. Surplus Reserves

Unit: RMB

| Item                           | Beginning balance | Increase      | Decrease | Ending balance |
|--------------------------------|-------------------|---------------|----------|----------------|
| Statutory surplus reserves     | 49,678,756.19     | 16,585,651.91 |          | 66,264,408.10  |
| Discretionary surplus reserves | 41,680,270.96     |               |          | 41,680,270.96  |
| Total                          | 91,359,027.15     | 16,585,651.91 |          | 107,944,679.06 |

Notes including changes and reasons thereof:

The increase for the Reporting Period refers to the accrued surplus reserves of RMB16,585,651.91.

## 60. Retained Earnings

Unit: RMB

| Item   | Reporting Period | Same period of last year |
|--|------------------|--------------------------|
| Beginning balance of retained earnings before adjustments  | 3,296,490,575.52 | 3,111,864,076.86         |
| Beginning balance of total retained earnings of adjustments (“+” for increase, “-“ for decrease) | -54,747.02       | 18,918.22                |
| Beginning balance of retained earnings after adjustments   | 3,296,435,828.50 | 3,111,882,995.08         |
| Add: Net profit attributable to owners of the Company as the parent                              | 290,357,652.22   | 230,320,570.67           |
| Less: Withdrawal of statutory surplus reserves   | 16,585,651.91    | 11,785,496.74            |
| Dividend of ordinary shares payable  | 134,899,464.70   | 134,899,464.70           |
| Add: Others (note)   |                  | 100,917,224.19           |
| Ending retained earnings   | 3,435,308,364.11 | 3,296,435,828.50         |

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) RMB54,747.02 beginning retained earnings and RMB18,918.22 of retained earnings at the beginning of last year were affected by changes in accounting policies.
- (3) RMB0.00 beginning retained earnings was affected by correction of significant accounting errors.
- (4) RMB0.00 beginning retained earnings was affected by changes in combination scope arising from same control.
- (5) RMB0.00 beginning retained earnings was affected totally by other adjustments.

Note: The accumulated change in fair value previously recorded into other comprehensive income was transferred to retained earnings when selling stocks.

## 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  | 8,783,592,484.22  | 7,149,008,993.34 | 8,494,775,305.34         | 7,040,206,010.36 |
| Other operations | 273,699,519.68    | 205,805,258.67   | 265,189,970.62           | 183,765,491.17   |
| Total            | 9,057,292,003.90  | 7,354,814,252.01 | 8,759,965,275.96         | 7,223,971,501.53 |

Whether the lower of the net profit before and after deduction of non-recurring gains and losses through audit is negative

Yes  No

Breakdown information of operating income and operating cost:

Unit: RMB

| Category of contracts | Total             |                |
|-----------------------|-------------------|----------------|
|                       | Operating Revenue | Operating cost |

| Category of contracts                | Total             |                  |
|--------------------------------------|-------------------|------------------|
|                                      | Operating Revenue | Operating cost   |
| Business Type                        | 9,057,292,003.90  | 7,354,814,252.01 |
| Of which:                            |                   |                  |
| General lighting products            | 3,329,722,911.78  | 2,496,127,614.48 |
| LED packaging and component products | 2,497,194,527.32  | 2,043,780,170.44 |
| Vehicle lamp products                | 1,830,397,791.01  | 1,498,785,095.87 |
| Trade and other products             | 1,399,976,773.79  | 1,316,121,371.22 |
| Classification by operating region   | 9,057,292,003.90  | 7,354,814,252.01 |
| Of which:                            |                   |                  |
| Domestic                             | 7,028,294,952.48  | 5,590,598,879.20 |
| Overseas                             | 2,028,997,051.42  | 1,764,215,372.81 |
| Total                                | 9,057,292,003.90  | 7,354,814,252.01 |

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 RMB419,729,549.08 at the period-end.

## 62. Taxes and Surtaxes

Unit: RMB

| Item                                   | Reporting Period | Same period of last year |
|--|------------------|--------------------------|
| Property tax                           | 22,491,644.46    | 21,704,695.10            |
| Urban maintenance and construction tax | 20,485,713.05    | 16,433,160.03            |
| Education surcharge                    | 10,734,704.27    | 8,648,196.05             |
| Stamp duty                             | 7,026,462.85     | 7,098,838.10             |
| Land use tax                           | 6,043,496.59     | 6,829,390.37             |
| Local education surcharge              | 3,973,983.11     | 2,959,947.15             |
| VAT of land                            | 1,237,746.77     | -2,047,738.45            |
| Environmental protection tax           | 66,202.00        | 129,730.62               |
| Vehicle and vessel use tax             | 44,856.33        | 45,539.98                |
| Others                                 | 163,610.44       | 225,457.17               |
| Total                                  | 72,268,419.87    | 62,027,216.12            |

## 63. Administrative Expense

Unit: RMB

| Item                               | Reporting Period | Same period of last year |
|------------------------------------|------------------|--------------------------|
| Employee benefits                  | 269,186,658.26   | 253,446,528.98           |
| Depreciation charge                | 57,457,595.30    | 48,169,909.92            |
| Office expenses                    | 26,186,734.81    | 23,802,294.29            |
| Engineering decoration cost        | 10,100,054.08    | 6,308,994.29             |
| Amortization of intangible assets  | 8,230,781.28     | 7,406,254.55             |
| Utilities                          | 8,078,631.82     | 8,318,833.90             |
| Intermediary agency fee            | 8,161,257.09     | 10,681,650.48            |
| Labor cost                         | 3,353,120.74     | 3,790,883.26             |
| Security fund for the disabled     | 2,712,902.14     | 2,773,339.56             |
| Rent of land and management charge | 1,505,144.05     | 1,636,038.99             |
| Others                             | 35,571,492.39    | 41,784,681.00            |

|       |                |                |
|-------|----------------|----------------|
| Total | 430,544,371.96 | 408,119,409.22 |
|-------|----------------|----------------|

#### 64. Selling Expense

Unit: RMB

| Item  | Reporting Period | Same period of last year |
|---|------------------|--------------------------|
| Employee benefits                               | 135,070,057.05   | 124,898,336.26           |
| Business propagandize fees and advertizing fees | 88,766,075.69    | 54,868,902.89            |
| Office expenses                                 | 18,179,213.99    | 10,546,333.93            |
| Sales promotion fees                            | 16,271,950.39    | 12,365,392.75            |
| After-sales expenses                            | 15,883,524.45    | 15,001,278.36            |
| Business travel charges                         | 15,200,339.00    | 8,486,981.36             |
| Commercial insurance premium                    | 6,996,600.98     | 5,802,490.36             |
| Other   | 34,671,843.00    | 24,850,877.91            |
| Total   | 331,039,604.55   | 256,820,593.82           |

#### 65. Development Costs

Unit: RMB

| Item   | Reporting Period | Same period of last year |
|--|------------------|--------------------------|
| Personnel labour costs                               | 231,096,377.82   | 196,235,469.02           |
| Direct input costs                                   | 166,919,907.20   | 172,041,432.37           |
| Depreciation and long-term prepaid expense           | 41,981,744.02    | 50,587,532.09            |
| Commissioned external research and development costs | 9,684,695.96     | 47,325.67                |
| Design fee   | 971,319.82       |                          |
| Amortization expense of intangible assets            | 254,711.01       | 378,155.95               |
| Others   | 32,670,337.98    | 21,498,018.96            |
| Total  | 483,579,093.81   | 440,787,934.06           |

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                 | 24,128,844.17    | 22,311,206.70            |
| Less: Interest income            | 47,710,201.22    | 29,169,641.75            |
| Foreign exchange gains or losses | -11,208,631.12   | -26,718,075.66           |
| Handling charge and others       | 2,291,238.65     | 2,098,422.28             |
| Total                            | -32,498,749.52   | -31,478,088.43           |



## 67. Other Income

Unit: RMB

| Sources  | Reporting Period | Same period of last year |
|--|------------------|--------------------------|
| The Deductible Input Tax for Advanced Manufacturing Enterprises  | 34,934,153.62    |                          |
| The Subsidy for Metal-organic Chemical Vapor Deposition (MOCVD)  | 15,005,565.15    | 19,999,999.20            |
| The Projects of the Production Expansion and Technological Transformation of Components of Small-spacing and Outdoor LED Displays  | 5,113,075.04     | 4,064,551.68             |
| The Tax Incentives for the Poor  | 4,766,450.00     | 369,850.00               |
| The Research on the Key Technology of 4K/8K Full-colour Micro-LED Displays with Ultra-High Definition (UHD)  | 2,344,940.27     | 492,543.45               |
| Incentive Subsidy for Digital and Intelligent Demonstration Workshop of Foshan City in 2022  | 2,000,000.00     |                          |
| The Special Fund for Promoting High-quality Economic Development   | 2,578,895.87     | 2,865,247.03             |
| The Project of Resource Conservation and Environmental Protection  | 1,809,367.44     | 1,809,367.44             |
| The Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with High Color Rendering Index for Illumination | 1,799,394.64     | 1,990,360.99             |
| Support Fund for the Digital Intelligent Transformation of the Manufacturing Industry  | 1,524,300.00     |                          |
| The subsidy for stabilizing employment   | 1,059,015.09     | 1,440,668.72             |
| Enjoying the National Tax Preferential Policies Related to Supporting the Promotion of Entrepreneurship and Employment of Key Groups                                       | 1,055,600.00     |                          |
| The 24th China Patent Award  | 1,000,000.00     |                          |
| The Research on Full-colour and Integrated Packaging of Micro-LED Display with High Brightness and Contrast  | 994,276.21       |                          |
| Return of handling charges for withholding and remittance  | 856,016.80       | 1,146,553.80             |
| Industrial Logistics Subsidy Award Funds for the Second Quarter of 2022  | 808,200.00       |                          |
| Employment subsidy   | 737,945.88       | 153,100.00               |
| Enterprise R&D Reward and Subsidy  | 696,100.00       |                          |
| The Light-converting Films and Components of Highly Efficient White-light LEDs   | 588,076.92       | 588,076.92               |
| The Project of Support Funds for Enterprises in Liuzhou City   | 556,000.08       | 556,000.08               |
| The 2021 "100 Enterprises Strive for the First Place" bonus  | 500,000.00       |                          |

|  |            |              |
|--|------------|--------------|
| The Visible Light Communication and Positioning System for the Industrial Internet of Things (IIOT)  | 473,516.21 | 426,483.79   |
| Foshan City Vocational Skill Upgrading Action Municipal Scholarship Program Bonus  | 400,000.00 |              |
| Incentive for standard products of Foshan City   | 400,000.00 |              |
| Reward for Foshan Model Advantageous Enterprises   | 400,000.00 |              |
| The First Batch of Special Funds for the Industrial and Information Development for the Guangxi Zhuang Autonomous Region for 2017 (Technological Transformation) for Liuzhou Guige | 399,999.96 | 399,999.96   |
| The Development and Application Demonstration of Deep Ultraviolet LED Modules and Equipment for Public Health and Other Fields   | 344,129.97 |              |
| The Structural Design of Epitaxial Wafers and Chips of Highly Efficient LEDs and the R&D of Key Technology in Industrialization  | 323,330.14 | 328,348.32   |
| The 2019 Second Batch of Special Funds for the Industrial and Information Development of the City  | 300,000.00 | 300,000.00   |
| The Construction Project for the Center for Cultivating and Arranging High-Value Patents of NationStar   | 300,000.00 |              |
| One-time Stay Allowance  |            | 5,257,845.00 |
| The Subsidy for Employees' On-the-job Training   |            | 4,887,500.00 |
| Grants for High-tech Enterprises   |            | 2,870,936.00 |
| 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 |
| Research and Development and Industrialization of Potassium Nitride-based Rf Devices in the Field of Next Generation Mobile Communication  |            | 1,972,219.14 |
| Research and Development and Industrialization of IGBT, the Key Power Electronic Device of Electric Vehicle  |            | 1,864,300.03 |
| Research on Key Technologies of the Third Generation of High Frequency Semiconductor Electronic Power Module in Colleges and Universities  |            | 1,464,522.72 |

|  |               |               |
|--|---------------|---------------|
| 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  |
| The Special Support Fund for the Industrial Internet of Things (IIOT) Development  |               | 1,320,000.00  |
| The Research and Development of Chip-on-Board (COB) Integrated Packaging and Systems of LED Displays with High Density and Small Spacing     |               | 1,112,123.36  |
| The Demonstration of Industrial Internet of Things (IIOT) Applications for LED Production Control  |               | 441,702.63    |
| The Research and Application of Epitaxial Wafers, Chips, and Packaging of Near Ultraviolet Silica-based AlGaIn Vertical LEDs with High Power |               | 369,238.72    |
| Other  | 6,136,297.33  | 17,079,043.70 |
| Total  | 90,204,646.62 | 84,894,793.92 |

## 68. Net Gain on Exposure Hedges

None.

## 69. Gain on Changes in Fair Value

Unit: RMB

| Sources                       | Reporting Period | Same period of last year |
|-------------------------------|------------------|--------------------------|
| Trading financial assets      | 1,129,444.26     | -4,839,428.58            |
| Trading financial liabilities |                  | -4,679,000.00            |
| Total                         | 1,129,444.26     | -9,518,428.58            |

## 70. Investment Income

Unit: RMB

| Item  | Reporting Period | Same period of last year |
|---|------------------|--------------------------|
| Long-term equity investment income accounted by equity method         | 1,833,621.59     | 2,467,060.07             |
| Investment income from disposal of long-term equity investment        | -46,590.76       |                          |
| Investment income from disposal of trading financial assets           | -11,739,672.84   | -9,026,682.82            |
| Dividend income from holding of other equity instrument investment    | 17,173,298.27    | 16,059,353.89            |
| Interest income from holding of other investments in debt obligations | 5,611,238.58     |                          |
| Income received from financial products                               | 1,767,053.51     | 1,134,222.88             |

|                         |                  |                  |
|-------------------------|------------------|------------------|
| and structural deposits |                  |                  |
| Total                   | 14, 598, 948. 35 | 10, 633, 954. 02 |

## 71. Credit Impairment Loss

Unit: RMB

| Item                                 | Reporting Period | Same period of last year |
|--------------------------------------|------------------|--------------------------|
| Bad debt loss on notes receivable    | -757,766.65      | -91,630.03               |
| Bad debt loss on accounts receivable | -49,088,791.49   | -13,492,101.98           |
| Bad debt loss on other receivables   | -2,284,496.07    | -1,839,930.20            |
| Others                               |                  | 18,898.60                |
| Total                                | -52,131,054.21   | -15,404,763.61           |

## 72. Asset Impairment Loss

Unit: RMB

| Item   | Reporting Period | Same period of last year |
|--|------------------|--------------------------|
| I. Loss on inventory valuation and contract performance cost | -75,435,041.50   | -79,344,281.60           |
| IV. Loss on impairment of fixed assets                       | -3,090,860.92    | -3,995,735.51            |
| VI. Loss on impairment of construction in progress           |                  | -208,754.99              |
| XI. Loss on impairment of contract assets                    | -1,214,861.13    | -342,647.99              |
| XII. Others  | -1,527,893.81    | -7,625,958.29            |
| Total  | -81,268,657.36   | -91,517,378.38           |

## 73. Assets Disposal Income

Unit: RMB

| Sources                               | Reporting Period | Same period of last year |
|---------------------------------------|------------------|--------------------------|
| Disposal income of non-current assets | 12,719,324.89    | 968,273.19               |
| Total                                 | 12,719,324.89    | 968,273.19               |

## 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                             | 11, 000. 00      | 976, 090. 45             | 11, 000. 00   |
| Total income from scrap of non-current assets | 443, 941. 78     | 1, 324, 933. 00          | 443, 941. 78  |
| Of which: income from scrap of fixed assets   | 443, 941. 78     | 1, 324, 933. 00          | 443, 941. 78  |
| Income from default money                     | 216, 259. 82     | 5, 810, 061. 05          | 216, 259. 82  |
| Confiscated income                            | 38, 764. 54      | 65, 728. 35              | 38, 764. 54   |

|              |                     |                      |                     |
|--------------|---------------------|----------------------|---------------------|
| Others       | 8,830,700.25        | 10,580,244.78        | 8,830,700.25        |
| <b>Total</b> | <b>9,540,666.39</b> | <b>18,757,057.63</b> | <b>9,540,666.39</b> |

## 75. Non-operating Expense

Unit: RMB

| Item   | Reporting Period    | Same period of last year | Amount recorded in the current non-recurring profit or loss |
|--|---------------------|--------------------------|---|
| Losses on scrap of non-current assets        | 1,877,262.19        | 10,610,248.46            | 1,877,262.19  |
| Of which: losses on disposal of fixed assets | 1,877,262.19        | 10,398,691.57            | 1,877,262.19  |
| Losses on disposal of intangible assets      |                     | 211,556.89               |   |
| Penalty and delaying payment                 | 174,342.12          | 701,242.02               | 174,342.12  |
| Others                                       | 4,487,159.39        | 5,501,043.60             | 3,849,099.86  |
| <b>Total</b>                                 | <b>6,538,763.70</b> | <b>16,812,534.08</b>     | <b>6,538,763.70</b>   |

## 76. Income Tax Expense

### (1) List of Income Tax Expense

Unit: RMB

| Item                        | Reporting Period     | Same period of last year |
|-----------------------------|----------------------|--------------------------|
| Current income tax expense  | 42,271,159.52        | 28,931,905.70            |
| Deferred income tax expense | -21,144,195.04       | 2,079,372.03             |
| <b>Total</b>                | <b>21,126,964.48</b> | <b>31,011,277.73</b>     |

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

Unit: RMB

| Item   | Reporting Period     |
|--|----------------------|
| Profit before taxation   | 405,799,566.46       |
| Current income tax expense accounted at statutory/applicable tax rate  | 60,869,934.97        |
| Influence of applying different tax rates by subsidiaries  | -388,952.92          |
| Influence of income tax before adjustment  | -112,949.18          |
| Influence of non-taxable income  | -3,366,303.13        |
| Influence of non-deductible costs, expenses and losses   | 4,784,997.89         |
| The effect of using deductible losses of deferred income tax assets that have not been recognized in the previous period | -8,266,962.12        |
| Influence of unrecognized deductible temporary differences and deductible losses   | 9,092,645.38         |
| Influence of deduction   | -41,718,828.89       |
| Regarded as sales  | 233,382.48           |
| <b>Income tax expense</b>  | <b>21,126,964.48</b> |

## 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 Related to Operating Activities

Cash Generated from Other Operating Activities

Unit: RMB

| Item   | Reporting Period      | Same period of last year |
|--|-----------------------|--------------------------|
| Margin   | 70,968,759.75         | 35,275,803.41            |
| Deposit interest                                   | 42,458,410.80         | 27,525,377.17            |
| Income from subsidy                                | 31,099,876.60         | 62,131,715.65            |
| Income from waste                                  | 26,066,867.58         | 33,443,489.15            |
| Rental income from property and equipment, utility | 7,000,259.85          | 7,071,449.02             |
| Income from insurance compensation                 | 174,793.99            |                          |
| Others   | 41,452,845.20         | 58,928,366.38            |
| <b>Total</b>                                       | <b>219,221,813.77</b> | <b>224,376,200.78</b>    |

Notes:

None.

Cash Used in Other Operating Activities

Unit: RMB

| Item                                | Reporting Period      | Same period of last year |
|-------------------------------------|-----------------------|--------------------------|
| Administrative expense paid in cash | 128,058,647.93        | 130,797,239.14           |
| Selling expense paid in cash        | 74,111,308.85         | 89,476,822.32            |
| Finance costs paid in cash          | 2,295,193.65          | 1,887,258.78             |
| Returned cash deposit               | 27,751,789.33         | 27,259,278.23            |
| Others                              | 100,146,605.69        | 117,228,372.83           |
| <b>Total</b>                        | <b>332,363,545.45</b> | <b>366,648,971.30</b>    |

Notes:

None.

### (2) Cash Related to Investing Activities

Cash Generated from Other Investing Activities

Unit: RMB

| Item                      | Reporting Period | Same period of last year |
|---------------------------|------------------|--------------------------|
| Forward Settlement Margin | 80,711.83        |                          |
| <b>Total</b>              | <b>80,711.83</b> |                          |

Significant cash received related to investing activities

None.

### Cash Used in Other Investing Activities

Unit: RMB

| Item   | Reporting Period     | Same period of last year |
|--|----------------------|--------------------------|
| Payments related to foreign exchange settlements | 33,612,950.00        |                          |
| <b>Total</b>                                     | <b>33,612,950.00</b> |                          |

Significant cash paid related to investing activities

None.

### (3) Cash Related to Financing Activities

Cash Generated from Other Financing Activities

Unit: RMB

| Item                       | Reporting Period     | Same period of last year |
|----------------------------|----------------------|--------------------------|
| Cash deposit collected     | 15,469,794.51        | 6,916,618.99             |
| Receipt of financing notes |                      | 12,225,701.60            |
| <b>Total</b>               | <b>15,469,794.51</b> | <b>19,142,320.59</b>     |

Notes:

None.

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         |
| Cash paid for acquisition of Fenghua Semiconductor under the same control      | 129,409,650.00        | 134,409,650.00           |
| Cash paid as security deposit for bank acceptance bills                        | 3,648,429.05          |                          |
| Others   | 4,985,695.37          | 3,792,167.09             |
| <b>Total</b>   | <b>138,043,774.42</b> | <b>1,200,170,498.73</b>  |

Notes:

None.

Changes in liabilities arising from financing activities

Applicable  Not applicable

Unit: RMB

| Item                  | Beginning balance | Increase       |                  | Decrease       |                  | Ending balance |
|-----------------------|-------------------|----------------|------------------|----------------|------------------|----------------|
|                       |                   | Cash changes   | Non-cash changes | Cash changes   | Non-cash changes |                |
| Short-term borrowings | 157,715,359.35    | 220,019,877.73 |                  | 102,596,526.02 | 55,118,833.33    | 220,019,877.73 |
| Long-term borrowings  | 747,931,023.71    | 78,110,652.86  | 60,605,200.71    | 293,325,557.75 | 340,227,898.24   | 253,093,421.29 |
| Other payables-       | 134,409,650.00    |                |                  | 129,409,650.00 |                  | 5,000,000.00   |

|  |                  |                |                |                |                |                 |
|--|------------------|----------------|----------------|----------------|----------------|-----------------|
| payment for equity transfer                |                  |                |                |                |                |                 |
| Current portion of non-current liabilities | 65,540,510.67    |                | 343,042,273.24 | 3,189,908.84   | 61,478,660.62  | 3343,914,214.45 |
| Lease liabilities                          | 7,055,542.18     | 181,156.77     | 236,440.87     | 285,605.88     | 2,876,566.02   | 4,310,967.92    |
| <b>Total</b>                               | 1,112,652,085.91 | 298,311,687.36 | 403,883,914.82 | 528,807,248.49 | 459,701,958.21 | 826,338,481.39  |

#### (4) Description of Cash Flows Presented on a Net Basis

None.

#### 5) Significant Activities and Financial Impact that Do Not Involve Current Cash Receipts and Disbursements but Affect the Company's Financial Position or May Affect the Company's Cash Flows in the Future

None.

### 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   | 384,672,601.98   | 350,706,406.02           |
| Add: Provision for impairment of assets  | 133,399,711.57   | 106,922,141.99           |
| Depreciation of fixed assets, oil-gas assets, and productive living assets                         | 523,465,306.34   | 509,693,013.98           |
| Depreciation of right-of-use assets  | 7,408,897.98     | 7,125,482.81             |
| Amortization of intangible assets  | 13,901,913.93    | 12,154,705.29            |
| Amortization of long-term prepaid expenses   | 73,777,294.51    | 79,115,565.08            |
| Loss from disposal of fixed assets, intangible assets and other long-term assets (gains: negative) | -12,719,324.89   | -968,273.19              |
| Losses from scrapping of fixed assets (gains: negative)  | 1,433,320.41     | 9,285,315.46             |
| Losses from changes in fair value (gains: negative)  | -1,129,444.26    | 9,518,428.58             |
| Finance costs (gains: negative)  | 12,920,213.05    | 22,311,206.70            |
| Investment loss (gains: negative)  | -14,598,948.35   | -10,633,954.02           |
| Decrease in deferred income tax assets (increase: negative)  | -16,039,761.54   | -6,084,067.49            |



|   |                      |                      |
|---|----------------------|----------------------|
| Increase in deferred income tax liabilities (“-” for decrease)                                      | -5, 104, 433. 51     | -77, 607, 492. 47    |
| Decrease in inventory (“-” for increase)  | -14, 969, 280. 77    | -62, 666, 433. 29    |
| Decrease in operating receivables (“-” for increase)  | -294, 512, 387. 33   | 434, 804, 727. 86    |
| Increase in operating payables (“-” for decrease)   | 380, 117, 504. 23    | -318, 788, 452. 62   |
| Others  | 2, 366, 795. 63      | 0. 00                |
| Net cash generated from/used in operating activities  | 1, 174, 389, 978. 98 | 1, 064, 888, 320. 69 |
| 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  | 3, 101, 252, 943. 88 | 1, 945, 971, 307. 26 |
| Less: Beginning balance of cash   | 1, 945, 971, 307. 26 | 1, 940, 209, 052. 92 |
| Add: Ending balance of cash equivalents   |                      |                      |
| Less: Beginning balance of cash equivalents   |                      |                      |
| Net increase in cash and cash equivalents   | 1, 155, 281, 636. 62 | 5, 762, 254. 34      |

## (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 previous period | 129,409,650.00 |
| Of which:   |                |
| Guangdong Fenghua Semiconductor Technology Co., Ltd.  | 129,409,650.00 |
| Net cash paid for acquisition of subsidiaries   | 129,409,650.00 |

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

None.

## (4) Cash and Cash Equivalents

Unit: RMB

| Item    | Ending balance   | Beginning balance |
|---------|------------------|-------------------|
| I. Cash | 3,101,252,943.88 | 1,945,971,307.26  |

|  |                  |                  |
|--|------------------|------------------|
| Including: Cash on hand                          | 42,466.76        | 52,093.54        |
| Bank deposit on demand                           | 3,097,947,293.67 | 1,944,303,946.03 |
| Other monetary assets on demand                  | 3,263,183.45     | 1,615,267.69     |
| III. Ending balance of cash and cash equivalents | 3,101,252,943.88 | 1,945,971,307.26 |

**(5) Presentation of Cash and Cash Equivalents that Are Subject to Certain Restrictions on Their Usage**

None.

**(6) Monetary Assets Not Classified as Cash and Cash Equivalents**

Unit: RMB

| Item   | Amount during the current period | Previous period | Reason for not classifying the item as cash and cash equivalents   |
|--|----------------------------------|-----------------|--|
| Note deposits, bond deposits, pre-sale of properties, etc. | 486,328,752.85                   | 534,826,528.99  | Specific purpose   |
| Interest not received                                      | 8,467,957.82                     | 4,191,370.82    | Interest receivable accrued on bank deposits and time deposits not yet matured as at the end of the Reporting Period |
| Total  | 494,796,710.67                   | 539,017,899.81  |  |

**(7) Notes on Other Significant Activities**

None.

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

Notes to the name of “Other” of closing balance at the end of the previous year adjusted and the amount adjusted:

None.

**81. 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 |                                 |               | 257,974,088.33                  |
| Of which: USD   | 32,854,185.50                   | 7.0827        | 232,696,339.64                  |
| EUR             | 189,933.38                      | 7.8592        | 1,492,724.42                    |
| HKD             | 51,807.81                       | 0.90622       | 46,949.27                       |
| IDR             | 51,492,570,507.49               | 0.000461      | 23,738,075.00                   |

|                      |                  |          |                |
|----------------------|------------------|----------|----------------|
| Accounts receivable  |                  |          | 299,916,421.24 |
| Of which: USD        | 41,606,474.09    | 7.0827   | 294,686,174.04 |
| EUR                  | 414,614.09       | 7.8592   | 3,258,535.06   |
| HKD                  | 59,537.39        | 0.90622  | 53,953.97      |
| IDR                  | 4,159,996,035.36 | 0.000461 | 1,917,758.17   |
| Long-term borrowings |                  |          |                |
| Of which: USD        |                  |          |                |
| EUR                  |                  |          |                |
| HKD                  |                  |          |                |
| Other receivables    |                  |          | 125,435.42     |
| Of which: IDR        | 272,094,187.00   | 0.000461 | 125,435.42     |
| Accounts payable     |                  |          | 15,323,777.58  |
| Of which: USD        | 1,508,955.08     | 7.0827   | 10,687,476.15  |
| EUR                  | 274,995.85       | 7.8592   | 2,161,247.38   |
| IDR                  | 5,368,880,796.77 | 0.000461 | 2,475,054.05   |
| Other current assets |                  |          | 360,311.68     |
| Of which: IDR        | 781,587,156.47   | 0.000461 | 360,311.68     |

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

Applicable  Not applicable

## 82. Lease

### (1) The Company Was Lessee:

Applicable Not applicable

Unit: RMB

| Item  | Amount       |
|---|--------------|
| Simplified short-term lease charges recognized in the cost of the related assets or in current profit or loss | 27,485.91    |
| Total cash outflows related to leases   | 4,948,656.16 |

Variable lease payments that are not covered in the measurement of the lease liabilities

Applicable Not applicable

Simplified short-term lease or lease expense for low-value assets

Applicable Not applicable

Involved in sale and leaseback transactions: Naught

### (2) The Company Was Lessor:

Operating leases with the Company as lessor

Applicable Not applicable

Unit: RMB

| Item                      | Rental income | Of which: income related to variable lease payments not included in lease receipts |
|---------------------------|---------------|--|
| Housing rental and others | 11,092,095.90 | 0.00   |
| Total                     | 11,092,095.90 | 0.00   |

Finance leases with the Company as lessor

Applicable Not applicable

Undiscounted lease receipts for each of the next five years

Applicable Not applicable

Reconciliation of undiscounted lease receipts to net investment in leases

None.

### (3) Recognition of Gain or Loss on Sales under Finance Leases with the Company as a Manufacturer or Distributor

Applicable Not applicable

### 83. Others

None.

## VIII. Research and Development Expenditure

Unit: RMB

| Item  | Amount for the current period | Amount for the previous period |
|---|-------------------------------|--------------------------------|
| Personnel labour costs                                  | 231,096,377.82                | 196,235,469.02                 |
| Direct input costs                                      | 166,919,907.20                | 172,041,432.37                 |
| Depreciation and long-term prepaid expense              | 41,981,744.02                 | 50,587,532.09                  |
| Commissioned external research and development costs    | 9,684,695.96                  | 47,325.67                      |
| Design fee  | 971,319.82                    |                                |
| Amortization expense of intangible assets               | 254,711.01                    | 378,155.95                     |
| Others  | 32,670,337.98                 | 21,498,018.96                  |
| Total   | 483,579,093.81                | 440,787,934.06                 |
| Of which: Expensed research and development expenditure | 483,579,093.81                | 440,787,934.06                 |

**Note:** 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.

### 1. R&D Projects Eligible for Capitalization

None.

## **2. Significant Outsourced Research and Development Projects in Progress**

None.

## **IX. Change of Consolidation Scope**

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

#### **(1) Business Combination Not under the Same Control during the Current Period**

None.

#### **(2) Combination Cost and Goodwill**

None.

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

None.

#### **(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**

None.

#### **(6) Other Notes**

None.

### **2. Business Combination under the Same Control**

#### **(1) Business Combination under the Same Control during the Current Period**

None.

#### **(2) Combination Cost**

None.

**(3) The Carrying Value of Assets and Liabilities of the Combined Party on the Combination Date**

None.

**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:

None.

**4. Disposal of Subsidiary**

Whether there were any transactions or events during the period in which control of the subsidiary was lost

Yes  No

Whether there was a step-by-step disposal of investment in a subsidiary through multiple transactions and loss of control during the current period

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:

FSL LIGHTING GMBH (FSL Europe GmbH) completed the write-off procedures with European District Court in September of the current period and is no longer included in the scope of consolidation from the date of write-off.

**6. Other**

None.

**X. Equity in Other Entities**

**1. Equity in Subsidiary**

**(1) Subsidiaries**

Unit: RMB

| Name of subsidiaries                        | Registered capital | Main operating place | Registration place | Nature of business   | Shareholding percentage (%) |            | Way of gaining    |
|---|--------------------|----------------------|--------------------|----------------------|-----------------------------|------------|-------------------|
|   |                    |                      |                    |                      | Directly                    | Indirectly |                   |
| Foshan Fozhao Zhicheng Technology Co., Ltd. | 50,000,000.00      | Foshan               | Foshan             | Production and sales | 100.00%                     |            | Newly established |
| FSL   | 72,782,944.0       | Foshan               | Foshan             | Production           | 100.00%                     |            | Newly             |

|  |                |          |          |                                |         |        |   |
|--|----------------|----------|----------|--------------------------------|---------|--------|---|
| Chanchang Optoelectronics Co., Ltd.                        | 0              |          |          | and sales                      |         |        | established                                 |
| Foshan Taimei Times Lamp Co., Ltd.                         | 500,000.00     | Foshan   | Foshan   | Production and sales           | 70.00%  |        | Newly established                           |
| Foshan Electrical & Lighting (Xinxiang) Co., Ltd.          | 35,418,439.76  | Xinxiang | Xinxiang | Production and sales           | 100.00% |        | Newly established                           |
| Nanjing Fozhao Lighting Components Manufacturing Co., Ltd. | 41,683,200.00  | Nanjing  | Nanjing  | Production and sales           | 100.00% |        | Acquired                                    |
| FSL Zhida Electric Technology Co., Ltd.                    | 38,150,000.00  | Foshan   | Foshan   | Production and sales           | 66.84%  |        | Newly established                           |
| Foshan Haolaite Lighting Co., Ltd.                         | 17,158,000.00  | Foshan   | Foshan   | Production and sales           | 51.00%  | 10.53% | Newly established                           |
| NationStar Optoelectronics (Germany) Co., Ltd.             | 1,436,419.00   | Germany  | Germany  | Trade                          |         | 61.53% | Business combination under the same control |
| Foshan Kelian New Energy Technology Co., Ltd.              | 170,000,000.00 | Foshan   | Foshan   | Property development           | 100.00% |        | Business combination under the same control |
| Fozhao (Hainan) Technology Co., Ltd.                       | 200,000,000.00 | Haikou   | Haikou   | Production and sales           | 100.00% |        | Newly established                           |
| Nanning Liaowang Auto Lamp Co., Ltd.                       | 35,055,700.00  | Nanning  | Nanning  | Manufacturing of vehicle lamps | 53.79%  |        | Acquired                                    |

|  |                |           |           |   |         |        |   |
|--|----------------|-----------|-----------|---|---------|--------|---|
| Liuzhou Guige Lighting Technology Co., Ltd.          | 30,000,000.00  | Liuzhou   | Liuzhou   | Manufacturing of vehicle lamps                  |         | 53.79% | Acquired                                    |
| Liuzhou Guige Foreshine Technology Co., Ltd.         | 20,000,000.00  | Liuzhou   | Liuzhou   | Manufacturing of automotive electronic products |         | 53.79% | Acquired                                    |
| Chongqing Guinuo Lighting Technology Co., Ltd.       | 30,000,000.00  | Chongqing | Chongqing | Manufacturing of vehicle lamps                  |         | 53.79% | Acquired                                    |
| Qingdao Guige Lighting Technology Co., Ltd.          | 30,000,000.00  | Qingdao   | Qingdao   | Manufacturing of vehicle lamps                  |         | 53.79% | Acquired                                    |
| Indonesia Liaowang Auto Lamp Co., Ltd.               | 40,873,066.42  | Indonesia | Indonesia | Manufacturing of vehicle lamps                  |         | 53.79% | Acquired                                    |
| Foshan Sigma Venture Capital Co., Ltd.               | 50,000,000.00  | Foshan    | Foshan    | Business services                               | 100.00% |        | Business combination under the same control |
| Foshan NationStar Optoelectronics Co., Ltd.          | 618,477,169.00 | Foshan    | Foshan    | Electronic manufacturing                        | 21.48%  |        | Business combination under the same control |
| Foshan NationStar Semiconductor Technology Co., Ltd. | 820,000,000.00 | Foshan    | Foshan    | Electronic manufacturing                        | 21.48%  |        | Business combination under the same control |
| Foshan NationStar Electronic Manufacturing Co., Ltd. | 10,000,000.00  | Foshan    | Foshan    | Electronic manufacturing                        | 21.48%  |        | Business combination under the same control |
| Nanyang Baoli Vanadium Industry Co., Ltd.            | 100,000,000.00 | Henan     | Nanyang   | Mining  |         | 12.89% | Business combination under the same control |
| Guangdong  | 5,000,000.00   | Guangzhou | Guangzhou | Trade   |         | 21.48% | Business                                    |



|   |                |           |           |                          |  |        |   |
|---|----------------|-----------|-----------|--------------------------|--|--------|---|
| New Electronic Information Ltd.                         |                |           |           |                          |  |        | combination under the same control          |
| Guangdong Fenghua Semiconductor or Technology Co., Ltd. | 200,000,000.00 | Guangzhou | Guangzhou | Electronic manufacturing |  | 21.45% | Business combination under the same control |

Notes to holding proportion in subsidiary different from voting proportion:

None.

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:

None.

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

None.

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

None.

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 |
|---|--|--|--|--|
| Nanning Liaowang Auto Lamp Co., Ltd.        | 46.21%   | 19,880,259.29  | 1,835,518.55   | 458,041,236.34   |
| Foshan NationStar Optoelectronics Co., Ltd. | 78.52%   | 67,060,845.02  | 29,139,436.44  | 2,971,057,522.70                                       |

Holding proportion of non-controlling interests in subsidiary different from voting proportion:

None.

Other notes:

None.

**(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 |
| Nanning Liaowang Auto Lamp Co., Ltd.        | 1,590,859,943.26 | 896,982,948.71     | 2,487,842,891.97 | 1,512,829,422.99    | 54,928,920.36         | 1,567,758,343.35  | 1,587,631,841.28  | 865,601,810.33     | 2,453,233,651.61 | 1,547,730,991.04    | 30,088,072.52         | 1,577,819,063.56  |
| Foshan NationStar Optoelectronics Co., Ltd. | 3,967,291,374.52 | 2,559,121,730.06   | 6,526,413,104.58 | 2,340,584,273.66    | 382,388,851.56        | 2,722,973,125.22  | 3,793,005,331.67  | 2,786,866,486.73   | 6,579,871,818.40 | 2,079,712,881.27    | 746,614,876.50        | 2,826,327,757.77  |

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 |
| Nanning Liaowang Auto Lamp Co., Ltd.        | 1,585,442,717.59  | 47,194,316.22 | 48,657,064.30              | 24,124,725.63                        | 1,559,021,639.99         | 44,035,995.00  | 43,630,469.76              | 24,278,302.67                        |
| Foshan NationStar Optoelectronics Co., Ltd. | 3,541,637,227.92  | 85,535,534.98 | 85,535,534.98              | 389,640,859.65                       | 3,579,885,727.44         | 121,273,711.19 | 121,801,228.10             | 391,449,155.58                       |

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

None.

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

None.

**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**

During the period, the share of ownership interest in the subsidiary FSL Zhida Electric Technology Co., Ltd. (FSL Zhida) increased from 51% to 66.84%. The reason for the change in the share of ownership interest during the period was that the minority shareholders of the subsidiary did not pay the capital contribution according to the amount of contribution agreed in the investment agreement, and the registered capital of the subsidiary was reduced by agreement with the minority shareholders, while the share held by the minority shareholders in the subsidiary was reduced according to the proportion of the actual capital contribution.

**(2) The Transaction's Influence on the Equity of Non-controlling Interests and the Owner's Equity Attributable to the Company as the Parent**

Unit: RMB

|  | Zhida Company |
|--|---------------|
| Purchase cost/disposal consideration   | 0.00          |
| -Cash  | 0.00          |
| -Fair value of non-cash assets   | 0.00          |
| Total purchase cost/disposal consideration   | 0.00          |
| Less: Share of net assets of subsidiaries based on percentage of equity acquired/disposed of | 5,458,448.30  |
| Difference   | -5,458,448.30 |
| Of which: Adjusting capital reserve  | -5,458,448.30 |
| Adjusting surplus reserve  | 0.00          |
| Adjusting retained profits   | 0.00          |

**3. Equity in Joint Ventures or Associated Enterprises**

**(1) Significant Joint Ventures or Associated Enterprises**

None.

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

None.

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

None.

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

Unit: RMB

|  | Closing balance/amount of the current period | Opening balance/amount of the previous period |
|--|--|---|
| Joint ventures:  |  |   |
| The total of following items according to the shareholding proportions |  |   |
| Associated enterprises:  |  |   |
| Total carrying value of investment                                     | 179,188,555.15                               | 181,931,792.66                                |
| The total of following items according to the shareholding proportions |  |   |
| --Net profit   | 1,833,621.59                                 | 2,467,060.07                                  |
| --Total comprehensive income   | 1,833,621.59                                 | 2,467,060.07                                  |

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

None.

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

None.

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

None.

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

None.

**4. Significant Common Operation**

None.

**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:

None.

**6. Other**

None.

## XI. Government Grants

### 1. Government Grants Recognized at the End of the Reporting Period at the Amount Receivable

Applicable Not applicable

Reasons for failing to receive government grants in the estimated amount at the estimated point in time

Applicable Not applicable

### 2. Liability Items Involving Government Grants

Applicable Not applicable

Unit: RMB

| Item            | Beginning balance | Amount of newly subsidy | Amount recorded into non-operating income in the Reporting Period | Amount transferred to other income in the Reporting Period | Other changes | Ending balance | Related to assets/related to income |
|-----------------|-------------------|-------------------------|---|--|---------------|----------------|-------------------------------------|
| Deferred income | 87,291,648.80     | 6,085,400.00            |   | 29,426,184.02  |               | 63,950,864.78  | Related to assets                   |
| Deferred income | 9,786,584.63      | 6,569,968.65            |   | 5,121,956.79   |               | 11,234,596.49  | Related to income                   |

### 3. Government Grants Recognized as Current Profit or Loss

Applicable Not applicable

Unit: RMB

| Accounting items     | Amount for the current period | Amount for the previous period |
|----------------------|-------------------------------|--------------------------------|
| Other income         | 90,204,646.62                 | 84,894,793.92                  |
| Non-operating income | 11,000.00                     | 976,090.45                     |

## XII. The Risk Related to Financial Instruments

### 1. Various Types of Risks Arising from Financial Instruments

The financial instruments of the Company included: equity investment, notes receivable, accounts receivable, other receivables, accounts payable, notes payable, other payables, short-term borrowings, long-term borrowings 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 2023, 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-81, 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 2023, the Company's fixed interest rate loan balance was RMB746,270,043.42, accounting for 100% of the total loan balance, and the risks in this part were controllable.

### **3. Other price risk**

Naught

## **2. Hedge**

### **(1) The Company Carries out Hedging Business for Risk Management**

Applicable Not applicable

### **(2) The Company Conducts Eligible Hedging Operations and Applies Hedge Accounting**

None.

**(3) The Company Conducts Hedging Operations for Risk Management, Expects to Achieve Its Risk Management Objectives, but Does Not Apply Hedge Accounting**

Applicable Not applicable

**3. Financial Assets**

**(1) Classification of Transfer Methods**

Applicable  Not applicable

Unit: RMB

| Transfer method      | Nature of transferred financial assets | Amount of transferred financial assets | Derecognized or not | Basis for derecognition   |
|----------------------|--|--|---------------------|---|
| Endorsement of notes | Accounts receivable financing          | 382,666,660.54                         | Yes                 | Since the credit risk and deferred payment risk of bank acceptance bills in accounts receivable financing are minimal, and the interest risk related to the notes has been transferred to banks, it can be judged that almost all risks and rewards of ownership of the notes have been transferred |
| Endorsement of notes | Notes receivable                       | 85,677,711.56                          | Yes                 | Almost all risks and rewards of ownership of the notes have been transferred  |
| Discount of notes    | Notes receivable                       | 73,640,191.87                          | Yes                 | Almost all risks and rewards of ownership of the notes have been transferred  |
| Endorsement of notes | Notes receivable                       | 71,846,109.20                          | Not                 | Almost all its risks and rewards have been retained including the risk of default associated with it  |
| Discount of notes    | Notes receivable                       | 66,689,877.73                          | Not                 | Almost all its risks and rewards have been retained including the risk of default associated with it  |
| Total                |  | 680,520,550.90                         |                     |   |

**(2) Financial Assets Derecognized due to Transfer**

Applicable  Not applicable

Unit: RMB

| Item | Method of financial assets | Amount of derecognized | Gains or losses related to |
|------|----------------------------|------------------------|----------------------------|
|------|----------------------------|------------------------|----------------------------|

|                               | transfer             | financial assets | derecognition |
|-------------------------------|----------------------|------------------|---------------|
| Accounts receivable financing | Endorsement of notes | 382,666,660.54   |               |
| Notes receivable              | Endorsement of notes | 85,677,711.56    |               |
| Notes receivable              | Discount of notes    | 73,640,191.87    |               |
| Total                         |                      | 541,984,563.97   |               |

### (3) Continued Involvement in the Transfer of Assets Financial Assets

Applicable  Not applicable

Unit: RMB

| Item                            | Method of assets transfer | Amount of assets resulting from continued involvement | Amount of liabilities resulting from continued involvement |
|---------------------------------|---------------------------|---|--|
| Notes receivable                |                           |   |  |
| Of which: Bank acceptance bills | Endorsement of notes      |   | 71,846,109.20  |
| Bank acceptance bills           | Discount of notes         |   | 66,689,877.73  |
| Total                           |                           |   | 138,535,986.93   |

## XIII. The Disclosure of Fair Value

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

Unit: RMB

| Item   | Closing 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                             | 979,297.78                              | 151,550,477.63                          |   | 152,529,775.41   |
| 1. Financial assets at fair value through profit or loss | 979,297.78                              | 151,550,477.63                          |   | 152,529,775.41   |
| (1) Wealth management products                           |   | 151,550,477.63                          |   | 151,550,477.63   |
| (2) Investments in equity instruments                    | 979,297.78                              |   |   | 979,297.78       |
| (II) Other investments in debt obligations               |   | 454,822,905.25                          |   | 454,822,905.25   |
| (III) Other equity instrument investment                 | 659,184,177.55                          |   | 40,578,568.80                           | 699,762,746.35   |
| (IV) Receivable financing                                |   |   | 443,201,960.02                          | 443,201,960.02   |
| Total assets measured at fair value on a                 | 660,163,475.33                          | 606,373,382.88                          | 483,780,528.82                          | 1,750,317,387.03 |



|   |    |    |    |    |
|---|----|----|----|----|
| recurring basis                         |    |    |    |    |
| 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 and other investments in debt obligations 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

## XIV. 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                      | 12.17%  | 12.17%   |
| Guangdong Rising Holdings Group Co., Ltd.             | Guangzhou          | Investment           | RMB10 billion                   | 8.38%   | 8.38%  |
| Guangdong Electronics Information Industry Group Ltd. | Guangzhou          | Production and sales | RMB1.162 billion                | 7.92%   | 7.92%  |
| Rising Investment Development Limited                 | Hong Kong          | Investment           | RMB360 million and HKD1 million | 1.65%   | 1.65%  |
| Total   |                    |                      |                                 | 30.12%  | 30.12%   |

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. In 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. In February 2022, the Company repurchased and cancelled part of its shares, and the proportion of shares held by the above parties acting in concert was 30.82% in aggregate; in November 2023, the Company made a non-public offering of 186,783,583.00 shares of A-shares to a specific object, and Rising Holdings Group subscribed 46,695,895.00 shares, and as of 31 December 2023, the proportion of shares held by the above parties acting in concert was 30.12%.

The final controller of the Company is Guangdong Rising Holdings Group Co., Ltd.

## 2. Subsidiaries of the Company

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

## 4. Information on Other Related Parties

| Name   | Relationship with the Company     |
|--|-----------------------------------|
| PROSPERITY LAMPS & COMPONENTS LTD                                      | Shareholder owning over 5% shares |
| Dongguan Hengjian Environmental Protection Technology Co., Ltd.        | Under same actual controller      |
| Foshan Fulong Environmental Technology Co., Ltd.                       | Under same actual controller      |
| Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.              | Under same actual controller      |
| Guangdong Rising South Construction Co., Ltd.                          | Under same actual controller      |
| Guangdong Rising Rare Metals and New Photoelectric Materials Co., Ltd. | Under same actual controller      |
| Guangdong Rising Research and Development Institute Co., Ltd.          | Under same actual controller      |
| Guangdong Heshun Property Management Co., Ltd. The Pinnacle Branch     | Under same actual controller      |
| Guangdong Huajian Enterprise Group Co., Ltd.                           | Under same actual controller      |
| Guangdong Electronics Information Industry Group Ltd.                  | Under same actual controller      |
| Guangdong Rising Finance Co., Ltd.                                     | Under same actual controller      |
| Guangdong Tianxin Commercial Service Co., Ltd.                         | Under same actual controller      |
| Guangdong Yixin Changcheng Construction Group                          | Under same actual controller      |
| Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.            | Under same actual controller      |
| Guangdong Zhongjin Lingnan Junpeng Intelligent Equipment Co., Ltd.     | Under same actual controller      |
| Guangdong Zhongjin Lingnan Equipment Technology Co., Ltd.              | Under same actual controller      |
| Guangdong Zhongnan Construction Co., Ltd.                              | Under same actual controller      |
| Guangdong Zhongren Group Construction Co., Ltd                         | Under same actual controller      |

|   |   |
|---|---|
| Guangdong Zhuyuan Construction Engineering Co., Ltd.  | Under same actual controller  |
| Guangzhou Haixinsha Industrial Co., Ltd.  | Under same actual controller  |
| Guangzhou Shengdu Investment Development Co., Ltd.  | Under same actual controller  |
| Guangzhou Wanshun Investment Management Co., Ltd.   | Under same actual controller  |
| Jiangmen Dongjiang Environmental Company Limited  | Under same actual controller  |
| Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd.  | Under same actual controller  |
| Shenzhen Yuepeng Construction Co., Ltd.   | Under same actual controller  |
| Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.  | Under same actual controller  |
| Zhuhai Dongjiang Environmental Protection Technology Co., Ltd.  | Under same actual controller  |
| Zhuhai Doumen District Yongxingsheng Environmental Industry Waste Recovery and Comprehensive Treatment Co., Ltd.              | Under same actual controller  |
| Shandong Zhongjin Lingnan Copper Co., Ltd.  | Under same actual controller  |
| Guangdong Great Wall Hotel Co., Ltd.  | Under same actual controller  |
| Primatronix Nanho Technology Ltd.   | Under same actual controller  |
| Guangdong Dabaoshan Mining Co., Ltd.  | Under same actual controller  |
| Guangdong Xintaochip Microelectronics Co., Ltd. (formerly known as Fenghua Research Institute (Guangzhou) Limited)            | Under same actual controller  |
| Guangdong Rising Non-ferrous Metal Group Co., Ltd.  | Under same actual controller  |
| Guangdong Huajian Engineering Construction Co., Ltd. (formerly known as Guangzhou Huajian Engineering Construction Co., Ltd.) | Under same actual controller  |
| Ramada Pearl Hotel Guangzhou  | Under same actual controller  |
| Prosperity (China) Electrical Company Limited   | Enterprise controlled by related natural person   |
| Hangzhou Times Lighting Electric Appliances Co., Ltd.   | Enterprise controlled by related natural person   |
| Nanning Ruixiang Industrial Investment Co., Ltd.  | Enterprise significantly affected by related natural person   |
| Guangdong The Great Wall Building Co., Ltd.   | Under same actual controller (cancelled in August 2023)   |
| Guangdong Electronic Technology Research Institute  | Under same actual controller (removed from the consolidation scope of Rising Holdings Group since October 2023) |

## 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 | 2,986,035.20     | 45,000,000.00             | Not                                | 5,695,752.29             |
| Prosperity Lamps & Components Limited                     | Purchase of materials | 55,967.88        | 7,000,000.00              | Not                                | 773,460.05               |
| Hangzhou Times  | Purchase of           | 0.00             |                           |                                    | 222,265.48               |

|  |                         |                |               |     |                |
|--|-------------------------|----------------|---------------|-----|----------------|
| Lighting Electric Appliances Co., Ltd.   | materials               |                |               |     |                |
| Guangdong Zhongren Group Construction Co., Ltd   | Receiving labor service | 46,260,034.42  |               |     | 289,930,912.14 |
| Guangdong Yixin Changcheng Construction Group  | Receiving labor service | 142,484,829.61 |               |     | 111,475,305.10 |
| Guangdong Zhongnan Construction Co., Ltd.  | Receiving labor service | 126,639,979.72 |               |     | 103,677,209.29 |
| Shenzhen Yuepeng Construction Co., Ltd.  | Receiving labor service | 1,681,659.50   | 38,000,000.00 | Not | 3,386,152.77   |
| Guangzhou Haixinsha Industrial Co., Ltd.   | Receiving labor service | 1,982,823.87   |               |     |                |
| Foshan Fulong Environmental Technology Co., Ltd.   | Receiving labor service | 346,191.32     |               |     | 584,364.15     |
| Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd.   | Receiving labor service | 156,034.70     |               |     | 243,366.03     |
| Dongguan Hengjian Environmental Protection Technology Co., Ltd.  | Receiving labor service | 76,930.19      |               |     | 411,123.02     |
| Jiangmen Dongjiang Environmental Company Limited   | Receiving labor service | 82,209.44      |               |     | 534,608.11     |
| Zhuhai Doumen District Yongxingsheng Environmental Industry Waste Recovery and Comprehensive Treatment Co., Ltd. | Receiving labor service | 43,504.72      |               |     | 194,018.86     |
| Zhuhai Dongjiang Environmental Protection Technology Co., Ltd.   | Receiving labor service | 214,012.32     |               |     |                |

|   |                          |                |               |     |                |
|---|--------------------------|----------------|---------------|-----|----------------|
| Ramada Pearl Hotel Guangzhou                              | Providing labor services | 107,037.44     |               |     |                |
| Guangdong Tianxin Commercial Service Co., Ltd.            | Receiving labor service  | 56,106.76      |               |     |                |
| Guangdong Dabaoshan Mining Co., Ltd.                      | Providing labor services | 25,471.68      |               |     |                |
| Guangdong Great Wall Hotel Co., Ltd.                      | Providing labor services | 23,365.00      |               |     |                |
| Guangdong The Great Wall Building Co., Ltd.               | Receiving labor service  | 22,053.55      |               |     | 68,616.45      |
| Primatronix Nanho Technology Ltd.                         | Providing labor services | 5,249.00       |               |     |                |
| Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. | Providing labor services | 3,584.91       |               |     |                |
| Guangdong Electronic Technology Research Institute        | Receiving labor service  |                |               |     | 823,008.85     |
| Total   |                          | 323,253,081.23 | 90,000,000.00 | Not | 518,020,162.59 |

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 | 26,429,431.11    | 21,966,484.49            |
| Guangdong Fenghua Advanced Technology Holding Co., Ltd. | Sale of products | 12,695,399.38    | 14,629,816.41            |
| Guangdong Zhongnan Construction Co., Ltd.               | Sale of products | 2,836,654.66     | 44,383.37                |
| Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.            | Sale of products | 985,342.48       | 1,325,641.06             |
| Shandong Zhongjin Lingnan Copper Co., Ltd.              | Sale of products | 635,444.25       |                          |
| Guangdong Yixin Changcheng Construction Group           | Sale of products | 563,380.10       | 441,210.93               |
| Guangdong Zhuyuan Construction Engineering Co., Ltd.    | Sale of products | 463,890.89       |                          |
| Guangdong Rising Non-ferrous Metal Group Co., Ltd.      | Sale of products | 349,463.13       |                          |
| Guangdong Rising Holdings Group Co., Ltd.               | Sale of products | 258,120.00       |                          |
| Guangdong Zhongren Group Construction Co., Ltd          | Sale of products | 256,834.10       |                          |
| Guangzhou Wanshun                                       | Sale of products |                  | 538,207.40               |

|  |                          |               |               |
|--|--------------------------|---------------|---------------|
| Investment Management Co., Ltd.                                    |                          |               |               |
| Guangzhou Shengdu Investment Development Co., Ltd.                 | Sale of products         |               | 281,946.91    |
| Guangdong Rising South Construction Co., Ltd.                      | Sale of products         |               | 174,054.95    |
| Guangdong Zhongjin Lingnan Equipment Technology Co., Ltd.          | Sale of products         |               | 122,855.75    |
| Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.        | Sale of products         |               | 103,340.71    |
| Prosperity (China) Electrical Company Limited                      | Sale of products         |               | 66,276.48     |
| Guangdong Electronics Information Industry Group Ltd.              | Sale of products         |               | 27,796.46     |
| Guangdong Zhongjin Lingnan Junpeng Intelligent Equipment Co., Ltd. | Sale of products         |               | 23,742.48     |
| Guangdong Electronic Technology Research Institute                 | Sale of products         |               | 8,792.92      |
| Guangdong Heshun Property Management Co., Ltd. The Pinnacle Branch | Providing labor services | 603,820.91    |               |
| Total  |                          | 46,077,781.01 | 39,754,550.32 |

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:

None.

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 |      | 30 December 2020 | 31 December 2022 |               |  |

|  |   |  |               |                     |  |  |
|--|---|--|---------------|---------------------|--|--|
|  | Co., Ltd  |  |               |                     |  |  |
| Fozhao<br>(Hainan)<br>Technology<br>Co., Ltd.          | Guangdong<br>Zhongnan<br>Construction<br>Co., Ltd.        |  | 30 March 2022 | 14 May 2023         |  |  |
| Foshan<br>Electrical and<br>Lighting Co.,<br>Ltd.      | Guangdong<br>Yixin<br>Changcheng<br>Construction<br>Group |  | 28 May 2021   | 29 December<br>2022 |  |  |
| Foshan Kelian<br>New Energy<br>Technology<br>Co., Ltd. | Guangdong<br>Zhongnan<br>Construction<br>Co., Ltd.        |  | 23 June 2021  | 23 December<br>2022 |  |  |
| Foshan Kelian<br>New Energy<br>Technology<br>Co., Ltd. | Guangdong<br>Huajian<br>Enterprise<br>Group Co., Ltd.     |  | 1 May 2023    | 31 December<br>2023 |  |  |

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. As of the date of this report, the project has not been completed and accepted.

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). As of the date of this report, the project has not yet reached its intended useable condition.

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 560 calendar days (560 days for construction including 90 days for design). As of the date of this report, the project has not yet reached its intended useable condition.



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. Among them, except for the self-used layers, the construction period shall be counted from the date when the construction actually begins. As of the date of this report, the office self-use floor portion of the project's Building 2 has been completed and passed the completion acceptance, and the renovation of the public areas and apartments on Floors 4-8 of the project's Building 2 is in progress.

5. On 21 April 2023, a subsidiary of the Company, Foshan Kelian New Energy Technology Co., Ltd. (hereinafter referred to as "Foshan Kelian") entered into the Contract on the Operation and Investment Attraction Services for Kelian Building with Guangdong Huajian Enterprise Group Co., Ltd. (hereinafter referred to as "Huajian Group"). Foshan Kelian entrusted part of the property of Kelian Building to Huajian Group for operation. Huajian Group shall pay the minimum guaranteed rental income to Foshan Kelian within the operation period. As of the date of this report, the properties entrusted for operation are under renovation.

### (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 | Operating lease           | 1,371,318.77                                       | 1,194,370.76   |

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 year | Reporting Period   | The same period of last year | Reporting Period | The same period of last year | Reporting Period                               | The same period of last year | Reporting Period              | The same period of last year |
| Guangdong Great Wall Building Co., Ltd. | Operating lease       |  |                              |  |                              | 64,954.29        | 237,451.34                   | 1,801.29                                       | 1,557.46                     |                               | 54,673.41                    |
| Guangdong                               | Operating lease       |  |                              |  |                              | 219,647.41       |                              | 2,688.29                                       |                              | 65,598.04                     |                              |

|  |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|
| Tianxin<br>Comme<br>rcial<br>service<br>Co.,<br>Ltd. |  |  |  |  |  |  |  |  |  |  |  |
|--|--|--|--|--|--|--|--|--|--|--|--|

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

None.

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

None.

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

None.

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

Unit: RMB

| Item                                  | Reporting period | Same period of last year |
|---------------------------------------|------------------|--------------------------|
| Chairman of the Board                 | 1,705,572.73     | 1,284,350.64             |
| General Manager                       | 1,470,932.32     | 1,215,545.40             |
| Chairman of the Supervisory Committee | 1,316,856.34     | 778,048.20               |
| Secretary of the Board                | 535,162.42       | 483,110.98               |
| Chief Financial Officer               | 1,419,623.28     | 982,355.46               |
| Other                                 | 10,108,242.96    | 7,936,351.27             |
| Total                                 | 16,556,390.05    | 12,679,761.95            |

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

In accordance with the Financial Service Agreement signed by the Company in 2023, 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 2023, the deposit balance of the Company and its subsidiaries deposited in Guangdong Rising Finance Co., Ltd. is RMB1,179,154,200. The undue interest receivable is RMB5,226,500.

**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.   | 5,226,458.64 |            | 3,774,186.39 |            |
| Accounts receivable               | PROSPERITY LAMPS & COMPONENTS LTD  | 7,510,483.08 | 225,314.49 | 2,754,557.10 | 82,636.71  |
| Accounts receivable               | Guangdong Zhongnan Construction Co., Ltd.  | 4,612,923.23 | 188,722.11 | 218,038.46   | 18,816.26  |
| Accounts receivable               | Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.  | 2,992,978.95 | 59,859.58  | 2,805,991.79 | 56,119.84  |
| Accounts receivable               | Guangdong Yixin Changcheng Construction Group  | 2,332,537.86 | 206,392.47 | 2,049,187.54 | 266,394.38 |
| Accounts receivable               | Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.   | 566,449.00   | 16,993.47  | 546,626.00   | 16,398.78  |
| Accounts receivable               | Guangdong Zhuyuan Construction Engineering Co., Ltd.   | 510,276.71   | 15,308.30  |              |            |
| Accounts receivable               | Guangdong Zhongren Group Construction Co., Ltd   | 289,918.22   | 8,697.55   |              |            |
| Accounts receivable               | Guangdong Xintaochip Microelectronics Co., Ltd. (formerly known as Fenghua Research Institute (Guangzhou) Limited) | 266,736.05   | 5,334.72   | 582,275.60   | 11,645.51  |
| Accounts receivable               | Guangdong Heshun Property Management Co., Ltd. The Pinnacle Branch   | 242,112.68   | 7,263.38   | 669,790.40   | 66,979.04  |
| Accounts receivable               | Guangdong Rising Holdings Group Co., Ltd.  | 146,462.96   | 2,929.26   |              |            |
| Accounts receivable               | Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.  | 138,827.00   | 4,164.81   | 116,775.00   | 3,503.25   |
| Accounts receivable               | Guangdong Huajian Engineering  | 44,297.00    | 22,148.50  | 44,297.00    | 13,289.10  |

|                     |   |              |           |            |            |
|---------------------|---|--------------|-----------|------------|------------|
|                     | Construction Co., Ltd. (formerly known as Guangzhou Huajian Engineering Construction Co., Ltd.) |              |           |            |            |
| Accounts receivable | Guangdong Rising Research and Development Institute Co., Ltd.                                   | 3,850.00     | 77.00     | 3,080.00   | 61.60      |
| Accounts receivable | Guangdong Zhongjin Lingnan Equipment Technology Co., Ltd.                                       |              |           | 703,256.00 | 103,815.51 |
| Accounts receivable | Guangdong Rising Rare Metals and New Photoelectric Materials Co., Ltd.                          |              |           | 457,703.96 | 45,770.40  |
| Accounts receivable | Guangdong Zhongjin Lingnan Junpeng Intelligent Equipment Co., Ltd.                              |              |           | 20,179.00  | 605.37     |
| Prepayments         | Prosperity (China) Electrical Company Limited   | 39,428.00    |           | 39,428.00  |            |
| Prepayments         | Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.                                       | 148.68       |           | 148.68     |            |
| Prepayments         | Hangzhou Times Lighting Electric Appliances Co., Ltd.   | 1,300.88     |           |            |            |
| Other receivables   | Guangdong Huajian Enterprise Group Co., Ltd.  | 1,791,739.20 | 53,752.18 |            |            |
| Other receivables   | Guangdong Tianxin Commercial Service Co., Ltd.  | 67,165.92    | 1,343.32  |            |            |
| Other receivables   | Nanning Ruixiang Industrial Investment Co., Ltd.  | 5,000.00     | 150.00    |            |            |
| Other receivables   | Guangdong Zhongren Group Construction Co., Ltd  | 304.31       | 9.13      |            |            |
| Other receivables   | Guangdong The Great Wall Building Co., Ltd.   |              |           | 53,041.92  | 4,708.84   |

|                   |   |               |            |               |            |
|-------------------|---|---------------|------------|---------------|------------|
| Other receivables | Guangdong Fenghua Advanced Technology (Holding) Co., Ltd. |               |            | 178,585.99    | 3,571.72   |
| Total             |   | 26,789,398.37 | 818,460.27 | 15,017,148.83 | 694,316.31 |

## (2) Accounts Payable

Unit: RMB

| Item             | Related party  | Ending carrying amount | Beginning carrying amount |
|------------------|--|------------------------|---------------------------|
| Notes payable    | Guangdong Zhongren Group Construction Co., Ltd                   | 15,052,221.04          | 52,101,816.43             |
| Notes payable    | Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.        | 373,870.86             | 449,283.50                |
| Accounts payable | Guangdong Zhongren Group Construction Co., Ltd                   | 117,665,437.46         | 129,250,643.46            |
| Accounts payable | Guangdong Yixin Changcheng Construction Group                    | 65,992,673.05          |                           |
| Accounts payable | Guangdong Zhongnan Construction Co., Ltd.                        | 43,398,748.24          |                           |
| Accounts payable | Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.        | 1,385,589.20           | 3,038,287.38              |
| Accounts payable | Shenzhen Yuepeng Construction Co., Ltd.                          | 1,174,680.84           | 1,885,437.50              |
| Accounts payable | Guangzhou Haixinsha Industrial Co., Ltd.                         | 506,936.01             |                           |
| Accounts payable | PROSPERITY LAMPS & COMPONENTS LTD                                | 58,230.70              | 773,460.05                |
| Accounts payable | Guangdong Electronic Technology Research Institute               | 46,500.00              | 736,000.00                |
| Accounts payable | Primatronix Nanho Technology Ltd.                                | 14,457.85              |                           |
| Accounts payable | Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd. | 9,478.00               | 14,010.00                 |
| Accounts payable | Zhuhai Dongjiang Environmental Protection Technology Co., Ltd.   | 1,325.10               |                           |
| Accounts payable | Hangzhou Times Lighting Electric Appliances Co., Ltd.            |                        | 99,115.04                 |
| Accounts payable | Foshan Fulong Environmental Technology Co., Ltd.                 |                        | 64,375.00                 |
| Accounts payable | Dongguan Hengjian Environmental Protection Technology Co., Ltd.  |                        | 46,520.40                 |
| Other payables   | Nanning Ruixiang Industrial Investment Co., Ltd.                 | 103,639,661.12         | 120,352,181.20            |
| Other payables   | Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.        | 5,030,015.07           | 135,446,928.57            |

|   |  |                |                |
|---|--|----------------|----------------|
| Other payables                                  | Guangdong Huajian Enterprise Group Co., Ltd.   | 3,593,345.15   | 3,216,344.40   |
| Other payables                                  | Shenzhen Yuepeng Construction Co., Ltd.  | 474,900.64     | 474,300.64     |
| Other payables                                  | Guangdong Zhongnan Construction Co., Ltd.  | 423,469.05     | 846,938.10     |
| Other payables                                  | Guangzhou Haixinsha Industrial Co., Ltd.   | 154,568.76     |                |
| Other payables                                  | Zhuhai Dongjiang Environmental Protection Technology Co., Ltd.   | 20,000.00      | 50,000.00      |
| Other payables                                  | Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd.   | 20,000.00      | 50,000.00      |
| Other payables                                  | Guangdong Xintaochip Microelectronics Co., Ltd. (formerly known as Fenghua Research Institute (Guangzhou) Limited) | 8,028.00       |                |
| Contract liabilities, other current liabilities | PROSPERITY LAMPS & COMPONENTS LTD  | 59,428.00      | 59,428.00      |
| Other current liabilities                       | Guangdong Zhongnan Construction Co., Ltd.  | 6,700,000.00   |                |
| Other current liabilities                       | Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.  | 339,669.91     |                |
| Other current liabilities                       | Guangzhou Haixinsha Industrial Co., Ltd.   | 339,220.26     |                |
| Other current liabilities                       | Guangdong Yixin Changcheng Construction Group  | 69,483.06      |                |
| Total   |  | 366,551,937.37 | 448,955,069.67 |

## 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

②Commitment maker: Rising Holdings 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

③Commitment maker: Rising Holdings 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 Holdings 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 Holdings Group, Rising Capital, and Hongkong Wah Shing

Contents of Commitment: They have made a commitment that during their direct or indirect holding of FSL 1. 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 Holdings 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. 2. It will ensure the asset independence of the Company. (1) It promises that the Company has independent and complete assets. (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 Holdings 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 refuse 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 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.

#### **(6) Commitment on the truthfulness, accuracy and completeness of the information provided during this major asset restructuring**

① Commitment maker: Rising Holdings 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.

② Commitment markers: Directors and senior management of FSL

Contents of Commitment: 1. We 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. We 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. We also promise to bear individual and joint and several liability. 2. We 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, we will be liable for compensation according to law. 3. Where the information provided or disclosed by us in this trading is suspected of false records, misleading statements or material omissions, and we 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

**(7) 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.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

② Commitment maker: Rising Holdings Group and Rising Capital

Contents of Commitment: Rising Holdings 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.

#### **(8) Commitment on measures to fill up returns for risks arising from diluting immediate return in major asset restructuring**

Commitment markers: Directors and senior management of FSL

Contents of Commitment: 1. We 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. We promise to restrain position-related consumption behavior. 3. We promise not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of duties. 4. We 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, we 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 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, we promise to issue supplementary commitments in accordance with the latest regulations of the CSRC at that time. 7. We promise to earnestly fulfill the compensation measures formulated by the Company and any commitments we make. If we violate any of these commitments and cause losses to the Company or investors, we are willing to bear corresponding legal responsibilities to the Company or investors according to law.

Date of commitment making: 27 October 2021

Term of commitment: Long-standing.

Fulfillment: In execution

#### **(9) Commitment on measures to fill up immediate returns diluted by the issuance of A-shares to specific objects in 2023**

Commitment markers: Directors and senior management of FSL

Contents of Commitment: According to the *Opinions of the General Office of the State Council on Further Strengthening the Protection of the Lawful Rights and Interests of Small and Medium-sized Investors in the*

*Capital Market* (GBF [2013] No. 110), *Opinions of the State Council on Further Promoting the Sound Development of Capital Markets* (GF [2014] No. 17), *Guiding Opinions on Matters concerning the Dilution of Immediate Return in Initial Public Offering, Refinancing and Material Asset Restructuring* (ZJHGG [2015] No. 31) and other relevant regulations, in order to protect the interests of small and medium-sized investors, the Directors and Senior Management of the Company have made the following commitments that the measures to fill up immediate returns diluted by the issuance of A-shares to specific objects can be effectively fulfilled: “1. We promise not to transfer benefits to other units or individuals for free or under unfair conditions and not to compromise the interests of the Company in other ways. 2. We promise to restrain position-related consumption behaviour. 3. We promise not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of duties. 4. We promise that the remuneration system formulated by the Board of Directors or the Remuneration and Assessment Committee is linked to the implementation of the Company's measures to fill up returns. 5. If the Company implements an equity incentive plan in the future, the exercise conditions of the future equity incentive plan will 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 the issuance of shares to specific objects, 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, we promise to issue supplementary commitments in accordance with the latest regulations of the CSRC at that time. As one of the subjects responsible for the measures to fill up returns, if we violate the above commitments or refuse to fulfil the above commitments, we agree that the securities regulatory agencies such as the CSRC and the Shenzhen Stock Exchange will punish us or take relevant regulatory measures in accordance with the relevant regulations and rules they formulated or issued.

Date of commitment making: 14 March 2023

Term of commitment: Long-standing.

Fulfillment: In execution

#### **(10) Commitment on matters on special self-inspection of the real estate business**

Commitment maker: Directors and senior management of FSL, Rising Holdings Group, Electronics Group, Hongkong Wah Shing, Hong Kong Rising Investment, and Shenzhen Rising Investment

Contents of Commitment: According to the laws and regulations issued by the State Council, such as the *Notice of the State Council on Resolutely Curbing the Soaring of Housing Prices in Some Cities* (GF [2010] No. 10), the *Notice of the General Office of the State Council on Further Improving Regulation of the Real Estate Market* (GBF [2013] No. 17) and the *Adjustment of Regulatory Policies on Listed Companies' Re-financing, Merger and Acquisition and Reorganization Involving Real Estate Business* issued by the CSRC on the relevant requirements for refinancing of listed companies involved in real estate business, the controlling shareholders and all directors and Senior Management of Foshan Electrical and Lighting Co., Ltd. (hereinafter referred to as the "Company") have made the following commitments: The *Self-inspection Report on the Company's Involvement in Real Estate Business* has truthfully disclosed the self-inspection of the real estate development projects of the Company and its subsidiaries between 1 January 2020 and 31 December 2022. If the Company is identified with illegalities or violations not disclosed as required by the self-inspection, such as idle land, land speculation, holding real estate projects from selling, and house price rigging, thus causing losses to itself and the investors, we will be liable for compensation in line with relevant laws, regulations, and requirements of securities regulatory authorities.

Date of commitment making: 14 March 2023

Term of commitment: Long-standing.

Fulfillment: In execution

### **(11) Commitment on effective fulfillment of measures taken by controlling shareholders and de facto controller to fill up immediate returns**

Commitment maker: Rising Holdings Group, Electronics Group, Hongkong Wah Shing, Hong Kong Rising Investment, and Shenzhen Rising Investment

Contents of Commitment: According to the relevant provisions of the CSRC, in order to ensure that the measures to fill up immediate returns diluted by the issuance of A-shares to specific objects can be practically fulfilled, the Company's controlling shareholders, Rising Holdings Group, Electronics Group, Hong Kong Rising Investment, Hongkong Wah Shing, and the de facto controller, Rising Group, respectively, made the following commitments: "1. We promise not to interfere in the operation and management activities of the listed company beyond our 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 the issuance of shares to specific objects, 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, we promise to issue supplementary commitments according to the latest regulations of the CSRC at that time. 3. We promise to earnestly fulfil the measures to fill up returns formulated by the listed company and any commitments made by us. If we violate these commitments and cause losses to the listed company or investors, we 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 we violate the above commitments or refuse to fulfil the above commitments, we agree that the securities regulatory agencies such as the CSRC and the Shenzhen Stock Exchange will punish us or take relevant regulatory measures in accordance with the relevant regulations and rules they formulated or issued.

Date of commitment making: 14 March 2023

Term of commitment: Long-standing.

Fulfillment: In execution

### **8. Other**

None.

## **XV. Share-based Payment**

### **1. The Overall Situation of Share-based Payments**

Applicable  Not applicable

### **2. Equity-settled Share-based Payments**

Applicable  Not applicable

### **3. Cash-settled Share-based Payments**

Applicable  Not applicable

### **4. Share-Based Payment Expenses for the Period**

Applicable  Not applicable

## 5. Modification and Termination of Share-based Payment

None.

## 6. Other

None.

## XVI. Commitments and Contingency

### 1. Significant Commitments

Significant commitments on the balance sheet date

#### 1. Commitment to cash dividends

Commitment maker: the Company

Contents of Commitment: The Company's profit distributed in cash shall not be less than 30% of the distributable profit realized in the year.

Date of commitment making: 27 May 2009

Term of commitment: Till the completion of the issuance of A-shares to specific objects in 2023.

Fulfillment: 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 the Company and Guiyang Zhengtianhe Trading Co., Ltd., Meng Qingning, Meng Qingan and Lu Shufen

Guiyang Zhengtianhe Trading Co., Ltd. (hereinafter referred to as "Zhengtianhe"), as a distributor of the Company for many years, filed a lawsuit with the Chancheng District People's Court [(2022) Y. 0604 M.ZH. No. 21387] because of the outstanding payment of RMB4,364,929.27 to the Company for goods. On 3 November 2022, it received a judgment of first instance from Chancheng District People's Court: 1. Zhengtianhe paid the purchase price of RMB4,364,929.27 and interest to the Company; 2. Meng Qingning, Meng Qingan and Lu Shufen assume joint and several liabilities for the settlement; 3. The Company shall be entitled to a priority right of payment for one of Meng Qingning's properties; 4. The Company shall be entitled to a priority right of payment for two of Meng Qingning's properties; and 5. The other litigation requests of the Company shall be rejected. 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 RMB1,216,688.36 based on expected credit losses.

② Litigation between the Company and Taiyuan Yunxiao Lighting Appliance Co., Ltd.

Taiyuan Yunxiao Lighting Appliance Co., Ltd. ("Yunxiao Lighting Appliance"), a distributor of the Company for many years, owed the Company and its subsidiary, Chanchang, an aggregate amount of RMB4,539,898.74 and RMB1,725,987.71, respectively, for goods, and has been in default of payment as of December 2023. The Company then filed a lawsuit with the Chancheng District People's Court. As of the date of this report, the aforesaid case has not yet been settled, and the Company and its subsidiary, Chancheng, made bad debt provision of RMB2,541,385.63 and RMB862,993.86, respectively, based on expected credit losses.

③ Litigation between NationStar Optoelectronics and Guangzhou CM Punk Optoelectronics Co., Ltd.

Guangzhou CM Punk Optoelectronics Co., Ltd. (hereinafter referred to as "CM Punk") and Foshan NationStar Optoelectronics Co., Ltd. had dispute over the sales contract. Both parties disputed the goods payment and compensation for quality defects in products and thus filed a lawsuit with the court. CM Punk sued NationStar Optoelectronics and requested the latter to pay for the goods and pay the interest, totalling approximately RMB4.36 million (including approximately RMB3.77 million for the goods). NationStar Optoelectronics defended itself by arguing that CM Punk's claim was not supported by factual and legal bases and lodged a counterclaim for approximately RMB2.02 million from CM Punk as an indemnity for quality losses. The case went through the first trial and the second trial. On 5 March 2024, they received the second instance judgment from Intermediate People's Court of Foshan: NationStar Optoelectronics should pay CM Punk RMB150,962.45 of the purchase price and interest, and return the warranty deposit of RMB1,887,763 to CM Punk. As of the date of this report, NationStar Optoelectronics has fulfilled the effective judgment.

④ 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 Lighting 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 labour storage fee of RMB26,000.00 caused by the material stagnation, and pay the mold test unallocated costs of RMB309,793.00 and the unallocated costs of the interest loss of RMB40,174.16; 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 and pay the mold test unallocated costs of RMB1,595,680.00 and the unallocated costs of the interest loss of RMB240,498.87; 3. Nanning Liaowang shall be jointly and severally liable for the debts of the above mentioned liabilities to Liuzhou Lighting. On 19 December 2023, Nanning Liaowang received a civil ruling from Xixiangtang District People's Court of Nanning City, Guangxi Zhuang Autonomous Region, dismissing the plaintiff Liuzhou Lighting's lawsuit. On 28 December 2023, Laster Electronic filed another lawsuit with the Dongguan Municipal People's Court based on the aforesaid matter, and as at the date of this report, the case is currently in the pre-litigation mediation stage.

⑤ Litigation of land use payment dispute in respect of Sub-subsidiary Baoli Vanadium

According to the Notice of Xichuan County on the Preferential Policies for Accelerating the Development of Industrial Clusters (Provisional) issued by the People's Government of Xichuan County on 2 November 2009, Baoli Vanadium, the Sub-subsidiary, paid a total amount of RMB10,994,400 to the People's Government of Xichuan County in 2011 for the application of land use. The land selected for the project site has not yet completed the requisition procedures and has not yet started the bidding and auctioning procedures, so the People's Government of Xichuan County is unable to obtain the land use approval to complete the requisition of the land and deliver the land. Baoli Vanadium has filed a lawsuit to Nanyang Intermediate People's Court, requesting the return of the advance payment and compensation for losses, and at the same time applying for the return of RMB100,000 of environmental management and restoration deposit to Baoli Vanadium, and received a judgment of first instance on 22 September 2023, which ruled that the defendant, the People's Government of Xichuan County, shall return the amount of RMB10,694,400 to the plaintiff, Nanyang Baoli Vanadium Industry Co., Ltd. within 30 days from the date of the entry into force of the judgment. The People's Government of Xichuan County appealed against the judgment, and as at the date of this report, the case is still in the second instance proceedings.

⑥ Litigation between the Company and Guangzhou Tianli Construction Co., Ltd.

Guangzhou Tianli Construction Engineering Company Limited (hereinafter referred to as "Guangzhou Tianli"), as a customer of the Company, filed a lawsuit with the People's Court of Yuexiu District, Guangzhou ((2023) Y. 0104 M.C. No. 9027)) for the payment of RMB5,953,278.71 owed to the Company. On 8 September 2023, it received the judgment from the People's Court of Yuexiu District, Guangzhou: 1. Within ten days from the date of the legal effect of this judgment, the Defendant Guangzhou Tianli shall pay the purchase price of RMB5,953,278.71 to the Company; 2. Guangzhou Tianli shall pay interest on overdue payment to the Plaintiff, FSL. On 27 October 2023, the Company applied to the People's Court of Yuexiu District, Guangzhou for compulsory execution in accordance with the results of the judgment, and on 6 November 2023, the People's Court of Yuexiu District, Guangzhou had accepted the filing of the case. As of 31 December 2023, the Company made a provision for bad debts of RMB595,327.87 based on expected credit losses.

⑦ Litigation between Nanjing Fozhao and Nanjing Runqiang Auto Parts Co., Ltd.

On 15 December 2020, Nanjing Fozhao entered into a Plant Lease Contract with Nanjing Runqiang Auto Parts Co., Ltd. Due to the government's need to expropriate Nanjing Fozhao's plant, Nanjing Fozhao signed the Plant Lease Contract Termination Agreement with Nanjing Runqiang on 17 December 2021, agreeing that due to the expropriation of the plant, Nanjing Fozhao shall pay compensation of RMB2,023,235.00 and return the deposit of RMB20,000 to Nanjing Runqiang, and due to the arrears of rent owed by Nanjing Runqiang to Nanjing Fozhao, Nanjing Fozhao failed to make the payment of the aforementioned amount, which led to the lawsuit filed by Nanjing Runqiang in May 2023, requesting for a compensation. In May 2023, Nanjing Runqiang filed a

lawsuit demanding Nanjing Fozhao to pay the aforesaid amount to it as agreed, and Nanjing Fozhao filed a counterclaim demanding Nanjing Runqiang to pay the outstanding rent of RMB132,078.04 and liquidated damages of RMB6,603.90. On 28 February 2024, a judgment was received from Nanjing Lishui District People's Court that the defendant, Nanjing Fozhao, shall pay the plaintiff, Nanjing Runqiang, a lump sum of RMB1,623,808.61 as compensation within ten days from the date of entry into force of the judgment, Nanjing Fozhao's request for counterclaim was rejected, and Nanjing Runqiang lodged an appeal; as at the date of this report, the case has not yet been concluded.

On 6 December 2023, Nanjing Fozhao filed a lawsuit with the Nanjing Lishui District People's Court based on the aforesaid Plant Lease Contract Termination Agreement, requesting Nanjing Runqiang to pay the occupancy fee of RMB1,273,800 during the period of overdue use on the ground that Nanjing Runqiang failed to return the leased premises to Nanjing Fozhao on schedule upon the expiry of the lease period; as at the date of this report, this case is still under acceptance.

⑧Litigation between the Company and Yinghe (Shenzhen) Robotics and Automation Technology Co., Ltd.

Yinghe (Shenzhen) Robotics and Automation Technology Co., Ltd. (hereinafter referred to as the "Yinghe Company") and the Company entered into the Bulb Lamp Intelligent Manufacturing Workshop Project Construction Contract in 2021, and the project has been unable to meet the final acceptance standards with two sides failing to reach an agreement after repeated negotiations, so Yinghe Company filed a lawsuit with the Chancheng District People's Court of Foshan City in December 2023, requesting the Company to pay the outstanding contract payment and interest on late payment of RMB79,045,675.50, refund the original performance bond amount of RMB8,968,000.00 and interest during the period of capital occupation, and compensate for the losses caused by the breach of contract in the total amount of RMB16,390,000.00, and the total amount of the above three amounts is RMB104,403,675.50 (excluding the interest during the occupation of the performance bond fund). In January 2024, the Company received the Notice of Response to the Complaint, and on the 12th of the same month, Everbright Bank froze RMB100,000,000.00 of the Company's large deposits in Everbright Bank in accordance with the Notice of Assistance in Execution from the Chancheng District People's Court of Foshan City, and RMB4,403,675.50 of bank deposit in China Minsheng Bank.

On 12 January 2024, the Company filed a counterclaim on the grounds that Yinghe's failure to meet the final acceptance standard for the project constructed by Yinghe after a delay of 2 years constituted a fundamental breach of contract, and demanded Yinghe to return the contract sum of RMB26,904,000.00 and the liquidated damages of RMB26,904,000.00 amounting to RMB53,808,000.00 in total. As of the date of this report, the above case was heard on 3 April 2024 and is scheduled for a second hearing on 7 May 2024.

## **(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 2023, mutual guarantees among Nanning Liaowang and its subsidiaries were as follows (RMB'0,000):

| No. | Principal debtor      | Principal debtee | Guarantor             | Type of guarantee | Guarantee amount | Guarantee balance |
|-----|-----------------------|------------------|-----------------------|-------------------|------------------|-------------------|
| 1   | Nanning Liaowang Auto | Nanning Branch   | Nanning Liaowang Auto | Mortgage          | 4,500.00         | 336.98            |

|   |   |                                   |  |          |           |           |
|---|---|-----------------------------------|--|----------|-----------|-----------|
|   | Lamp Co., Ltd., Liuzhou Guige Fuxuan Technology Co., Ltd., Liuzhou Guige Lighting Technology Co., Ltd. (note 1)                       | of Industrial Bank                | Lamp Co., Ltd.                                 |          |           |           |
| 2 | Nanning Liaowang Auto Lamp Co., Ltd., Chongqing Guinuo Lighting Technology Co., Ltd. (note 2)   | Nanning Branch of Industrial Bank | Chongqing Guinuo Lighting Technology Co., Ltd. | Mortgage | 9,900.00  | 9,790.44  |
| 3 | Nanning Liaowang Auto Lamp Co., Ltd., Liuzhou Guige Fuxuan Technology Co., Ltd., Liuzhou Guige Lighting Technology Co., Ltd. (note 3) | Nanning Branch of Industrial Bank | Liuzhou Guige Lighting Technology Co., Ltd.    | Mortgage | 9,600.00  | 8,367.27  |
|   | Total   | —                                 | —  | —        | 24,000.00 | 18,494.69 |

**Note 1:** Nanning Liaowang and Nanning Branch of Industrial Bank entered into the *Maximum Financing Agreement* (X.Y.G.CH.B.R.Z.Z. [2022] No. (01)) to conduct a bill transaction of RMB15,473,300. 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) Y.G. (2017) N.N.S.B.D.CH.Q.ZH. No. 0065501; b) E.G. (2017) N.N.S.B.D.CH.Q.ZH. No. 0065499; c) S.G. (2017) N.N.S.B.D.CH.Q.ZH. No. 0065498; d) S.G. (2017) N.N.S.B.D.CH.Q.ZH. No. 0065497.

**Note 2:** 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. The foregoing transactions were closed out on 11 February 2023. Nanning Liaowang and Nanning Branch of Industrial Bank Co., Ltd. entered into the *Master Agreement on Local Letter of Credit Financing*, numbered LD2302073907, with the loan amount of RMB50 million (from 7 February 2023 to 8 February 2024). Chongqing Guinuo and Chongqing Branch of Industrial Bank entered into the *Fixed Asset Loan Contract* numbered CQ2023-477, with the contract amount being RMB50 million (from 21 June 2023 to 20 June 2026). As at 31 December 2023, RMB28,110,700 had been used. Chongqing Guinuo and Chongqing Branch of Industrial Bank entered into the *Maximum Mortgage Contract* numbered X.Y.Y.L.J.G.N.D. No. 2023001. RMB19,793,700 of bill businesses incurred. Chongqing Guinuo Lighting Technology Co., Ltd. (Chongqing Guinuo) 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 RM122,294,700. The guarantee amount is RMB99 million and the mortgage contract is valid respectively from 15 June 2020 to 15 June 2023 and 25 May 2023 to 24 May 2024. The mortgaged real estate is a) Y.Y. (2020) L.J.X.Q.B.D.CH.Q. No. 000436821, b) E.Y. (2020) L.J.X.Q.B.D.CH.Q. No. 000437330, c) S.Y. (2020) L.J.X.Q.B.D.CH.Q. No. 000437429 and d) S.Y. (2020) L.J.X.Q.B.D.CH.Q. No. 000437448.

**Note 3:** Liuzhou Fuxuan 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 Photoelectric Technology Co., Ltd. (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) to conduct a bill transaction of RMB20 million (from 5 May 2022 to 7 May 2023). Liuzhou Fuxuan and Nanning Branch of Industrial Bank Co., Ltd. entered into the Working Capital Loan Contract, numbered WYZH2022091600234, with a loan of RMB35 million (from 16 September 2022 to 16 September 2023). The above businesses involved have been settled. Liuzhou Guige Photoelectric entered into the *Maximum Financing Agreement* numbered XYGCBRZ Zi (2022) No. (02) with CIB Nanning Branch, incurring a note business of RMB83,672,700. In the 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 the maximum mortgage principal of RMB139,943,700. The guarantee amount is RMB96 million and valid from 24 April 2022 to 31 December 2025. The mortgaged real estate is: a) Y.G. (2019) L.ZH.SH.B.D.CH.Q. No. 0191988, located at No. 1 Factory Building, No. 12 Hengsi Road, Cheyuan; b) E.G. (2019) L.ZH.SH.B.D.CH.Q. No. 0191991, located in the mould Centre of No. 12 Hengsi Road, Cheyuan; c) S.G. (2019) L.ZH.SH.B.D.CH.Q. No. 0191994, located in the logistics gate guard room at No. 12 Hengsi Road, Cheyuan; d) S.G. (2019) L.ZH.SH.B.D.CH.Q. No. 0191995, located in the guard room of Gate 12, Hengsi Road, Cheyuan.

## XVII. Events after Balance Sheet Date

### 1. Significant Non-adjusted Events

None.

### 2. Distribution of Profit

|  |  |
|--|--|
| Dividend to be distributed per 10 shares (RMB) | 1.2  |
| Profit distribution plan                       | Based on the share capital of 1,535,778,230 shares (the total share capital of 1,548,778,230 shares minus the remaining 13,000,000 A-shares repurchased in the share repurchase account at the disclosure date of the 2023 Annual Report, a cash dividend of RMB1.2 (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

None.

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

Naught.

### **XVIII. Other Significant Events**

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

Naught.

#### **2. Debt Restructuring**

No such cases in the Reporting Period.

#### **3. Assets Replacement**

##### **(1) Non-monetary Assets Exchange**

None.

##### **(2) Other Assets Replacement**

None.

#### **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 custodians, account managers 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**

None.

## 6. Segment Information

### (1) Determination Basis and Accounting Policies of Reportable Segment

With the deployment of the Company's strategic management and the expansion of business segments, operating segments shall be determined based on the requirements of regulatory laws and regulations, company management, etc., which are as follows:

- General Lighting, Automotive Lamps Products Segment: General Lighting, Automotive Lamps Products Segment Research and Development, Manufacturing and Sales;
- LED Packaging and Components, Other Products Segment: Research and development, manufacturing and sales of LED packaging and components, and other products.

Inter-segment transfer prices are determined with reference to the prices used for sales to third parties, while assets, liabilities and expenses are determined based on the financial data of each segment.

### (2) The Financial Information of Reportable Segment

Unit: RMB

| Item  | General lighting and vehicle lamp products | LED packaging and component products and other products | Offset among segments | Total             |
|---|--|---|-----------------------|-------------------|
| I. Operating revenue  | 5,569,609,711.40                           | 3,541,637,227.92  | -53,954,935.42        | 9,057,292,003.90  |
| II. Cost of sales   | 4,288,044,026.08                           | 3,119,347,086.25  | -52,576,860.32        | 7,354,814,252.01  |
| III. Income from investments to joint ventures and associates | 1,833,621.59                               | 2,497,323.08  | -2,497,323.08         | 1,833,621.59      |
| IV. Credit impairment loss                                    | -51,179,677.71                             | -825,184.00   | -126,192.50           | -52,131,054.21    |
| V. Asset impairment loss                                      | -42,182,937.97                             | -39,085,719.39  |                       | -81,268,657.36    |
| VI. Depreciation and amortization cost                        | 238,477,025.16                             | 380,838,647.64  | -762,260.04           | 618,553,412.76    |
| VII. Total profits  | 334,488,657.69                             | 82,123,629.55   | -10,812,720.78        | 405,799,566.46    |
| VIII. Income tax expense                                      | 24,682,857.24                              | -3,411,905.43   | -143,987.33           | 21,126,964.48     |
| IX. Net profits   | 309,805,800.45                             | 85,535,534.98   | -10,668,733.45        | 384,672,601.98    |
| X. Total assets   | 11,289,980,117.73                          | 6,526,413,104.58  | -881,953,307.29       | 16,934,439,915.02 |
| XI. Total liabilities   | 4,490,496,335.46                           | 2,722,973,125.22  | -50,427,034.71        | 7,163,042,425.97  |

### (3) If there Was no Reportable Segment, or the Total Amount of Assets and Liabilities of Each Reportable Segment Could not Be Reported, Relevant Reasons Shall Be Clearly Stated

None.

### (4) Other notes

None.

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

None.

## 8. Other

### (1) 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 31 December 2023, 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.

### (2) Land acquisition and storage matters

On 6 December 2023 and 22 December 2023, the Company respectively held the 49th meeting of the Ninth Board of Directors and the Second Extraordinary General Meeting of 2023, which approved the Proposal on the *Disposal of Assets of the Company and Signing of Reserve Agreement*, and agreed that the Company would sign the *Letter of Intent on Land Reserve* with Foshan City Chancheng District Zumiao Street Office, and sign the *Agreement on the Use Right of State-owned Land* with Foshan City Chancheng District Land Reserve Center and Foshan City Chancheng District Zumiao Street Office. After completing the preliminary land preparation work such as demolition of buildings on the ground in accordance with relevant laws, regulations and policies, the Fenjiang North Road land parcel in Chancheng District of Foshan would be handed over in three years batch by batch for pending expropriation. On 1 February 2024, the Company formally signed the *State-owned Land Use Right Reserve Agreement* with Foshan Chancheng District Land Reserve Center and Foshan Chancheng District Zumiao Street Office. The Company would conduct pending expropriation of Lot No. 64, Fenjiang North Road in accordance with the relevant contents of the agreement.

### (3) Equity incentives

On 12 June 2023, the 2023 Restricted Share Incentive Plan (Draft), together with other relevant proposals, were approved at the 44th Meeting of the Ninth Board of Directors and the 22nd Meeting of the Ninth Supervisory Committee. As such, the Company intended to grant no more than 13,000,000 restricted shares to 262 awardees. To be specific, there were 11.7 million shares for the first grant, accounting for 90.00% of the total grant under the incentive plan; and there were 1.3 million reserved shares, accounting for 10.00% of the total grant under the incentive plan. The restricted shares were A-stock ordinary shares repurchased by the Company. And the grant price for the first grant was RMB3.81/share. This equity incentive plan is subject to approval by the State-owned Assets Supervision and Administration Commission of Guangdong Province and a general meeting of shareholders of the Company. For further information, see the 2023 Restricted Share Incentive Plan (Draft) and Its Summary and other relevant proposals that have been disclosed on <http://www.cninfo.com.cn/> dated 13 June 2023.

### (4) 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). On 29 August 2023, NationStar Optoelectronics announced that it had received the Notice of Acceptance of Registration (ZSXZ [2023] SCP No. 363) from National Association of Financial Market Institutional Investors (NAFMII), in which NAFMII decided to accept the registration of NationStar Optoelectronics' s SCP with the registered amount of RMB1 billion and the registration quota being valid for 2 years from the date of the notice. NationStar Optoelectronics may issue the SCP by installment within the validity of the registration. Currently, NationStar Optoelectronics has not issued any SCP.

## XIX. Notes of Main Items in the Financial Statements of the Company as the Parent

### 1. Accounts Receivable

#### (1) Disclosure by Aging

Unit: RMB

| Aging                            | Ending carrying amount | Beginning carrying amount |
|----------------------------------|------------------------|---------------------------|
| Within 1 year (including 1 year) | 683,345,802.12         | 792,004,489.20            |
| 1 to 2 years                     | 125,068,556.37         | 139,049,799.35            |
| 2 to 3 years                     | 92,436,464.67          | 17,633,235.95             |
| Over 3 years                     | 28,150,275.79          | 42,115,123.81             |
| 3 to 4 years                     | 6,324,306.99           | 6,563,656.53              |
| 4 to 5 years                     | 4,557,233.31           | 20,564,402.16             |
| Over 5 years                     | 17,268,735.49          | 14,987,065.12             |
| Total                            | 929,001,098.95         | 990,802,648.31            |

#### (2) Disclosure by Withdrawal Methods for Bad Debts

Unit: RMB

| Category   | Ending balance  |            |                    |                       |                | Beginning balance |            |                    |                       |                |
|--|-----------------|------------|--------------------|-----------------------|----------------|-------------------|------------|--------------------|-----------------------|----------------|
|  | Carrying amount |            | Bad debt provision |                       | Carrying value | Carrying amount   |            | Bad debt provision |                       | Carrying value |
|  | Amount          | Proportion | Amount             | Withdrawal proportion |                | Amount            | Proportion | Amount             | Withdrawal proportion |                |
| Accounts receivable for which bad debt provision | 16,206,226.20   | 1.74%      | 13,266,776.46      | 81.86%                | 2,939,449.74   | 11,220,827.14     | 1.13%      | 11,220,827.14      | 100.00%               |                |



|   |                |         |               |       |                |                |         |               |       |                |
|---|----------------|---------|---------------|-------|----------------|----------------|---------|---------------|-------|----------------|
| separately accrued  |                |         |               |       |                |                |         |               |       |                |
| Of which:   |                |         |               |       |                |                |         |               |       |                |
| Accounts receivable for which bad debt provision accrued by group | 912,794,872.75 | 98.26%  | 75,730,895.08 | 8.30% | 837,063,977.67 | 979,581,821.17 | 98.87%  | 64,706,145.17 | 6.61% | 914,875,676.00 |
| Of which:   |                |         |               |       |                |                |         |               |       |                |
| (1) Business portfolio of general lighting and auto lamps         | 843,754,827.55 | 90.83%  | 75,730,895.08 | 8.98% | 768,023,932.47 | 921,740,497.75 | 93.03%  | 64,706,145.17 | 7.02% | 857,034,352.58 |
| (2) Internal business portfolio                                   | 69,040,045.20  | 7.43%   |               |       | 69,040,045.20  | 57,841,323.42  | 5.84%   |               |       | 57,841,323.42  |
| Total   | 929,001,098.95 | 100.00% | 88,997,671.54 | 9.58% | 840,003,427.41 | 990,802,648.31 | 100.00% | 75,926,972.31 | 7.66% | 914,875,676.00 |

Bad debt provision separately accrued: RMB13,266,776.46

There were no significant accounts receivable with bad debt provision separately accrued in the current period.

Withdrawal of bad debt provision by group: RMB75,730,895.08

Unit: RMB

| Name  | Ending balance  |                    |                       |
|---|-----------------|--------------------|-----------------------|
|   | Carrying amount | Bad debt provision | Withdrawal proportion |
| (1) Business portfolio of general lighting and auto lamps | 843,754,827.55  | 75,730,895.08      | 8.98%                 |
| (2) Business portfolio of LED packaging and components    | 69,040,045.20   |                    | 0.00%                 |
| Total   | 912,794,872.75  | 75,730,895.08      |                       |

Notes to the determination basis for the group:

See Note V-13. Accounts Receivable.

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

Applicable Not applicable

### (3) Bad Debt Provision Withdrawal, Reversed or Recovered in the Current Period

Withdrawal of bad debt provision:

Unit: RMB

| Category  | Beginning balance    | Changes in the current period |                       |                      |       | Ending balance       |
|---|----------------------|-------------------------------|-----------------------|----------------------|-------|----------------------|
|   |                      | Withdrawn                     | Reversed or collected | Verified             | Other |                      |
| Accounts receivable withdrawn bad debt provision separately | 11,220,827.14        | 16,205,360.82                 | 50,000.00             | 14,109,411.50        |       | 13,266,776.46        |
| Accounts receivable withdrawn bad debt provision by group   | 64,706,145.17        | 16,824,620.06                 |                       | 5,799,870.15         |       | 75,730,895.08        |
| <b>Total</b>  | <b>75,926,972.31</b> | <b>33,029,980.88</b>          | <b>50,000.00</b>      | <b>19,909,281.65</b> |       | <b>88,997,671.54</b> |

Of which, bad debt provision collected or reversed with significant amount: None.

### (4) Accounts Receivable Written-off in Current Period

Unit: RMB

| Item                                     | Written-off amount |
|--|--------------------|
| Accounts receivable actually written off | 19,998,540.04      |

Of which, verification of significant accounts receivable:

Unit: RMB

| Name of the entity | Nature            | Amount               | Reason                                     | Procedure   | Whether occurred because of related-party transactions |
|--------------------|-------------------|----------------------|--|---|--|
| Customer 1         | Payment for goods | 11,170,827.14        | Final court judgment, no recovery expected | Perform the approval procedures in accordance with the Company's bad debt management system | Not  |
| <b>Total</b>       |                   | <b>11,170,827.14</b> |  |   |  |

Notes to verification of accounts receivable:

RMB19,998,540.04 of accounts receivable has been verified with the bad debt provision of RMB19,909,281.65, and the approval procedures have been performed in accordance with the Company's bad debt management system.

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

Unit: RMB

| Name of the entity | Ending balance of accounts receivable | Ending balance of contract assets | Ending balance of accounts receivable and contract assets | Proportion to total ending balance of accounts receivable and contract assets | Ending balance of bad debt provision of accounts receivable and impairment provision for contract assets |
|--------------------|---------------------------------------|-----------------------------------|---|---|--|
| No. 1              | 152,154,428.66                        |                                   | 152,154,428.66  | 16.27%  | 4,564,632.86   |
| No. 2              | 103,803,612.42                        |                                   | 103,803,612.42  | 11.10%  | 3,114,108.37   |
| No. 3              | 39,936,427.37                         |                                   | 39,936,427.37   | 4.27%   |  |
| No. 4              | 28,231,705.33                         |                                   | 28,231,705.33   | 3.02%   | 1,477,999.22   |
| No. 5              | 24,804,411.54                         |                                   | 24,804,411.54   | 2.65%   | 6,728,950.01   |
| Total              | 348,930,585.32                        |                                   | 348,930,585.32  | 37.31%  | 15,885,690.46  |

**2. Other Receivables**

Unit: RMB

| Item              | Ending balance | Beginning balance |
|-------------------|----------------|-------------------|
| Other receivables | 558,342,534.44 | 511,036,345.72    |
| Total             | 558,342,534.44 | 511,036,345.72    |

**(1) Interest Receivable**

None.

**(2) Dividend Receivable**

None.

**(3) Other Receivables**

**1) Category of Other Receivables by Account Nature**

Unit: RMB

| Nature                     | Ending carrying amount | Beginning carrying amount |
|----------------------------|------------------------|---------------------------|
| Other current accounts     | 550,330,445.91         | 499,569,435.12            |
| Performance bonds          | 5,017,218.52           | 2,535,349.17              |
| Export VAT rebates         | 4,708,061.84           | 9,247,208.98              |
| Staff loans and petty cash | 1,267,076.22           | 1,467,513.80              |
| Rents and utilities        | 808,434.42             | 2,211,666.93              |
| Total                      | 562,131,236.91         | 515,031,174.00            |

## 2) Disclosure by Aging

Unit: RMB

| Aging                            | Ending carrying amount | Beginning carrying amount |
|----------------------------------|------------------------|---------------------------|
| Within 1 year (including 1 year) | 125,675,552.49         | 107,707,632.83            |
| 1 to 2 years                     | 40,089,841.13          | 402,271,482.67            |
| 2 to 3 years                     | 393,099,727.65         | 1,736,367.27              |
| Over 3 years                     | 3,266,115.64           | 3,315,691.23              |
| 3 to 4 years                     | 1,588,177.54           | 1,049,621.10              |
| 4 to 5 years                     | 981,563.00             | 763,885.44                |
| Over 5 years                     | 696,375.10             | 1,502,184.69              |
| Total                            | 562,131,236.91         | 515,031,174.00            |

## 3) Disclosure by Withdrawal Methods for Bad Debts

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:   |                 |            |                    |                       |                |                   |            |                    |                       |                |
| Withdrawal of bad debt provision by group   | 562,131,236.91  | 100.00%    | 3,788,702.47       | 0.67%                 | 558,342,534.44 | 515,031,174.00    | 100.00%    | 3,994,828.28       | 0.78%                 | 511,036,345.72 |
| Of which:   |                 |            |                    |                       |                |                   |            |                    |                       |                |
| Other receivables with bad debt provision based on a combination of credit risk characteristics | 562,131,236.91  | 100.00%    | 3,788,702.47       | 0.67%                 | 558,342,534.44 | 515,031,174.00    | 100.00%    | 3,994,828.28       | 0.78%                 | 511,036,345.72 |
| Total   | 562,131,236.91  | 100.00%    | 3,788,702.47       | 0.67%                 | 558,342,534.44 | 515,031,174.00    | 100.00%    | 3,994,828.28       | 0.78%                 | 511,036,345.72 |

Withdrawal of bad debt provision by group: RMB-206,125.81

Unit: RMB

| Name  | Ending balance  |                    |                       |
|---|-----------------|--------------------|-----------------------|
|   | Carrying amount | Bad debt provision | Withdrawal proportion |
| Other receivables with bad debt provision based on a combination of credit risk | 562,131,236.91  | 3,788,702.47       | 0.67%                 |

|                 |                |              |  |
|-----------------|----------------|--------------|--|
| characteristics |                |              |  |
| Total           | 562,131,236.91 | 3,788,702.47 |  |

Notes to the determination basis for the group:

Detailed in Note V-13. Accounts Receivable.

Withdrawal of bad debt provision by adopting the general mode of expected credit loss:

Unit: RMB

| Bad debt provision                              | First stage                                | Second stage   | Third stage  | Total        |
|---|--|--|--|--------------|
|   | Expected credit loss in 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 2023                       | 570,436.68                                 | 3,424,391.60   |  | 3,994,828.28 |
| Balance of 1 January 2023 in the current period |  |  |  |              |
| Withdrawal of the current period                | 270,913.72                                 | -477,039.53  |  | -206,125.81  |
| Balance of 31 December 2023                     | 841,350.40                                 | 2,947,352.07   |  | 3,788,702.47 |

The basis for the division of each stage and the withdrawal proportion of bad debt provision

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

Applicable Not applicable

#### 4) Bad Debt Provision Withdrawn, Reversed or Recovered in the Current Period

Withdrawal of bad debt provision:

Unit: RMB

| Category          | Beginning balance | Changes in the current period |                       |                         |        | Ending balance |
|-------------------|-------------------|-------------------------------|-----------------------|-------------------------|--------|----------------|
|                   |                   | Withdrawal                    | Reversed or recovered | Charged-off/Written-off | Others |                |
| Other receivables | 3,994,828.28      | -206,125.81                   |                       |                         |        | 3,788,702.47   |
| Total             | 3,994,828.28      | -206,125.81                   |                       |                         |        | 3,788,702.47   |

Of which the bad debt provision recovered or transferred-back with significant amount during the current period:  
None.

#### 5) Particulars of the Actual Verification of Other Receivables during the Current Period

None.

#### 6) 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 group | 472,584,201.03 | Within 3 years | 84.07%  |                                      |

|       |                            |                |                |        |            |
|-------|----------------------------|----------------|----------------|--------|------------|
| No. 2 | Internal group             | 51,979,590.65  | Within 2 years | 9.25%  |            |
| No. 3 | Other intercourse accounts | 15,883,375.00  | Within 1 year  | 2.83%  | 476,501.25 |
| No. 4 | VAT export tax refunds     | 4,708,061.84   | Within 1 year  | 0.84%  | 141,241.86 |
| No. 5 | Other intercourse accounts | 2,827,035.52   | Within 1 year  | 0.50%  | 84,811.07  |
| Total |                            | 547,982,264.04 |                | 97.49% | 702,554.18 |

### 7) Presentation in Other Receivables due to the Centralized Management of Funds

None.

### 3. Long-term Equity Investment

Unit: RMB

| Item  | Ending balance   |                      |                  | Beginning balance |                      |                  |
|---|------------------|----------------------|------------------|-------------------|----------------------|------------------|
|   | Carrying amount  | Impairment provision | Carrying value   | Carrying amount   | Impairment provision | Carrying value   |
| Investment to subsidiaries                              | 2,323,435,425.91 |                      | 2,323,435,425.91 | 2,323,631,238.41  |                      | 2,323,631,238.41 |
| Investment to joint ventures and associated enterprises | 179,188,555.15   |                      | 179,188,555.15   | 181,931,792.66    |                      | 181,931,792.66   |
| Total   | 2,502,623,981.06 |                      | 2,502,623,981.06 | 2,505,563,031.07  |                      | 2,505,563,031.07 |

#### (1) Investment to Subsidiaries

Unit: RMB

| Investee                                    | Beginning balance (carrying value) | Increase/decrease | Ending balance (carrying value) |                    |                                 |       | Ending balance of depreciation reserve | Investee |
|---|------------------------------------|-------------------|---------------------------------|--------------------|---------------------------------|-------|--|----------|
|   |                                    |                   | Additional investment           | Reduced investment | Depreciation reserves withdrawn | Other |  |          |
| Foshan NationStar Optoelectronics Co., Ltd. | 1,212,090,245.94                   |                   |                                 |                    |                                 |       | 1,212,090,245.94                       |          |
| Nanning Liaowang Auto Lamp Co., Ltd.        | 493,880,163.76                     |                   |                                 |                    |                                 |       | 493,880,163.76                         |          |
| Fozhao (Hainan) Technology Co., Ltd.        | 200,000,000.00                     |                   |                                 |                    |                                 |       | 200,000,000.00                         |          |
| Foshan Kelian New                           | 170,000,000.00                     |                   |                                 |                    |                                 |       | 170,000,000.00                         |          |

|  |                         |  |  |  |  |  |  |  |                   |  |                         |  |
|--|-------------------------|--|--|--|--|--|--|--|-------------------|--|-------------------------|--|
| Energy Technology Co., Ltd.                                |                         |  |  |  |  |  |  |  |                   |  |                         |  |
| FSL Chanchang Optoelectronics Co., Ltd.                    | 82,507,350.00           |  |  |  |  |  |  |  |                   |  | 82,507,350.00           |  |
| 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           |  |
| FSL Zhida Electric Technology Co., Ltd.                    | 25,500,000.00           |  |  |  |  |  |  |  |                   |  | 25,500,000.00           |  |
| Foshan Haolaite Lighting Co., Ltd.                         | 16,685,000.00           |  |  |  |  |  |  |  |                   |  | 16,685,000.00           |  |
| Foshan Fozhao Zhicheng Technology Co., Ltd.                | 15,000,000.00           |  |  |  |  |  |  |  |                   |  | 15,000,000.00           |  |
| Foshan Taimei Times Lamp Co., Ltd.                         | 350,000.00              |  |  |  |  |  |  |  |                   |  | 350,000.00              |  |
| Foshan Sigma Venture Capital Co., Ltd.                     | 4,226.45                |  |  |  |  |  |  |  |                   |  | 4,226.45                |  |
| FSL Lighting GMBH  | 195,812.50              |  |  |  |  |  |  |  | 195,812.50        |  |                         |  |
| <b>Total</b>   | <b>2,323,631,238.41</b> |  |  |  |  |  |  |  | <b>195,812.50</b> |  | <b>2,323,435,425.91</b> |  |

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

Unit: RMB

| Investee | Beginning balance | Beginning balance | Increase/decrease |         |           |            |            |            |            |       | Ending balance | Ending balance of |
|----------|-------------------|-------------------|-------------------|---------|-----------|------------|------------|------------|------------|-------|----------------|-------------------|
|          |                   |                   | Additonal         | Reduced | Gains and | Adjustment | Changes of | Cash bonus | Withdrawal | Other |                |                   |
|          |                   |                   |                   |         |           |            |            |            |            |       |                |                   |

|   | e<br>(carryi<br>ng<br>value) | e of<br>deprec<br>iation<br>reserve | invest<br>ment | invest<br>ment | losses<br>recogn<br>ized<br>under<br>the<br>equity<br>metho<br>d | of<br>other<br>compr<br>ehensi<br>ve<br>incom<br>e | other<br>equity | or<br>profits<br>annou<br>nced to<br>issue | of<br>impair<br>ment<br>provisi<br>on |  | (carryi<br>ng<br>value) | deprec<br>iation<br>reserve |
|---|------------------------------|-------------------------------------|----------------|----------------|--|--|-----------------|--|---------------------------------------|--|-------------------------|-----------------------------|
| I. Joint ventures   |                              |                                     |                |                |  |  |                 |  |                                       |  |                         |                             |
| II. Associated enterprises  |                              |                                     |                |                |  |  |                 |  |                                       |  |                         |                             |
| Shenz<br>henPri<br>matron<br>ix<br>(Nanh<br>o)<br>Electro<br>nics<br>Ltd. | 181,93<br>1,792.<br>66       |                                     |                |                | 1,833,<br>621.59   |  |                 | 4,576,<br>859.10                           |                                       |  | 179,18<br>8,555.<br>15  |                             |
| Subtot<br>al  | 181,93<br>1,792.<br>66       |                                     |                |                | 1,833,<br>621.59   |  |                 | 4,576,<br>859.10                           |                                       |  | 179,18<br>8,555.<br>15  |                             |
| Total   | 181,93<br>1,792.<br>66       |                                     |                |                | 1,833,<br>621.59   |  |                 | 4,576,<br>859.10                           |                                       |  | 179,18<br>8,555.<br>15  |                             |

The recoverable amount is determined based on the net amount of the fair value minus disposal costs

Applicable  Not applicable

The recoverable amount is determined by the present value of the forecasted future cash flow

Applicable  Not applicable

The reason for the discrepancy between the foregoing information and the information used in the impairment tests in prior years or external information

None.

The reason for the discrepancy between the information used in the Company's impairment tests in prior years and the actual situation of those years

None.

### (3) Other Notes

None.

## 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 operations  | 3,256,292,066.96  | 2,590,527,472.07 | 3,140,930,568.54         | 2,545,166,965.71 |
| Other operations | 114,208,143.77    | 79,302,538.77    | 173,106,570.74           | 138,938,600.08   |
| Total            | 3,370,500,210.73  | 2,669,830,010.84 | 3,314,037,139.28         | 2,684,105,565.79 |

## 5. Investment Income

Unit: RMB

| Item  | Reporting Period | Same period of last year |
|---|------------------|--------------------------|
| Long-term equity investment income accounted by cost method           | 12,959,503.50    | 8,704,927.43             |
| Long-term equity investment income accounted by equity method         | 1,833,621.59     | 2,467,060.07             |
| Investment income from disposal of long-term equity investment        | -686,145.59      |                          |
| Investment income from disposal of trading financial assets           | -13,774,175.00   | -9,764,664.95            |
| Dividend income from holding of other equity instrument investment    | 16,633,969.35    | 16,055,272.93            |
| Interest income from holding of other investments in debt obligations | 5,611,238.58     |                          |
| Income received from financial products and structural deposits       | 1,767,053.51     | 1,595,691.60             |
| Total   | 24,345,065.94    | 19,058,287.08            |

## 6. Other

None.

## XX. Supplementary Materials

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

Applicable  Not applicable

Unit: RMB

| Item  | Amount        | Note |
|---|---------------|------|
| Gain or loss on disposal of non-current assets  | 11,286,004.48 |      |
| Government grants recognised in profit or loss (exclusive of those that are closely related to the Company's normal business operations and given in accordance with defined criteria and in compliance with government policies, and have a continuing impact on the Company's profit or loss) | 52,146,676.20 |      |

|  |                |    |
|--|----------------|----|
| Gain or loss on fair-value changes in financial assets and liabilities held by a non-financial enterprise, as well as on disposal of financial assets and liabilities (exclusive of the effective portion of hedges that is related to the Company's normal business operations) | -10,070,899.66 |    |
| Capital occupation charges on non-financial enterprises that are recorded into current profit or loss  | 224,271.91     |    |
| Reverse of provision for impairment of accounts receivable individually conducting impairment test   | 573,448.92     |    |
| Other non-operating income and expenses other than the above   | 4,424,223.10   |    |
| Less: Income tax effects   | 5,440,558.97   |    |
| Non-controlling interests effects (after-tax)  | 37,624,282.39  |    |
| Total  | 15,518,883.59  | -- |

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   | 5.51%                    | 0.2128           | 0.2108      |
| Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss | 5.21%                    | 0.2014           | 0.1995      |

### **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**

None.

#### **4. Other**

None.

Wan Shan, legal representative

Foshan Electrical and Lighting Co., Ltd.

17 April 2024