

**Foshan Electrical and Lighting Co., Ltd.**

**The semi-annual financial report 2023**

## Financial Statements

### I Auditor's Report

Whether the interim report has been audited?

Yes  No

The interim report of the Company has not been audited.

### II Financial Statements

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

#### 1. Consolidated Balance Sheet

Prepared by Foshan Electrical and Lighting Co., Ltd.

30 June 2023

Unit: RMB

Item	30 June 2023	1 January 2023
Current assets:		
Monetary assets	2,518,177,714.99	2,484,508,907.43
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets	81,882,834.67	261,541,896.45
Derivative financial assets		
Notes receivable	811,254,925.34	821,537,774.07
Accounts receivable	2,347,099,724.92	1,920,770,941.76
Accounts receivable financing	444,845,917.62	569,868,831.79
Prepayments	41,451,120.26	45,526,548.93
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	150,403,234.75	32,902,865.98
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	1,646,526,195.36	2,031,637,401.87
Contract assets	5,153,358.98	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	173,015,911.64	79,438,576.89
Total current assets	8,236,958,278.37	8,270,347,960.08
Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		

Long-term equity investments	183, 117, 824. 19	181, 931, 792. 66
Investments in other equity instruments	801, 753, 621. 52	864, 191, 346. 40
Other non-current financial assets		
Investment property	43, 366, 716. 49	44, 611, 882. 44
Fixed assets	3, 365, 628, 092. 29	3, 508, 094, 282. 41
Construction in progress	1, 377, 403, 873. 06	1, 282, 780, 335. 14
Productive living assets		
Oil and gas assets		
Right-of-use assets	9, 832, 756. 11	13, 047, 727. 73
Intangible assets	337, 814, 725. 13	340, 166, 852. 37
Development costs		
Goodwill	421, 831, 593. 46	421, 831, 593. 46
Long-term prepaid expense	171, 879, 033. 97	190, 126, 627. 91
Deferred income tax assets	94, 138, 960. 42	90, 186, 993. 64
Other non-current assets	76, 218, 347. 75	81, 543, 512. 85
Total non-current assets	6, 882, 985, 544. 39	7, 018, 512, 947. 01
Total assets	15, 119, 943, 822. 76	15, 288, 860, 907. 09
Current liabilities:		
Short-term borrowings	190, 926, 526. 02	157, 715, 359. 35
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities	23, 741, 475. 00	4, 679, 000. 00
Derivative financial liabilities		
Notes payable	1, 853, 353, 460. 65	1, 975, 743, 568. 71
Accounts payable	2, 437, 263, 015. 38	2, 513, 177, 458. 14
Advances from customers	196, 200. 00	2, 532, 442. 44
Contract liabilities	131, 700, 995. 68	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	162, 300, 069. 89	173, 034, 152. 18
Taxes payable	78, 233, 220. 74	64, 295, 552. 10
Other payables	645, 736, 648. 53	440, 230, 081. 05
Including: Interest payable		
Dividends payable	134, 915, 110. 77	15, 646. 07
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	63, 473, 244. 52	65, 540, 510. 67
Other current liabilities	136, 138, 329. 46	100, 192, 681. 00
Total current liabilities	5, 723, 063, 185. 87	5, 622, 283, 967. 25
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings	493, 362, 857. 84	747, 931, 023. 71
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	6, 477, 932. 48	7, 055, 542. 18
Long-term payables		
Long-term employee benefits payable		
Provisions	9, 518, 319. 01	9, 587, 043. 31

Deferred income	80,860,487.74	97,078,233.43
Deferred income tax liabilities	196,099,462.78	204,371,264.18
Other non-current liabilities	206,307.09	308,780.61
Total non-current liabilities	786,525,366.94	1,066,331,887.42
Total liabilities	6,509,588,552.81	6,688,615,854.67
Owners' equity:		
Share capital	1,361,994,647.00	1,361,994,647.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	7,245,971.54	7,245,971.54
Less: Treasury stock	82,165,144.15	82,165,144.15
Other comprehensive income	447,201,368.35	498,141,018.70
Specific reserve		
Surplus reserves	91,359,027.15	91,359,027.15
General reserve		
Retained earnings	3,330,471,596.34	3,296,435,828.50
Total equity attributable to owners of the Company as the parent	5,156,107,466.23	5,173,011,348.74
Non-controlling interests	3,454,247,803.72	3,427,233,703.68
Total owners' equity	8,610,355,269.95	8,600,245,052.42
Total liabilities and owners' equity	15,119,943,822.76	15,288,860,907.09

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

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

Unit: RMB

Item	30 June 2023	1 January 2023
Current assets:		
Monetary assets	681,210,754.40	616,301,656.56
Held-for-trading financial assets		200,565,014.22
Derivative financial assets		
Notes receivable	110,657,146.53	130,473,889.36
Accounts receivable	1,086,975,621.84	914,875,676.00
Accounts receivable financing	60,666,671.99	14,127,710.41
Prepayments	7,737,747.01	13,129,004.94
Other receivables	978,598,589.43	511,036,345.72
Including: Interest receivable		
Dividends receivable		
Inventories	306,898,828.61	475,047,674.61
Contract assets	5,153,358.98	5,466,875.07
Assets held for sale		
Current portion of non-current assets		
Other current assets	105,373,508.94	9,844,377.83
Total current assets	3,343,272,227.73	2,890,868,224.72
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	2,506,749,062.60	2,505,563,031.07
Investments in other equity instruments	761,675,052.72	823,131,485.48
Other non-current financial assets		
Investment property	39,800,117.43	40,982,686.40

Fixed assets	555,297,116.18	548,743,031.51
Construction in progress	220,291,866.58	187,318,584.50
Productive living assets		
Oil and gas assets		
Right-of-use assets	5,813,183.28	6,963,639.23
Intangible assets	95,701,146.70	94,698,330.35
Development costs		
Goodwill		
Long-term prepaid expense	30,215,256.11	37,118,287.24
Deferred income tax assets	37,984,595.01	31,202,848.92
Other non-current assets	45,361,377.95	48,873,160.34
Total non-current assets	4,298,888,774.56	4,324,595,085.04
Total assets	7,642,161,002.29	7,215,463,309.76
Current liabilities:		
Short-term borrowings		
Held-for-trading financial liabilities	23,741,475.00	4,679,000.00
Derivative financial liabilities		
Notes payable	795,588,488.59	826,037,810.34
Accounts payable	1,285,429,617.40	788,288,700.08
Advances from customers		2,285,714.30
Contract liabilities	73,386,563.67	47,498,783.11
Employee benefits payable	60,341,858.15	49,182,531.44
Taxes payable	30,073,622.90	9,700,312.91
Other payables	417,929,824.40	202,509,326.09
Including: Interest payable		
Dividends payable	134,899,464.70	
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	1,427,782.66	1,881,117.79
Other current liabilities	74,912,121.36	88,215,663.53
Total current liabilities	2,762,831,354.13	2,020,278,959.59
Non-current liabilities:		
Long-term borrowings		182,912,120.75
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	4,385,400.62	5,082,521.44
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities	78,774,921.62	88,165,954.92
Other non-current liabilities		
Total non-current liabilities	83,160,322.24	276,160,597.11
Total liabilities	2,845,991,676.37	2,296,439,556.70
Owners' equity:		
Share capital	1,361,994,647.00	1,361,994,647.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	7,426,635.62	7,426,635.62
Less: Treasury stock	82,165,144.15	82,165,144.15
Other comprehensive income	446,550,316.94	498,788,284.79
Specific reserve		
Surplus reserves	322,663,096.39	322,663,096.39
Retained earnings	2,739,699,774.12	2,810,316,233.41

Total owners' equity	4,796,169,325.92	4,919,023,753.06
Total liabilities and owners' equity	7,642,161,002.29	7,215,463,309.76

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

### 3. Consolidated Income Statement

Unit: RMB

Item	H1 2023	H1 2022
1. Revenue	4,566,062,729.02	4,433,331,393.42
Including: Operating revenue	4,566,062,729.02	4,433,331,393.42
Interest income		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	4,299,771,626.28	4,165,508,040.62
Including: Cost of sales	3,733,474,828.88	3,654,061,368.03
Interest expense		
Handling charge and commission expense		
Surrenders		
Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	37,443,299.13	25,534,415.81
Selling expense	131,921,130.00	111,269,248.57
Administrative expense	200,946,085.42	186,307,739.44
R&D expense	226,148,905.26	212,572,992.98
Finance costs	-30,162,622.41	-24,237,724.21
Including: Interest expense	14,255,244.44	7,068,335.84
Interest income	24,520,047.73	13,000,154.06
Add: Other income	27,389,992.05	40,797,290.95
Return on investment ("-" for loss)	22,449,570.63	19,613,744.86
Including: Share of profit or loss of joint ventures and associates	1,186,031.53	650,457.40
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)	-22,153,522.56	-10,766,595.97
Credit impairment loss ("-" for loss)	-18,947,421.03	-10,246,248.56
Asset impairment loss ("-" for loss)	-16,390,888.73	-23,341,049.45
Asset disposal income ("-" for loss)	110,475.52	82,362.19
3. Operating profit ("-" for loss)	258,749,308.62	283,962,856.82
Add: Non-operating income	2,440,914.48	8,990,018.61
Less: Non-operating expense	4,780,570.32	7,994,166.62
4. Profit before tax ("-" for loss)	256,409,652.78	284,958,708.81
Less: Income tax expense	31,304,364.49	41,412,077.91

5. Net profit (“-” for net loss)	225, 105, 288. 29	243, 546, 630. 90
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	225, 105, 288. 29	243, 546, 630. 90
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to shareholders of the Company as the parent (“-” for net loss)	168, 935, 232. 54	163, 528, 019. 78
5.2.1 Net profit attributable to non-controlling interests (“-” for net loss)	56, 170, 055. 75	80, 018, 611. 12
6. Other comprehensive income, net of tax	-49, 800, 869. 38	-128, 025, 149. 83
Attributable to owners of the Company as the parent	-50, 939, 650. 35	-128, 036, 703. 73
6.1 Items that will not be reclassified to profit or loss	-52, 237, 967. 85	-128, 132, 332. 34
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	-52, 237, 967. 85	-128, 132, 332. 34
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	1, 298, 317. 50	95, 628. 61
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	1, 298, 317. 50	95, 628. 61
6.2.7 Other		
Attributable to non-controlling interests	1, 138, 780. 97	11, 553. 90
7. Total comprehensive income	175, 304, 418. 91	115, 521, 481. 07
Attributable to owners of the Company as the parent	117, 995, 582. 19	35, 491, 316. 05
Attributable to non-controlling interests	57, 308, 836. 72	80, 030, 165. 02
8. Earnings per share		
8.1 Basic earnings per share	0. 1252	0. 1212
8.2 Diluted earnings per share	0. 1240	0. 1201

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 the same period of last year being RMB0.00.

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

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

Unit: RMB

Item	H1 2023	H1 2022
1. Operating revenue	1,767,119,810.22	1,809,179,992.86
Less: Cost of sales	1,475,930,147.80	1,476,364,107.19
Taxes and surcharges	14,118,151.89	10,450,725.11
Selling expense	76,993,414.88	60,671,112.08
Administrative expense	77,700,935.31	65,659,865.20
R&D expense	72,152,520.98	80,982,862.27
Finance costs	-23,728,727.28	-11,830,352.67
Including: Interest expense	3,685,018.81	4,427,927.34
Interest income	7,478,589.21	3,313,721.07
Add: Other income	1,095,070.80	5,635,099.60
Return on investment (“-” for loss)	27,748,972.71	21,542,755.12
Including: Share of profit or loss of joint ventures and associates	1,186,031.53	650,457.40
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)	-23,059,475.00	-10,811,400.00
Credit impairment loss (“-” for loss)	-9,630,073.47	-9,623,686.25
Asset impairment loss (“-” for loss)	-1,814,506.09	-6,552,785.39
Asset disposal income (“-” for loss)		
2. Operating profit (“-” for loss)	68,293,355.59	127,071,656.76
Add: Non-operating income	36,865.24	-667,333.19
Less: Non-operating expense	745,254.33	4,998,457.51
3. Profit before tax (“-” for loss)	67,584,966.50	121,405,866.06
Less: Income tax expense	3,301,961.09	15,251,135.30
4. Net profit (“-” for net loss)	64,283,005.41	106,154,730.76
4.1 Net profit from continuing operations (“-” for net loss)	64,283,005.41	106,154,730.76
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	-52,237,967.85	-129,543,043.34
5.1 Items that will not be reclassified to profit or loss	-52,237,967.85	-129,543,043.34
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	-52,237,967.85	-129,543,043.34
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	12,045,037.56	-23,388,312.58
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

## 5. Consolidated Cash Flow Statement

Unit: RMB

Item	H1 2023	H1 2022
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	3,850,932,261.31	4,073,694,274.24
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax rebates	100,132,103.39	145,624,893.13
Cash generated from other operating activities	141,107,593.13	127,521,912.96
Subtotal of cash generated from operating activities	4,092,171,957.83	4,346,841,080.33
Payments for commodities and services	2,663,359,134.35	3,081,521,621.90
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	687,281,073.20	732,832,071.44
Taxes paid	204,166,141.70	184,736,431.09
Cash used in other operating activities	149,496,551.38	170,648,464.89
Subtotal of cash used in operating activities	3,704,302,900.63	4,169,738,589.32
Net cash generated from/used in operating activities	387,869,057.20	177,102,491.01
2. Cash flows from investing activities:		
Proceeds from disinvestment	190,981,292.12	502,992,240.66
Return on investment	22,659,407.23	21,038,833.14
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	1,402,000.00	232,233.41
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	215,042,699.35	524,263,307.21
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	109,147,876.06	331,071,942.08
Payments for investments	110,000,000.00	71,695,763.31
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities	360,759.99	
Subtotal of cash used in investing activities	219,508,636.05	402,767,705.39
Net cash generated from/used in investing activities	-4,465,936.70	121,495,601.82
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Borrowings raised	126,598,725.21	687,436,000.00
Cash generated from other financing activities	381,437.71	53,126,214.00
Subtotal of cash generated from financing activities	126,980,162.92	740,562,214.00
Repayment of borrowings	323,893,000.00	342,313,038.15
Interest and dividends paid	160,367,407.65	159,780,554.62
Including: Dividends paid by subsidiaries to non-controlling interests	30,294,736.68	24,282,863.70
Cash used in other financing activities	2,303,428.02	1,062,094,428.42
Subtotal of cash used in financing activities	486,563,835.67	1,564,188,021.19
Net cash generated from/used in financing activities	-359,583,672.75	-823,625,807.19
4. Effect of foreign exchange rates changes on cash and cash equivalents	4,930,576.64	20,245,617.53
5. Net increase in cash and cash equivalents	28,750,024.39	-504,782,096.83
Add: Cash and cash equivalents, beginning of the period	1,945,971,307.26	1,940,209,052.92
6. Cash and cash equivalents, end of the period	1,974,721,331.65	1,435,426,956.09

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

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

Unit: RMB

Item	H1 2023	H1 2022
<b>1. Cash flows from operating activities:</b>		
Proceeds from sale of commodities and rendering of services	1,496,145,578.96	1,647,925,557.33
Tax rebates	53,498,627.75	66,177,691.70
Cash generated from other operating activities	33,751,986.68	49,023,640.18
Subtotal of cash generated from operating activities	1,583,396,193.39	1,763,126,889.21
Payments for commodities and services	1,035,027,746.06	1,182,528,555.48
Cash paid to and for employees	232,728,601.56	279,898,010.00
Taxes paid	35,941,134.26	111,471,325.43
Cash used in other operating activities	56,041,082.96	63,008,054.83
Subtotal of cash used in operating activities	1,359,738,564.84	1,636,905,945.74
Net cash generated from/used in operating activities	223,657,628.55	126,220,943.47
<b>2. Cash flows from investing activities:</b>		
Proceeds from disinvestment	100,000,000.00	492,992,240.66
Return on investment	27,483,617.76	23,125,665.53
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets		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	127,483,617.76	516,160,677.64
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	11,143,401.81	59,178,832.68
Payments for investments		1,166,664,444.95
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	11,143,401.81	1,225,843,277.63
Net cash generated from/used in investing activities	116,340,215.95	-709,682,599.99
<b>3. Cash flows from financing activities:</b>		
Capital contributions received		
Borrowings raised		382,336,000.00
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		382,336,000.00
Repayment of borrowings	178,893,000.00	197,016,000.00
Interest and dividends paid	119,898,677.90	135,641,014.35
Cash used in other financing activities		
Subtotal of cash used in financing activities	298,791,677.90	332,657,014.35
Net cash generated from/used in financing activities	-298,791,677.90	49,678,985.65
<b>4. Effect of foreign exchange rates changes on cash and cash equivalents</b>	<b>1,541,521.95</b>	<b>15,401,360.65</b>

5. Net increase in cash and cash equivalents	42,747,688.55	-518,381,310.22
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	503,809,832.75	343,444,704.07

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

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

H1 2023

Unit: RMB

Item	H1 2023														
	Equity attributable to owners of the Company as the parent													Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other	Subtotal		
Preferred shares		Perpetual bonds	Other												
1. Balance as at the end of the period of prior year	1,361,994,647.00				7,245,971.54	82,165,144.15	498,1018.70		91,359,027.15		3,296,490,552.2	5,173,066,095.76	3,427,280,735.85	8,600,346,831.61	
Add: Adjustment for change in accounting policy												-54,747.02	-47,032.17	-101,779.19	
Adjustment for correction of previous error															
Adjustment for business combination under common control															
Other adjustments															
2. Balance as at the beginning of the Reporting Period	1,361,994,647.00				7,245,971.54	82,165,144.15	498,1018.70		91,359,027.15		3,296,490,552.20	5,173,066,095.76	3,427,280,735.85	8,600,346,831.61	
3. Increase/decrease in the period ("-" for decrease)											34,035,764.4	16,903,882.5	27,014,100.4	10,110,217.53	

							5						1		
3.1 Total comprehensive income							50,939,650.35				168,935,232.54		117,995,582.19	57,308,836.72	175,304,418.91
3.2 Capital increased and reduced by owners															
3.2.1 Ordinary shares increased by owners															
3.2.2 Capital increased by holders of other equity instruments															
3.2.3 Share-based payments included in owners' equity															
3.2.4 Other															
3.3 Profit distribution											-134,899,464.70		-134,899,464.70	-30,294,736.8	-165,194,201.38
3.3.1 Appropriation to surplus reserves															
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)											-134,899,464.70		-134,899,464.70	-30,294,736.8	-165,194,201.38
3.3.4 Other															
3.4 Transfers within owners' equity															
3.4.1 Increase in capital (or share capital) from capital reserves															

3.4.2 Increase in capital (or share capital) from surplus reserves																	
3.4.3 Loss offset by surplus reserves																	
3.4.4 Changes in defined benefit schemes transferred to retained earnings																	
3.4.5 Other comprehensive income transferred to retained earnings																	
3.4.6 Other																	
3.5 Specific reserve																	
3.5.1 Increase in the period																	
3.5.2 Used in the period																	
3.6 Other																	
4. Balance as at the end of the Reporting Period	1,361,994,647.00				7,245,971.54	82,165,144.15	447,201,368.35		91,359,027.15		3,330,471,596.34		5,156,107,466.23	3,454,247,803.72	8,610,355,269.95		

H1 2022

Unit: RMB

Item	H1 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 reserve	Surplus reserves	General reserve	Retained earnings	Other	Subtotal				
Preferred shares		Perpetual bonds	Other														
1. Balance as at the end of the period of prior year	1,399,346,154.00				1,051,158,614.18	250,600,874.54	982,987,454.08		741,334,479.6		3,111,864,076.6		7,036,108,772.54	3,374,117,521	10,579,849,775		

Add: Adjustment for change in accounting policy											18, 918 .22		18, 918 .22	16 ,2 52 .2 9	35,1 70.5 1	
Adjustment for correction of previous error																
Adjustment for business combination under common control																
Other adjustments																
2. Balance as at the beginning of the Reporting Period	1,3 99, 346 ,15 4.0 0				1,0 51, 158 ,61 4.1 8	250 ,60 0,8 74. 54	982 ,98 7,4 54. 08		741 ,35 3,3 47. 96		3,1 11, 882 ,99 5.0 8		7,0 36, 127 ,69 0.7 6	3, 54 3, 75 7, 42 7. 50	10,5 79,8 85,1 18.2 6	
3. Increase/ decrease in the period ("-" for decrease)	- 37, 351 ,50 7.0 0				- 1,0 43, 912 ,64 2.6 4	- 168 ,43 5,7 30. 39	- 228 ,95 3,9 27. 92		- 604 ,26 9,6 97. 37		129 ,54 5,7 79. 27		- 1,6 16, 506 ,26 5.2 7	55 ,7 47 ,3 01 .3 2	- 1,56 0,75 8,96 3.95	
3.1 Total comprehensi ve income							- 128 ,03 6,7 03. 73				163 ,52 8,0 19. 78		35, 491 ,31 6.0 5 2	80 ,0 30 ,1 65 .0 2	115, 521, 481. 07	
3.2 Capital increased and reduced by owners	- 37, 351 ,50 7.0 0				- 1,0 43, 912 ,64 2.6 4	- 168 ,43 5,7 30. 39		- 604 ,26 9,6 97. 37					- 1,5 17, 098 ,11 6.6 2		- 1,51 7,09 8,11 6.62	
3.2.1 Ordinary shares increased by owners	- 37, 351 ,50 7.0 0				- 4,8 25, 948 .60	- 168 ,43 5,7 30. 39		- 126 ,25 8,2 74. 79								
3.2.2 Capital increased by holders of other equity instruments																
3.2.3 Share-based																

payments included in owners' equity														
3.2.4 Other					1,039,086,694.04			478,011,422.58					1,517,098,116.62	-1,517,098,116.62
3.3 Profit distribution														
3.3.1 Appropriation to surplus reserves														
3.3.2 Appropriation to general reserve														
3.3.3 Appropriation to owners (or shareholders)														
3.3.4 Other														
3.4 Transfers within owners' equity														
3.4.1 Increase in capital (or share capital) from capital reserves														
3.4.2 Increase in capital (or share capital) from surplus reserves														
3.4.3 Loss offset by surplus reserves														
3.4.4 Changes in defined														



benefit schemes transferred to retained earnings																
3.4.5 Other comprehensive income transferred to retained earnings																
3.4.6 Other																
3.5 Specific reserve																
3.5.1 Increase in the period																
3.5.2 Used in the period																
3.6 Other																
4. Balance as at the end of the Reporting Period	1,361,994,647.00				7,245,971.54	82,165,144.15	754,033,526.16		137,083,650.59		3,241,428,774.35			5,4621,425.49	3,599,950,472.82	9,019,126,154.31

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

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

H1 2023

Unit: RMB

Item	H1 2023											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance as at the end of the period of 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 Reporting Period	1,361,994.0647.00				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)							-52,237,967.85			-70,616,459.29		-122,854,427.14
3.1 Total comprehensive income							-52,237,967.85			64,283,005.41		12,045,037.56
3.2 Capital increased and reduced by owners												
3.2.1 Ordinary shares increased by owners												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity												
3.2.4 Other												
3.3 Profit distribution										-134,899,464.70		-134,899,464.70
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-134,899,464.70		-134,899,464.70
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												

3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the Reporting Period	1,361,994,647.00				7,426,635.62	82,165,144.15	446,550,316.94		322,663,096.39	2,739,699,774.12		4,796,169,325.92

H1 2022

Unit: RMB

Item	H1 2022											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferred shares	Perpetual bonds	Other								
1. Balance as at the end of the period of prior year	1,399,346,154.00				22,568,665.93	250,600,874.54	984,695,765.83		741,353,347.96	2,738,229,003.27		5,635,592,062.45
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error												

Other adjustments												
2. Balance as at the beginning of the Reporting Period	1,399,346.154.00				22,568,665.93	250,600.874.54	984,695.765.83		741,353.347.96	2,738,229,003.27		5,635,592,062.45
3. Increase/decrease in the period ("-" for decrease)	-37,351,507.00				-4,825,948.60	-168,435.730.39	-230,460.267.53		-440,791.830.02	72,172,490.25		-472,821,332.51
3.1 Total comprehensive income							-129,543.043.34			106,154.730.76		-23,388,312.58
3.2 Capital increased and reduced by owners	-37,351,507.00				-4,825,948.60	-168,435.730.39			-440,791.830.02			-314,533,555.23
3.2.1 Ordinary shares increased by owners	-37,351,507.00				-4,825,948.60	-168,435.730.39			-126,258.274.79			
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity												
3.2.4 Other									-314,533,555.23			-314,533,555.23
3.3 Profit distribution										-134,899,464.70		-134,899,464.70
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)										-134,899,464.70		-134,899,464.70
3.3.3 Other												
3.4 Transfers within owners' equity								-100,917,224.19		100,917,224.19		
3.4.1 Increase in												

capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the Reporting Period	1,361,994,647.00				17,742,717.33	82,165,144.15	754,235,498.30		300,561,517.94	2,810,401,493.52		5,162,770,729.94

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

### III Company profile

#### (I) Basic information

Foshan Electrical and Lighting Co., Ltd. (hereinafter referred to as "the Company"), a joint-stock limited company jointly founded by Foshan Electrical and Lighting Company, Nanhai Wuzhuang Color Glazed Brick Field, and Foshan Poyang Printing Industrial Co. on 20 October 1992 by raising funds under the approval of YGS (1992) No. 63 Document issued by the Joint Examination Group for Experimental Enterprises in Stock System of Guangdong Province and the Economic System Reform Commission of Guangdong Province, is an enterprise with its shares held by both the corporate and the natural persons. As approved by China Securities Regulatory Commission with Document (1993) No. 33, the Company publicly issued 19.3 million shares of social public shares (A shares) to the public in October 1993, and was listed in Shenzhen Stock Exchange for

trade on 23 November 1993. The Company was approved to issue 50,000,000 B shares on 23 July 1995. And, as approved to change into a foreign-invested stock limited company on 26 August 1996 by (1996) WJMZEHZ No. 466 Document issued by the Ministry of Foreign Trade and Economic Cooperation of the People's Republic of China. On 11 December 2000, as approved by China Securities Regulatory Commission with ZJGS Zi [2000] No. 175 Document, the Company additionally issued 55,000,000 A shares. At approved by the Shareholders' General Meeting 2006, 2007, 2008, 2014 and 2017 the Company implemented the plan of capitalization of capital reserve, after the transfer, the registered capital of the Company has increased to RMB1,399,346,154.00. The Company held the 26<sup>th</sup> Meeting of the 9<sup>th</sup> Board of Directors on 14 January 2022, where the *Proposal on Cancelling Some Shares of the Company's Repurchase Special Securities Account* was deliberated and adopted. The repurchased 13 million A shares were used for the equity incentive plan. The remaining 18,952,995 A shares and the repurchased 18,398,512 B shares, totalling 37,351,507 shares, were all deregistered. On 8 February 2022, it was confirmed by Shenzhen Branch of CSDC that the number of repurchased public shares canceled this time was 37,351,507, accounting for 2.67% of the total share capital of the Company before the cancellation, including 18,952,995 A shares and 18,398,512 B shares. Upon the cancellation of the shares, the total share capital of the Company was changed from 1,399,346,154 shares to 1,361,994,647 shares. The Company's registered capital was changed to RMB1,361,994,647.00.

Credibility code of the Company: 91440000190352575W.

Legal representative: Mr. Wu Shenghui

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

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

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

The Financial Report was approved and authorized for issue by the Board of Directors on 29 August 2023.

## (II) Consolidation scope of financial statements

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

“Nanyang Baoli”), Guangdong New Electronic Information Ltd. (referred to as “New Electronic”), NationStar Optoelectronics (Germany) Co., Ltd. (referred to as “Germany NationStar”) and Guangdong Fenghua Semiconductor Technology Co., Ltd. (referred to as “Fenghua Semiconductor”) in total 11 sub-subsidiary.

Given that Nanyang Baoli Vanadium Industry Co., Ltd., a subsidiary of NationStar Optoelectronics, is in a state of non-continuous operations, the Interim Report 2023 of Nanyang Baoli for the current period was formulated at fair value or costs whichever was lower.

Compared with the beginning of the year, the consolidated scope of financial statements in this period does not change. For details, see note IX "equity in other entities".

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

### **1. Preparation Basis**

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

### **2. Going Concern**

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

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

Reminders of the specific accounting policies and accounting estimations:

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

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

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

### **2. Fiscal Year**

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

### **3. Operating Cycle**

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

### **4. Recording Currency**

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

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

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

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

#### **2. Business combination not involving entities under the same control**

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

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

As for the assets other than intangible assets acquired from the acquiree in a business combination (not limited to the assets which have been recognized by the acquiree), if the economic benefits brought by them are likely to flow into the Company and their fair values can be measured reliably, they shall be separately recognized and measured in light of their fair values; intangible asset whose fair value can be measured reliably shall be separately recognized as an intangible asset and shall be measured in light of its fair value; As for the liabilities other than contingent liabilities acquired from the acquiree, if the performance of the relevant obligations is likely to result in any out-flow of economic benefits from the Company, and their fair values can be measured reliably, they shall be separately recognized and measured in light of their fair values; As for the contingent liabilities of the acquiree, if their fair values can be measured reliably, they shall separately recognized as liabilities and shall be measured in light of their fair values.

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

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

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

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

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



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

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

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

For subsidiaries acquired through a business combination under common control, the assets, liabilities, operating results, and cash flows are included in the consolidated financial statements from the beginning of the period of consolidation as if the business combination had occurred at the time the ultimate controlling party began to exercise control; for subsidiaries acquired through a business combination, not under the same control, the fair value of the identifiable net assets on the acquisition date is used as the basis for preparing the consolidated financial statements. The financial statements are adjusted based on the fair value of the identifiable net assets on the acquisition date.

### 5. Accounting treatment of disposal of subsidiaries

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

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

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

### 1. Classification of joint arrangements

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

### 2. Accounting treatment of joint operations

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

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

### 3. Accounting treatment of joint ventures

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

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

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

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

### **1. Conversion of foreign currency business**

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

### **2. Conversion of foreign currency financial statements**

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

## **10. Financial Instruments**

### **1. Classification and reclassification of financial instruments**

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

#### **(1) Financial assets**

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

The Company classifies financial assets as financial assets at fair value through other comprehensive income if they meet both of the following conditions: a) The Company's business model of managing the financial assets aims at obtaining contractual cash flows as well as selling financial assets; b) and, as stipulated by contract clauses

of the financial assets, the cash flows generated on a specific date are merely for the payment of principal or interest from the unpaid principal.

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

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

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

## (2) Financial liabilities

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

## 2. Measurement of financial instruments

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

### (1) Financial assets

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

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

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

d) Investments in non-business equity instruments are designated as fair value through other comprehensive income. After initial recognition, the financial assets are subsequently measured at fair value for this category. Except for dividends received (except for the portion which forms part of investment cost recovered), which are

recognized in profit or loss, all other related gains and losses are recognized in other comprehensive income and are not subsequently transferred to current profit or loss.

## (2) Financial liabilities

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

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

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

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

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

### (1) Financial assets

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

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

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

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

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

## (2) Financial liabilities

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

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

## 11. Notes Receivable

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

## 12. Accounts Receivable

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

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

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

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

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

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

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

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

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

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

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

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

To reflect changes in the credit risk of a financial instrument since the initial recognition, the Company remeasures the expected credit losses on each balance sheet date. The resulting increase or reversal of the provision for losses shall be recognized as an impairment loss or gain in profit or loss and, depending on the type of financial instrument, offset against the carrying amount of the financial asset presented in the balance sheet or recorded as provisions (loan commitments or financial guarantee contracts) or recorded in other comprehensive income (investments in debt obligations measured at fair value through other comprehensive income).

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

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

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

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

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

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

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

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

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

① Accounts Receivable with a Single Significant Amount and a Separate Provision for Expected Credit Losses

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

② Accounts 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

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

Portfolio name	Basis for portfolio recognition	Determination method of expected credit losses
Portfolio 1	Bank acceptance bill	Low credit risk with no provision for bad debts
Portfolio 2	Trade acceptance	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	Accrual rate of expected credit losses	
	Business portfolio of general lighting and auto lamps	Business portfolio of LED packaging and 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%

③ Accounts Receivable with an Insignificant Single Amount but for which the Expected Credit Loss is Made Independently

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

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

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

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

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

Other receivables portfolio 1: Deposit, antecedent money

Other receivables portfolio 2: Related party money

Other receivables portfolio 3: Advance money

Of this, the expected credit loss rate for the ageing portfolio is referenced to accounts receivable.

**13. Accounts Receivable Financing**

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

**14. Other Receivables**

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

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

**15. Inventory**

1. Classification of inventories

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

2. Pricing method of issuing inventories

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



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

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

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

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

### 4. Inventory system of inventories

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

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

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

## 16. Contract Assets

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

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

## 17. Contract Costs

not applicable

## 18. Assets Held for Sale

The Company classifies non-current assets or disposal groups that meet both of the following conditions as assets held for sale: First, the assets or disposal groups can be sold immediately under current conditions based on the practice of selling such assets or disposal groups in similar transactions; and second, the sales are highly likely to occur, that is, the Company has already made a resolution on a sale plan and obtained a certain purchase commitment, and the sale is expected to be completed within one year. The relevant regulations require the approval of the relevant or regulatory authority of the enterprise before the sale shall have been approved.

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

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

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

1. The component represents a separate primary business or a separate primary operating area;

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

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

Not applicable

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

Not applicable

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

Not applicable

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

1. Determination of initial investment cost

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

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

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

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

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

#### **23. Investment Properties**

Measurement model of investment property

Measurement of cost method

Depreciation or amortization method

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

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

## 24. Fixed Assets

### (1) Recognition conditions

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

### (2) Depreciation method

Category	Depreciation method	Depreciable life	Residual value rate	Annual depreciation rate
Houses and buildings	Straight-line depreciation method	3-36 years	1% -10%	31.67% -3.17%
Machinery equipment	Straight-line depreciation method	2-11years	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	1% -10%	19% -18%

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

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

### (4) Disposal of fixed assets

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

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

Not applicable

## 25. Construction in Progress

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

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

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

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

## **26. Borrowing Costs**

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

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

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

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

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

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

## **27. Living Assets**

Not applicable

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

Not applicable

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

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

## **30. Intangible Assets**

### **(1) Pricing method, useful life and impairment test**

#### **1. Recognition criteria of intangible assets**

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

#### **2. Initial measurement of intangible assets**

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

(1) The cost of the acquisition of intangible assets, including the purchase price, relevant taxes and other expenses directly attributable to the intended use of the asset. If the amount paid for the purchase of intangible assets witnesses postponed payment due to that the normal credit conditions are exceeded and is actually financing in nature, the costs of such intangible assets shall be determined on the basis of the present value of the purchase price. The difference between the actual payment price and the present value of the purchase price shall be recorded into the current profits and losses in the credit period except that can be capitalized in accordance with the *Accounting Standard for Business Enterprises No. 17 - Borrowing Cost*.

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

### 3. Subsequent measurement of intangible assets

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

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

### 4. Recognition criteria and withdrawal method of intangible asset impairment provision

The impairment test method and withdrawal method for impairment provision of intangible assets are detailed in Note 3, (20): "Long-term asset impairment".

### **(2) Accounting policy for internal research and development expenditures**

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

(1) The completion of the intangible assets makes it technically feasible for using or selling;

(2) Having the intention to complete and use or sell the intangible assets;

(3) The way in which an intangible asset generates economic benefits, including the proof that the products produced with the intangible assets can be sold in a market or the proof of its usefulness if the intangible assets can be sold in a market and will be used internally;

(4) Having sufficient technical, financial resources and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;

(5) Expenditure attributable to the development stage of intangible assets can be measured reliably.

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

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

### **31. Impairment of Long-term Assets**

For long-term assets having the indication of impairment on balance sheet date such as long-term equity investments, investment property measured in cost mode, fixed assets, construction in progress, productive living assets measured in cost mode, oil and gas assets, and intangible assets, the Company shall test the impairment. If the impairment test results indicate that the recoverable amount of the asset is lower than its book value, the impairment provision shall be made at the difference and included in the impairment loss.

The recoverable amount is the higher of the fair value of the asset minus the disposal cost and the present value of the expected future cash flow of the asset. The provision for impairment of assets is calculated and recognized on the basis of individual assets. If it is difficult to estimate the recoverable amount of individual assets, the recoverable amount of the asset group shall be recognized by the asset group to which the asset belongs. The asset group is the smallest portfolio of assets that can generate cash inflows independently.

Goodwill presented separately in the financial statements shall be tested for impairment every year, whether or not there is any indication of impairment. The book value of the goodwill shall be apportioned to the asset group or portfolio of asset groups that is expected to benefit from the synergies of the business combination when the impairment test is conducted. The corresponding impairment loss is recognized if the test results indicate that the recoverable amount of the asset group or portfolio of asset groups containing the apportioned goodwill is lower than its book value. The amount of the impairment loss shall offset the book value of the goodwill apportioned to the asset group or portfolio of asset groups, and offset the book value of other assets in proportion according to the proportion of the book value of other assets except the goodwill in the asset group or portfolio of asset groups.

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

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

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

### **33. Contract Liabilities**

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

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

### **34. Payroll**

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

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

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

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

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

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

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

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

## **35. Lease Liabilities**

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

## **36. Provisions**

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

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

## **37. Share-based Payment**

Not applicable

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

Not applicable

## **39. Revenue**

The Accounting Policy Adopted for Recognition and Measurement of Revenue

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

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

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

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

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

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

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

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

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

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

## 2. Specific methods

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

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

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



## **40. Government Subsidies**

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

Government subsidies refer to the monetary assets or non-monetary assets obtained by the Company from the government (excluding the capital invested by the government as an equity holder). If a government subsidy is a monetary asset, it shall be measured according to the amount received or receivable. If a government subsidy is a non-monetary asset, it shall be measured at its fair value, and shall be measured at a nominal amount when the fair value cannot be obtained reliably.

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

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

Government subsidies other than asset-related government subsidies are recognized as government subsidies related to income. Government subsidies related to income used to compensate the relevant costs, expenses or losses of the Company in the subsequent period shall be recognized as deferred income, and shall be included in the current profit and loss during the period of confirming the relevant cost, expenses or losses; subsidies used to compensate the relevant costs, expenses or losses incurred by the Company shall be directly included in the current profits and losses (subsidies related to the daily activities of the Company are included in other income; while subsidies unrelated to the daily activities of the Company are included in non-operating revenue).

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

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

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

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

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

2. The recognition of deferred income tax assets is subject to the amount of taxable income obtained to offset the deductible temporary differences. On the balance sheet date, deferred income tax assets without recognition during the former accounting period shall be recognized if there are definite indications representing that it is probable to have sufficient taxable income to offset the deductible temporary differences during the future period. If it is likely that sufficient taxable income will not be available to offset the benefit of the deferred income tax

assets in the future period, the book value of the deferred income tax assets will be written down. However, for a transaction with the following characteristics concurrently, the deferred income tax assets arising from the initial recognition of assets or liabilities shall not be recognised: 1) The transaction is not a business combination; 2) the transaction affects neither the accounting profit nor the taxable income (or the deductible losses) when it is affected.

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

## **42. Lease**

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

#### 1. Accounting treatment of leased assets

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

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

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

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

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

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

#### (2) Lease liabilities

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

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

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

When there is a change in the Company's evaluation results of lease renewal options, lease termination options or purchase options, the Company will re-measure the lease liabilities utilizing the present value of the changed lease payment and the revised rate of discount, and adjust the book value of right-of-use assets accordingly. Where there is a change in substantial lease payment, estimated payments due to the guaranteed residual value, or variable lease payments depending on index or ratio, the Company will re-measure the lease liabilities leveraging the present value of the changed lease payment and the original rate of discount, and adjust the book value of right-of-use assets accordingly.

## 2. Accounting treatment of lease assets

### (1) Accounting treatment of operating leases

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

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

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

## 43. Other Significant Accounting Policies and Estimates

None

## 44. Changes in Main Accounting Policies and Estimates

### (1) Change in accounting policies

Applicable  Not applicable

Changes to the accounting policies and why	Approval process	Remark
In November 2022, the Ministry of Finance ("MOF") issued <i>Accounting Standard for Business Enterprises Interpretation No. 16</i> (hereinafter referred to as "Interpretation No. 16"), which regulated the accounting treatment for the exemption from initial recognition of the deferred income taxes related to assets and liabilities arising from a single transaction. It specified that, for single transactions that are not business combinations, that affect neither 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, exemption from initial recognition of deferred income tax liabilities and deferred income tax assets under Article XI (II) and Article XIII of <i>Accounting Standard for Business Enterprises No. 18 -- Income Taxes</i> is not applicable. An enterprise shall recognise the corresponding deferred income tax liabilities and deferred income tax assets for the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in	Deliberation and approved by the 46 <sup>th</sup> Meeting of the 9 <sup>th</sup> Board of Directors	Refer to Note 44. Changes in Main Accounting Policies and Estimates-(3) for details.

respect of the transaction when the transaction occurs. This provision came into force on 1 January 2023 and can be executed in advance.		
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## (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

Note

The account data of financial statements are retroactively adjusted as follows:

Unit: RMB

Consolidated balance sheet			
1 January 2022			
Item	Before	After	Affected
Deferred income tax assets	82,261,788.58	84,159,937.92	1,898,149.34
Deferred income tax liabilities	280,172,789.59	282,035,768.42	1,862,978.83
Retained earnings	3,111,864,076.86	3,111,882,995.08	18,918.22
Total equity attributable to owners of the Company as the parent	7,036,108,772.54	7,036,127,690.76	18,918.22
Non-controlling interests	3,543,741,175.21	3,543,757,427.50	16,252.29
Total owners' equity	10,579,849,947.75	10,579,885,118.26	35,170.51

Unit: RMB

Consolidated balance sheet			
1 January 2023			
Item	Before	After	Affected
Deferred income tax assets	88,387,206.25	90,186,993.64	1,799,787.39
Deferred income tax liabilities	202,469,697.60	204,371,264.18	1,901,566.58
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

Unit: RMB

Consolidated income statement			
2022			
Item	Before	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

Note: The amount affected by the retroactive adjustment of this accounting policy change has not been audited.

## 45. Other

Naught

## VI. Taxes

### 1. Main Taxes and Tax Rates

Category of taxes	Tax basis	Tax rate
VAT	Sales volume from goods selling or taxable service	3%, 6%, 9%, 13%
Urban maintenance and construction tax	Turnover tax payable	7%, 5%
Enterprise income tax	Taxable income	10%, 15%, 25%
Education surcharge	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%

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

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

### 2. Tax Preference

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

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

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

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

5. According to the third batch of high-tech enterprises identified by the relevant authorities of Guangxi Zhuang Autonomous Region in 2022 publicized on 19 December 2022, Liuzhou Optoelectronics has been certified as a high-tech enterprise (certificate number: GR202245001221) for 2022 to 2024, with a high-tech enterprise preferential income tax rate of 15%.
6. According to the letter "Gui Ke Gao Han [2021] No. 237" issued jointly by the Department of Science and Technology of Guangxi Zhuang Autonomous Region, the Department of Finance and the Taxation Bureau of Guangxi Zhuang Autonomous Region of the State Administration of Taxation on 30 November 2021, Liuzhou Fuxuan has been certified as a high-tech enterprise (certificate number: GR202145001045) for 2021 to 2023, with a high-tech enterprise preferential income tax rate of 15%.
7. Subsidiary NationStar Optoelectronics was recognized as a high-tech enterprise on 16 December 2008 with certificate number GR200844000097. In 2020, the company was re-certified as a high-tech enterprise with certificate number GR202044006337, issued on 9 December 2020, and the corporate income tax rate of the company is 15% for the years 2020 to 2022.
8. Foshan NationStar Semiconductor Co., Ltd., a wholly-owned subsidiary of subsidiary NationStar Optoelectronics, was recognized as a high-tech enterprise with certificate number GR201544001238 on 10 October 2015; NationStar Semiconductor was re-certified as a high-tech enterprise with certificate number GR202144008779 in 2021, issued on 20 December 2021, and the corporate income tax rate of the company is 15% for the years 2021 to 2023.
9. The subsidiary, Haolaite, passed the certification of high-tech enterprise in 2022 and obtained the certificate of high-tech enterprise (Certificate No. GR202244003711) approved by the Department of Science and Technology of Guangdong Province, the Department of Finance of Guangdong Province, the State Taxation Bureau of Guangdong Province and the Local Taxation Bureau of Guangdong Province. In accordance with the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China promulgated in 2007 and the Administrative Measures for the Recognition of High-tech Enterprises, the Company is entitled to a reduced corporate income tax rate of 15% for three years commencing from 1 January 2022.
10. On 14 December 2022, Qingdao Guige Lighting Technology Co., Ltd. was recognized as a high-tech enterprise and subject to the preferential tax rate of 15% for high-tech enterprise income tax in accordance with the relevant provisions of the Administrative Measures for the Recognition of High-tech Enterprises (Guo Ke Fa Huo [2016] No. 32) and the Administrative Guidelines for the Recognition of High-tech Enterprises (Guo Ke Fa Huo [2016] No. 195).
11. Fenghua Semiconductor, a majority-owned subsidiary of subsidiary NationStar Optoelectronics, was recognized as a high-tech enterprise on 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 dated 31 December 2021. Its corporate income tax rate for 2021-2023 is 15%.
12. The subsidiary, Zhicheng, is a small and micro enterprise. From 1 January 2022 to 31 December 2024, the people's governments of provinces, autonomous regions and municipalities directly under the Central Government shall determine, in accordance with the actual situation in the region and the needs of macroeconomic regulation and control, that resource tax, urban maintenance and construction tax, property tax, urban land use tax, stamp duty (excluding stamp duty on securities transactions), arable land occupation tax and education surcharge and local education surcharge may be reduced within a tax range of 50% for small and micro enterprises.
13. Zhida Company passed the certification of high-tech enterprise in December 2019 and was re-recognized as a high-tech enterprise in 2022. In accordance with the relevant provisions of the Enterprise Income Tax Law of the People's Republic of China promulgated in 2007 and the Administrative Measures for the Recognition of High-tech Enterprises, the Company is entitled to a reduced corporate income tax rate of 15% for three years

commencing from 1 January 2022.

### 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	45,923.56	52,093.54
Bank deposits	1,979,561,171.78	1,957,903,758.15
Other monetary assets (note 1)	530,315,488.92	522,361,684.92
To-be-received interest (note 2)	8,255,130.73	4,191,370.82
Total	2,518,177,714.99	2,484,508,907.43
Of which: Total amount deposited overseas	28,196,729.48	34,169,227.46
Total amount with restrictions on use due to mortgage, pledge or freeze	535,698,818.93	534,826,528.99

Other notes

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

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

### 2. Trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	81,882,834.67	261,541,896.45
Including:		
Wealth management products	80,983,830.13	260,569,863.53
Equity instrument investments	899,004.54	972,032.92
Including:		
Total	81,882,834.67	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	750,857,065.95	786,244,513.66
Commercial acceptance bill	60,397,859.39	35,293,260.41
Total	811,254,925.34	821,537,774.07

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	
Notes receivable withdrawn bad debt provision by group	812,487,534.72	100.00%	1,232,609.38	100.00%	811,254,925.34	822,258,044.69	100.00%	720,270.62	100.00%	821,537,774.07
Of which:										
Bank acceptance bill	750,857,065.95	92.41%	0.00	0.00%	750,857,065.95	786,244,513.66	95.62%	0.00	0.00%	786,244,513.66
Commercial acceptance bill	61,630,468.77	7.59%	1,232,609.38	100.00%	60,397,859.39	36,013,531.03	4.38%	720,270.62	100.00%	35,293,260.41
Total	812,487,534.72	100.00%	1,232,609.38	100.00%	811,254,925.34	822,258,044.69	100.00%	720,270.62	100.00%	821,537,774.07

Withdrawal of bad debt provision by group: RMB1,232,609.38

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Within 1 year	61,630,468.77	1,232,609.38	2.00%
Total	61,630,468.77	1,232,609.38	

Note:

Naught

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

Applicable  Not applicable



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

Withdrawal of bad debt provision:

Unit: RMB

Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Reversed or collected	Verified	Other	
Notes receivable withdrawn bad debt provision by group	720,270.62	512,338.76				1,232,609.38
Total	720,270.62	512,338.76				1,232,609.38

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

Applicable  Not applicable

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

Unit: RMB

Item	Amount pledged at the period-end
Bank acceptance bill	654,426,305.62
Total	654,426,305.62

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

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not recognition termination at the period-end
Bank acceptance bill	448,926,920.31	74,615,851.95
Total	448,926,920.31	74,615,851.95

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

Naught

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

Naught

## 5. Accounts Receivable

### (1) Accounts Receivable Disclosed by Category

Unit: RMB

Category	Ending balance			Beginning balance		
	Carrying amount	Bad debt provision	Carrying	Carrying amount	Bad debt provision	Carrying

	Amount	Proportion	Amount	Withdrawal proportion	value	Amount	Proportion	Amount	Withdrawal proportion	value
Accounts receivable withdrawn bad debt provision separately	19,769,199.92	0.80%	19,769,199.92	100.00%		25,123,263.57	1.23%	25,123,263.57	100.00%	
Accounts receivable withdrawn bad debt provision by group	2,465,295,096.57	99.20%	118,195,371.65	4.79%	2,347,099,724.92	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 lamps	1,843,921,468.08	74.20%	104,946,889.16	5.69%	1,738,974,578.92	1,499,783,089.81	73.37%	87,156,675.78	5.81%	1,412,626,414.03
(2) Business portfolio of LED packaging and components	621,373,628.49	25.00%	13,248,482.49	2.13%	608,125,146.00	519,347,512.24	25.40%	11,202,984.51	2.16%	508,144,527.73
Total	2,485,064,296.49	100.00%	137,964,571.57	5.55%	2,347,099,724.92	2,044,253,865.62	100.00%	123,482,923.86	6.04%	1,920,770,941.76

Individual withdrawal of bad debt provision: RMB19,769,199.92

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Withdrawal reason
Customer A	11,220,827.14	11,220,827.14	100.00%	Involved in the lawsuit, the Company won the lawsuit in the second instance, which had not yet executed completely
Customer B	5,711,450.39	5,711,450.39	100.00%	Less likely to be recovered
Customer C	815,484.27	815,484.27	100.00%	Less likely to be recovered
Customer D	761,769.31	761,769.31	100.00%	Expected to be

				unrecoverable
Customer E	526,858.54	526,858.54	100.00%	The customer is insolvent, a judgment has been filed and enforcement has been applied for
Customer F	523,448.92	523,448.92	100.00%	The customer is bankrupt
Customer G	171,282.32	171,282.32	100.00%	Expected to be unrecoverable
Customer H	21,928.68	21,928.68	100.00%	Expected to be unrecoverable
Customer I	16,150.35	16,150.35	100.00%	Expected to be unrecoverable
<b>Total</b>	<b>19,769,199.92</b>	<b>19,769,199.92</b>		

Withdrawal of bad debt provision by group: RMB118,195,371.65

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Credit risk group	2,465,295,096.57	118,195,371.65	4.79%
<b>Total</b>	<b>2,465,295,096.57</b>	<b>118,195,371.65</b>	

Note:

Naught

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

Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	2,217,602,166.86
1 to 2 years	172,512,834.98
2 to 3 years	41,194,435.41
Over 3 years	53,754,859.24
3 to 4 years	6,082,506.14
4 to 5 years	25,601,627.43
Over 5 years	22,070,725.67
<b>Total</b>	<b>2,485,064,296.49</b>

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

Bad debt provision withdrawn in the Reporting Period:

Unit: RMB

Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Reversed or collected	Verified	Other	
Bad debt	25,123,263.5			5,354,063.65		19,769,199.9

provision separately accrued	7					2
Bad debt provision withdrawn according to groups	98,359,660.29	19,695,758.51	140,000.00	47.15		118,195,371.65
<b>Total</b>	123,482,923.86	19,695,758.51	140,000.00	5,354,110.80		137,964,571.57

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

Unit: RMB

Name of the entity	Amount collected or reversed	Way
No. 1	140,000.00	Court enforcement funds
<b>Total</b>	140,000.00	

The amount of expected credit losses accrued during the current period was RMB19,695,758.51, the amount of expected credit losses recovered or reversed during the current period was RMB140,000.00, and the amount of expected credit losses verified during the current period was RMB5,354,110.80, which was RMB23,101.38 different from the amount of credit impairment loss on accounts receivable accrued during the current period of RMB19,672,657.13, which was due to the difference in translation of foreign currency statements at the end of the current period.

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

Unit: RMB

Item	Amount
No. 1	4,687,053.33
No. 2	521,689.32
No. 3	145,321.00
Other retails accounts	47.15

Of which, verification of significant accounts receivable:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
No. 1	Payment for goods	4,687,053.33	The enterprise is insolvent and not expected to be recovered	Perform the approval procedures in accordance with the Company's bad debt management system	Not
No. 2	Payment for goods	521,689.32	The enterprise is insolvent and not expected to be recovered	Perform the approval procedures in accordance with the Company's bad debt management system	Not
No. 3	Payment for goods	145,321.00	The enterprise is	Perform the	Not

			insolvent and not expected to be recovered	approval procedures in accordance with the Company's bad debt management system	
Total		5,354,063.65			

Note:

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

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

Unit: RMB

Name of units	Ending balance of accounts receivable	Proportion to total ending balance of accounts receivable (%)	Ending balance of bad debt provision
No. 1	261,026,852.86	10.50%	7,830,805.59
No. 2	152,452,817.41	6.13%	4,573,584.52
No. 3	93,476,069.87	3.76%	2,804,282.10
No. 4	55,627,701.25	2.24%	1,283,037.33
No. 5	55,226,986.80	2.22%	1,675,758.38
Total	617,810,428.19	24.85%	

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

Naught

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

Naught

**6. Accounts Receivable Financing**

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bills	444,845,917.62	569,868,831.79
Total	444,845,917.62	569,868,831.79

The changes of accounts receivable financing in the Reporting Period and the changes in fair value

Applicable  Not applicable

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

Applicable  Not applicable

## 7. Prepayment

### (1) Listed by Aging

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	31,552,324.47	76.12%	36,419,452.21	80.00%
1 to 2 years	2,624,032.73	6.33%	3,345,048.70	7.35%
2 to 3 years	4,381,417.53	10.57%	3,313,296.20	7.28%
Over 3 years	2,893,345.53	6.98%	2,448,751.82	5.38%
Total	41,451,120.26		45,526,548.93	

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

Naught

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

Unit: RMB

Name of units	Relationship with the Company	Ending balance	Aging	Proportion to total prepayments (%)
No. 1	Non-related supplier	8,853,527.27	Within 1 year	21.36%
No. 2	Non-related supplier	2,540,646.17	1 to 2 years, 2 to 3 years	6.13%
No. 3	Non-related supplier	1,327,340.00	2 to 3 years	3.20%
No. 4	Non-related supplier	1,322,725.73	Within 1 year	3.19%
No. 5	Non-related supplier	1,311,535.80	Within 1 year	3.16%
Total		15,355,774.97		37.05%

## 8. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	150,403,234.75	32,902,865.98
Total	150,403,234.75	32,902,865.98

## (1) Interest Receivable

### 1) Category of Interest Receivable

Naught

### 2) Significant Overdue Interest

Naught

### 3) Withdrawal of Bad Debt Provision

Applicable  Not applicable

## (2) Dividends Receivable

### 1) Category of Dividends Receivable

Naught

### 2) Significant Dividends Receivable Aged over 1 Year

Naught

### 3) Withdrawal of Bad Debt Provision

Applicable  Not applicable

## (3) Other Receivables

### 1) Other Receivables Disclosed by Account Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Dividend payment (note)	111,892,889.20	
Other current accounts	43,848,497.77	45,041,494.42
Performance bonds	18,415,192.27	14,472,948.78
Export VAT rebates	11,326,131.26	10,011,271.72
Staff loans and imprests	1,984,223.92	1,164,918.15
Rents and utilities	724,524.41	1,220,591.91
Total	188,191,458.83	71,911,224.98

Note: refer to the dividend payment transferred to China Securities Depository and Clearing Corporation Limited.

## 2) Information of Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
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	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 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	210,014.79	-701,413.34	-728,736.37	-1,220,134.92
Balance of 30 June 2023	794,420.99	4,083,871.79	32,909,931.30	37,788,224.08

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

Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	149,905,951.05
1 to 2 years	3,027,584.32
2 to 3 years	6,134,698.71
Over 3 years	29,123,224.75
3 to 4 years	3,781,427.91
4 to 5 years	1,721,323.52
Over 5 years	23,620,473.32
Total	188,191,458.83

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

Bad debt provision withdrawn in the Reporting Period:

Unit: RMB

Category	Beginning balance	Increase/decrease				Ending balance
		Withdrawn	Reversed or collected	Verified	Other	
Other receivables	39,008,359.00	-				37,788,224.08
Total	39,008,359.00	-				37,788,224.08

The amount of expected credit losses accrued during the current period was RMB1,220,134.92, 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 RMB0.00, which was RMB17,439.94 different from the amount of credit impairment loss on other receivables accrued during the current period of RMB1,237,574.86, which was due to the difference in translation of foreign currency statements at the end of the current period.



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

Naught

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

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables (%)	Ending balance of bad debt provision
No. 1	Dividend payment	111,892,889.20	Within 1 year	59.46%	0.00
No. 2	Other intercourse accounts	20,000,000.00	Within 5 year	10.63%	20,000,000.00
No. 3	VAT export tax refunds	11,326,131.26	Within 1 year	6.02%	339,783.94
No. 4	Other intercourse accounts	5,000,000.00	Within 1 years	2.66%	5,000,000.00
No. 5	Other intercourse accounts	4,289,457.98	Within 3 year	2.28%	4,289,457.98
Total		152,508,478.44		81.05%	29,629,241.92

#### 6) Accounts Receivable Involving Government Grants

Naught

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

Naught

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

Naught

#### 9. Inventory

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

No

##### (1) Category of Inventory

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves of inventory or depreciation reserves of contract performance	Carrying value	Carrying amount	Falling price reserves of inventory or depreciation reserves of contract performance	Carrying value

		cost			cost	
Raw materials	379,135,335.60	9,645,310.90	369,490,024.70	414,134,452.55	6,893,242.38	407,241,210.17
Goods in process	227,936,650.78		227,936,650.78	239,412,167.33		239,412,167.33
Inventory goods	796,421,911.36	142,385,621.23	654,036,290.13	1,019,990,159.16	139,368,445.90	880,621,713.26
Goods in transit	295,172,317.67	2,962,926.23	292,209,391.44	391,149,213.49	9,805,170.06	381,344,043.43
Semi-finished goods	87,046,434.83	1,414,324.51	85,632,110.32	113,621,240.54	914,242.37	112,706,998.17
Low-value consumables	2,036,927.65		2,036,927.65	2,742,435.82		2,742,435.82
Others	15,184,800.34		15,184,800.34	7,568,833.69		7,568,833.69
Total	1,802,934,378.23	156,408,182.87	1,646,526,195.36	2,188,618,502.58	156,981,100.71	2,031,637,401.87

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

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal	Other	Reversal or write-off	Other	
Raw materials	6,893,242.38	3,250,464.48		498,395.96		9,645,310.90
Inventory goods	139,368,445.90	13,794,313.64		10,777,138.31		142,385,621.23
Goods in transit	9,805,170.06			6,842,243.83		2,962,926.23
Semi-finished goods	914,242.37	500,423.64		341.50		1,414,324.51
Total	156,981,100.71	17,545,201.76		18,118,119.60		156,408,182.87

For the Reporting Period, the falling price reserves of inventory were accrued RMB17,545,201.76, reversed RMB2,968,819.12 and verified RMB15,149,300.48.

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

Naught

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

Naught

## 10. Contract Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Contract assets	6,074,305.63	920,946.65	5,153,358.98	6,074,305.63	607,430.56	5,466,875.07
Total	6,074,305.63	920,946.65	5,153,358.98	6,074,305.63	607,430.56	5,466,875.07

Amount of significant changes in carrying value of contract assets in the Reporting Period and reasons thereof:

Naught

If the bad debt provision for contract assets in accordance with the general model of expected credit losses, the information related to the bad debt provision shall be disclosed by reference to the disclosure method of other receivables:

Applicable  Not applicable

Withdrawal of impairment provision for contract assets in the Reporting Period

Unit: RMB

Item	Withdrawal	Reversal	Verification	Reason
Contract assets	313,516.09			Normal withdrawal at aging
Total	313,516.09			

### 11. Held-for-Sale Assets

Unit: RMB

Item	Ending carrying amount	Depreciation reserves	Ending carrying value	Fair value	Estimated disposal expense	Estimated disposal time
Houses, buildings and land involved in expropriation	17,147,339.84		17,147,339.84	183,855,895.00	55,718,333.95	31 December 2023
Total	17,147,339.84		17,147,339.84	183,855,895.00	55,718,333.95	

Other notes:

Note: For details, see Part X-XVI. Other Major Events-8. Other: "Demolition Matters of Nanjing Fozhao" of this Report. The estimated disposal costs include employee resettlement fees, compensation for the termination of the original tenant's contract, and taxes related to the proceeds of demolition.

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

Naught

### 13. Other Current Assets

Unit: RMB

Item	Ending balance	Beginning balance
Large bank certificates of deposit (note)	100,000,000.00	
Input tax of VAT to be certified and deducted	63,856,804.78	72,851,826.53
Advance payment of enterprise income tax	5,462,208.91	3,676,607.32
Others	3,696,897.95	2,910,143.04
Total	173,015,911.64	79,438,576.89

Note: refer to large bank certificates of deposit matured over three months which can be transferred but not be redeemed in advance.

#### 14. Investments in debt obligations

Naught

#### 15. Other Investments in Debt Obligations

Naught

#### 16. Long-term Accounts Receivable

Naught

#### 17. Long-term Equity Investment

Unit: RMB

Investees	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserves
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of depreciation reserves	Other		
I. Joint ventures											
II. Associated enterprises											
Shenzhen Primatrix (Nanhu) Electronics Ltd.	181,931,792.66			1,186,031.53						183,117,824.19	
Subtotal	181,931,792.66			1,186,031.53						183,117,824.19	
Total	181,931,792.66			1,186,031.53						183,117,824.19	

#### 18. Other Equity Instrument Investment

Unit: RMB

Item	Ending balance	Beginning balance
Gotion High-tech Co., Ltd.	473,235,307.42	493,967,194.53
Xiamen Bank Co.,Ltd.	287,939,745.30	328,664,290.95
Guangdong Rising Finance Co., Ltd.	30,000,000.00	30,000,000.00
Beijing Guangrong Lianmeng Semiconductor lighting Industry	7,078,568.80	8,059,860.92

Investment Center(L.P.)		
Foshan Nanhai District United Guangdong New Light Source Industry Innovation Center	3,000,000.00	3,000,000.00
China Guangfa Bank Co.,Ltd.	500,000.00	500,000.00
Total	801,753,621.52	864,191,346.40

Disclosure of non-trading equity instrument investment by items

Unit: RMB

Item	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for assigning to measure in fair value and the changes included in other comprehensive income	Reason for other comprehensive income transferred to retained earnings
Gotion High-tech Co., Ltd.		390,220,822.29			Not satisfied with the condition of trading equity instrument	
Xiamen Bank Co.,Ltd.	16,633,969.35	134,982,138.47			Not satisfied with the condition of trading equity instrument	
Beijing Guangrong Lianmeng Semiconductor lighting Industry Investment Center(L.P.)	52,364.46	653,627.87			Not satisfied with the condition of trading equity instrument	
Guangdong Rising Finance Co., Ltd.		4,080.96			Not satisfied with the condition of trading equity instrument	

## 19. Other Non-current Financial Assets

Naught

## 20. Investment Property

### (1) Investment Property Adopting the Cost Measurement Mode

Applicable  Not applicable

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original carrying value				
1. Beginning balance	54,404,787.78			54,404,787.78

2. Increased amount of the period				
(1) Outsourcing				
(2) Transfer from inventories/fixe d assets/construction in progress				
(3) Enterprise combination increase				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	54,404,787.78			54,404,787.78
II. Accumulative depreciation and accumulative amortization				
1. Beginning balance	9,792,905.34			9,792,905.34
2. Increased amount of the period	1,245,165.95			1,245,165.95
(1) Withdrawal or amortization	1,245,165.95			1,245,165.95
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	11,038,071.29			11,038,071.29
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	43,366,716.49			43,366,716.49
2. Beginning carrying value	44,611,882.44			44,611,882.44

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

Applicable  Not applicable

**(3) Investment Property Failed to Accomplish Certification of Property**

Naught

**21. Fixed Assets**

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	3,362,929,170.95	3,505,729,627.80
Disposal of fixed assets	2,698,921.34	2,364,654.61

Total	3,365,628,092.29	3,508,094,282.41
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**(1) List of Fixed Assets**

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Other(Note)	Total
<b>I. Original carrying value</b>						
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	12,588,085.08	107,093,477.39	1,240,590.88	2,770,437.76	1,010,300.93	124,702,892.04
(1) Purchase	1,707,909.03	22,416,839.63	1,230,973.46	2,200,324.01	421,845.13	27,977,891.26
(2) Transfer from construction in progress	10,738,504.05	83,014,052.55		569,758.82	581,127.85	94,903,443.27
(3) Others	141,672.00	1,662,585.21	9,617.42	354.93	7,327.95	1,821,557.51
3. Decreased amount of the period	4,301,800.00	34,205,228.18	1,698,224.38	45,882.86	1,472,933.96	41,724,069.38
(1) Disposal or scrap	4,301,800.00	31,285,387.93	1,698,224.38	45,882.86	1,424,801.82	38,756,096.99
(2) Equipment transformation		198,725.31			48,132.14	246,857.45
(3) Others		2,721,114.94				2,721,114.94
4. Ending balance	1,953,792,243.83	5,099,413,993.29	42,476,454.44	74,270,933.87	86,769,858.29	7,256,723,483.72
<b>II. Accumulative depreciation</b>						
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	40,831,789.42	213,421,265.70	1,198,443.95	3,180,364.58	3,872,346.01	262,504,209.66
(1) Withdrawal	40,831,789.42	210,964,319.41	1,188,969.19	3,180,014.92	3,865,126.77	260,030,219.71
(2) Transfer from construction in progress		2,044,078.82				2,044,078.82
(3) Others		412,867.47	9,474.76	349.66	7,219.24	429,911.13
3. Decreased amount of the period	4,227,078.99	30,998,798.93	1,613,313.16	44,465.80	1,342,263.27	38,225,920.15
(1) Disposal or scrap	4,086,710.00	29,173,107.69	1,613,313.16	44,465.80	1,294,709.41	36,212,306.06
(2) Equipment transformation		149,506.56			47,553.86	197,060.42
(3) Others	140,368.99	1,676,184.68				1,816,553.67
4. Ending balance	758,387,322.10	2,962,175,102.30	32,980,047.19	56,057,475.71	71,218,431.46	3,880,818,378.76
<b>III. Depreciation reserves</b>						
1. Beginning balance		11,129,431.94	69.83	343,855.06	1,587.18	11,474,944.01
2. Increased		1,500,990.00				1,500,990.00

amount of the period						
(1) Withdrawal		1,500,990.00				1,500,990.00
3. Decreased amount of the period						
(1) Disposal or scrap						
4. Ending balance		12,630,421.94	69.83	343,855.06	1,587.18	12,975,934.01
IV. Carrying value						
1. Ending carrying value	1,195,404,921.73	2,124,608,469.05	9,496,337.42	17,869,603.10	15,549,839.65	3,362,929,170.95
2. Beginning carrying value	1,223,723,347.08	2,235,643,676.61	9,539,101.71	18,280,946.98	18,542,555.42	3,505,729,627.80

Note: Fixed Assets-Other refer to cooling system and sewage treatment station of NationStar Optoelectronics and instruments and implement of Nanning Liaowang.

## (2) List of Temporarily Idle Fixed Assets

Unit: RMB

Item	Original carrying value	Accumulated depreciation	Depreciation reserves	Carrying value	Note
Machinery equipment	50,680,329.86	41,182,831.19	3,651,651.37	5,845,847.30	Idle
Electronic equipment	7,785,983.92	7,370,095.02	342,427.13	73,461.77	Idle
Transportation equipment	137,560.60	130,682.57	69.83	6,808.20	Idle
Others	3,645.30	1,875.86	1,587.18	182.26	Idle
Total	58,607,519.68	48,685,484.64	3,995,735.51	5,926,299.53	

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

Naught

## (4) Fixed Assets Failed to Accomplish Certification of Property

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, led Workshop, R&D Workshop 11 to 14 and R&D Workshop 18 have been completed and put into use and carried forward fixed assets. As of 30 June 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 (31) Other non-current assets.

## (5) Proceeds from Disposal of Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Applying for scrapping indisposed equipment	2, 698, 921. 34	2, 364, 654. 61
Total	2, 698, 921. 34	2, 364, 654. 61

## 22. Construction in progress

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	1,377,403,873.06	1,282,780,335.14
Total	1,377,403,873.06	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	1,378,931,428.05	1,527,554.99	1,377,403,873.06	1,284,307,890.13	1,527,554.99	1,282,780,335.14
Total	1,378,931,428.05	1,527,554.99	1,377,403,873.06	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
Kelian Building	726,738,900.00	566,254,746.61	3,452,617.96			569,707,364.57	88.58%	90.00%	36,640,953.02			Self-financing and Borrowing
The Project of the Geely	1,714,546,700.00	421,308,508.55	6,157,824.38	458,407.06		427,007,925.87	27.44%	27.44%	110,085.00	72,249.18	3.52%	Self-financing and Borrowing

Industrial Park												
FSLHainan Industrial Park I	310,400,000.00	37,522,769.10	59,621,359.89			97,144,128.99	34.11%	61.00%				Self-financing
The smart LED Lighting Production Plant in the Gaomi ng Production Base (1-3 buildings)	148,271,900.00	68,275,373.87	24,759,409.84			93,034,783.71	68.39%	83.00%				Self-financing
Gaomi ng office building	115,000,000.00	73,222,239.69	18,438,005.84			91,660,245.53	86.88%	87.00%				Self-financing
FSL intelligent manufacturing factory project	89,680,000.00	23,808,849.57				23,808,849.57	30.00%	30.00%				Self-financing
The LED R&D and Production Base on Jihua Second Road. Others (sporadic equipment)	26,632,094.62	12,629,643.77	18,382,287.91	19,323,976.47	905,130.42	10,782,824.79	78.00%	78.00%				Self-financing
The Project	913,412,500.00	11,803,833.60	896,671.28	5,294,232.63		7,406,272.34	97.83%	97.83%				Self-financing

of Production Expansion of Packaging Components and Chips of New-generation LEDs	00	9										ng
Color paint line equipment	5,292,035.40	1,058,407.06	3,695,139.30			4,753,546.36	89.82 %	90.00 %				Self-financing
F1Line body	6,476,106.19	1,715,867.26	1,718,051.72			3,433,918.98	53.02 %	80.00 %				Self-financing
AP[2022]043 - Spray-Paint Lines	4,053,097.35	3,242,478.00				3,242,478.00	80.00 %	90.00 %				Self-financing
Tederic 2022070501-1920T injection machine	3,097,345.13	1,858,407.08	1,002,358.64			2,860,765.72	92.36 %	90.00 %				Self-financing
Synchronous laser welding machine /Vibration A8SR	3,672,566.37	2,707,964.54	2,330.10			2,710,294.64	73.80 %	80.00 %				Self-financing
The Project of Production Expansion of Chip	20,390,000.00	430,088.50	943,362.85	430,088.51		943,362.84	50.79 %	50.79 %				Self-financing

LED												
Total	4,087, 663,24 5.06	1,225, 839,17 7.29	139,06 9,419. 71	25, 50 6, 704 . 67	905, 1 30. 42	1,338, 496,76 1.91			36,751 ,038.0 2	72,249 .18		

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

Naught

**(4) Engineering Materials**

Naught

**23. Productive Living Assets**

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

Applicable  Not applicable

**(2) Productive Living Assets Adopting Fair Value Measurement Mode**

Applicable  Not applicable

**24. Oil and Gas Assets**

Applicable  Not applicable

**25. Right-of-use Assets**

Unit: RMB

Item	Houses and buildings	Land use right	Total
I. Original carrying value			
1. Beginning balance	21,717,402.95	19,090,760.38	40,808,163.33
2. Increased amount of the period	919,748.13		919,748.13
(1) Leased in	919,748.13		919,748.13
3. Decreased amount of the period	36,010.14		36,010.14
4. Ending balance	22,601,140.94	19,090,760.38	41,691,901.32
II. Accumulated amortization			
1. Beginning balance	9,106,242.62	18,654,192.98	27,760,435.60
2. Increased amount of the period	3,776,607.81	436,567.40	4,213,175.21
(1) Withdrawal	3,776,607.81	436,567.40	4,213,175.21
3. Decreased amount of the period	114,465.60		114,465.60
4. Ending balance	12,768,384.83	19,090,760.38	31,859,145.21
III. Depreciation reserves			
1. Beginning balance			
2. Increased amount of the period			

(1) Withdrawal			
3. Decreased amount of the period			
(1) Disposal			
4. Ending balance			
IV. Carrying value			
1. Ending carrying value	9,832,756.11		9,832,756.11
2. Beginning carrying value	12,611,160.33	436,567.40	13,047,727.73

## 26. Intangible Assets

### (1) List of Intangible Assets

Unit: RMB

Item	Land use right	Patent	Non-patent technology	Software	Others (note)	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	350,661.10			3,435,711.18		3,786,372.28
(1) Purchase	350,661.10			3,435,711.18		3,786,372.28
(2) Internal R&D						
(3) Business combination increase						
3. Decreased amount of the period						
(1) Disposal						
4. Ending balance	408,364,420.79	24,198,472.74		38,754,115.62	49,109.90	471,366,119.05
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	3,948,502.13	91,046.90		2,098,950.49		6,138,499.52
(1) Withdrawal	3,948,502.13	91,046.90		2,098,950.49		6,138,499.52
3. Decreased amount of the period						
(1) Disposal						
4. Ending balance	90,174,985.46	24,093,613.54		18,845,071.15	49,109.90	133,162,780.05
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						
(1) Disposal						
4. Ending balance				388,613.87		388,613.87
IV. Carrying value						
1. Ending carrying value	318,189,435.33	104,859.20		19,520,430.60		337,814,725.13
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

Naught

Other notes:

Note: "Intangible Assets-Others" mainly refers to the emission right of Nanning Liaowang recognized in 2022.

## 27. Development Costs

Naught

## 28. Goodwill

### (1) Original Carrying Value of Goodwill

Unit: RMB

Name of the invested units or events generating goodwill	Beginning balance	Increase		Decrease		Ending balance
		Formed by business combination		Disposal		
Nanning Liaowang Auto Lamp Co., Ltd.	16,211,469.82					16,211,469.82
Foshan NationStar Optoelectronics Co., Ltd. (note)	405,620,123.64					405,620,123.64
Total	421,831,593.46					421,831,593.46

Note: Guangdong Electronics Information Industry Group Ltd., a wholly-owned subsidiary of Guangdong Rising Holdings Group Co., Ltd., acquired NationStar Optoelectronics in 2014, and the difference between the fair value and the net assets attributable to shareholders of the listed company at the date of acquisition of NationStar Optoelectronics resulted in a goodwill of RMB405,620,123.64.

## (2) Goodwill impairment provisions

Naught

## 29. Long-term Prepaid Expense

Unit: RMB

Item	Beginning balance	Increased amount	Amortization amount of the period	Other decreased amount	Ending balance
Mould	123,701,355.84	19,318,247.77	18,177,894.17	16,664,943.47	108,176,765.97
Expense on maintenance and decoration	53,937,007.68	11,981,690.98	11,125,457.79		54,793,240.87
Boarding box	371,728.64	310,440.16	185,274.05		496,894.75
Other	12,116,535.75	599,459.45	4,303,862.82		8,412,132.38
Total	190,126,627.91	32,209,838.36	33,792,488.83	16,664,943.47	171,879,033.97

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

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

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	369,692,376.93	55,910,294.84	355,634,218.16	53,741,627.33
Unrealized profit of internal transactions	45,049,689.58	6,117,103.55	52,989,043.64	7,948,356.52
Deductible loss	59,430,734.45	10,501,457.66	72,901,011.65	12,503,679.82
Depreciation of fixed assets	56,881,472.25	8,532,220.85	57,459,943.55	8,618,991.55
Change in fair value of trading financial assets	23,814,503.38	3,572,175.51	5,013,923.26	752,088.49
Lease liabilities	9,756,245.93	1,463,436.88	12,273,129.57	1,799,787.39
Accrued liabilities	9,518,319.01	1,427,747.85	9,579,783.06	1,436,967.46
Long-term deferred expenses			3,888,860.58	583,329.09
Others	44,091,211.68	6,614,523.28	18,675,496.41	2,802,165.99
Total	618,234,553.21	94,138,960.42	588,415,409.88	90,186,993.64

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

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary	Deferred income tax	Taxable temporary	Deferred income tax

	difference	liabilities	difference	liabilities
Assets assessment appreciation from business consolidation not under the same control	86,121,665.67	12,918,249.86	88,576,232.73	13,286,434.92
Changes in fair value of other investments in equity instruments	519,352,960.75	77,902,944.12	580,809,393.51	87,121,409.03
One-off depreciation of fixed assets	690,169,165.63	103,525,374.85	680,398,140.98	102,059,721.15
Right-of-use assets	9,681,614.81	1,452,242.22	13,047,727.73	1,901,566.58
Book-tax difference in depreciation period of fixed assets	1,194,076.92	298,519.23		
Changes in the fair value of trading financial assets	14,216.68	2,132.50	14,216.68	2,132.50
Total	1,306,533,700.46	196,099,462.78	1,362,845,711.63	204,371,264.18

### (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		94,138,960.42		90,186,993.64
Deferred income tax liabilities		196,099,462.78		204,371,264.18

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

Naught

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

Naught

## 31. Other Non-current Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Advance payment for equipment and project	35,069,785.36		35,069,785.36	44,132,869.26		44,132,869.26
Long-term assets to be disposed (note 1)	40,230,664.84		40,230,664.84	36,553,212.64		36,553,212.64



Prepayments for equity acquisition (note 2)	10,000,000.00	10,000,000.00		10,000,000.00	10,000,000.00	
Assets of subsidiaries to be cleared and cancelled	510,864.76		510,864.76	613,072.43		613,072.43
Other	407,032.79		407,032.79	244,358.52		244,358.52
<b>Total</b>	<b>86,218,347.75</b>	<b>10,000,000.00</b>	<b>76,218,347.75</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.

Note 2: The Company's subsidiary, NationStar Optoelectronics, entered into the *Capital Injection Agreement* with Nanyang Xicheng Technology Co., Ltd. (Xicheng Tech). NationStar Optoelectronics paid RMB10 million for capital injection. Later, the agreement was re-signed to change the investment method. In order to address issues related to the above payment, NationStar Optoelectronics filed a lawsuit with the court, claiming the return of the above payment for capital injection. Currently, the court has rejected the claim. As of the end of the Reporting Period, the impairment provision had been set aside in full.

## 32. Short-term Borrowings

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

Unit: RMB

Item	Ending balance	Beginning balance
Mortgage loans	118,330,000.00	100,000,000.00
Credit loans	72,596,526.02	37,596,526.02
Acceptance bill discount		20,000,000.00
Interest from short-term borrowings		118,833.33
<b>Total</b>	<b>190,926,526.02</b>	<b>157,715,359.35</b>

Note:

For details about the collateral for mortgage loans please refer to XIV-(III) Other in Part X.

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

Naught

### 33. Trading Financial Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Trading financial liabilities	23,741,475.00	4,679,000.00
Including:		
Other (note)	23,741,475.00	4,679,000.00
Including:		
Total	23,741,475.00	4,679,000.00

note: refer to losses on changes in fair value arising from the Company's hedge instruments.

### 34. Derivative Financial Liabilities

Naught

### 35. Notes Payable

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	1,786,199,423.18	1,923,641,752.28
letter of credit	67,154,037.47	52,101,816.43
Total	1,853,353,460.65	1,975,743,568.71

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

### 36. Accounts Payable

#### (1) List of Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Accounts payable	2,437,263,015.38	2,513,177,458.14
Total	2,437,263,015.38	2,513,177,458.14

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

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
Supplier A	53,874,419.09	It has not reached the settlement period
Supplier B	11,091,750.64	Unsettled for bankruptcy
Supplier C	5,468,703.00	Quality guarantee deposit
Supplier D	4,249,699.04	It has not reached the settlement period
Supplier E	3,560,177.00	It has not reached the settlement period
Supplier F	2,702,000.00	It has not reached the settlement period
Total	80,946,748.77	

### 37. Advances from Customer

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

Unit: RMB

Item	Ending balance	Beginning balance
Advances from customers	196,200.00	2,532,442.44
Total	196,200.00	2,532,442.44

#### (2) Significant Advances from Customers Aging over One Year

Naught

### 38. Contract Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Advances on sales	131,700,995.68	125,143,161.61
Total	131,700,995.68	125,143,161.61

### 39. 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	625,092,899.71	633,858,737.63	160,169,281.57
II. Post-employment benefit-defined contribution plans	3,890,071.51	54,523,735.92	56,433,980.29	1,979,827.14
III. Termination benefits	208,961.18	426,638.74	484,638.74	150,961.18
IV. Current portion of other benefits		93,935.66	93,935.66	
Total	173,034,152.18	680,137,210.03	690,871,292.32	162,300,069.89

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

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	164,655,970.83	547,553,308.79	555,725,501.76	156,483,777.86
2. Employee welfare	666,925.03	28,195,163.27	28,212,291.70	649,796.60
3. Social insurance	1,367,698.57	26,368,995.25	27,213,373.53	523,320.29
Of which: Medical insurance premiums	1,200,640.78	26,446,761.75	27,295,390.84	352,011.69
Work-related injury insurance	167,057.79	1,496,952.65	1,492,701.84	171,308.60
Others		31,534.96	31,534.96	
4. Housing fund	458,956.38	17,705,004.42	17,708,217.38	455,743.42
5. Labor union budget and employee	1,785,568.68	5,270,427.98	4,999,353.26	2,056,643.40

education budget				
Total	168,935,119.49	625,092,899.71	633,858,737.63	160,169,281.57

### (3) List of Defined Contribution Plans

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Basic pension benefits	3,658,022.92	49,996,646.16	51,971,231.59	1,683,437.49
2. Unemployment insurance	131,643.99	1,354,271.20	1,378,298.97	107,616.22
3. Annuity	100,404.60	3,172,818.56	3,084,449.73	188,773.43
Total	3,890,071.51	54,523,735.92	56,433,980.29	1,979,827.14

Other notes:

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

### 40. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	35,873,033.86	35,832,025.02
Corporate income tax	23,568,788.01	9,503,893.79
Personal income tax	1,695,872.03	2,569,142.68
Urban maintenance and construction tax	2,828,109.38	2,934,691.53
Property tax	7,925,415.89	8,147,187.30
Land use tax	2,880,439.83	1,817,585.50
Education surcharge	1,421,991.02	2,015,767.71
Other	2,039,570.72	1,475,258.57
Total	78,233,220.74	64,295,552.10

### 41. Other Payables

Unit: RMB

Item	Ending balance	Beginning balance
Dividends payable	134,915,110.77	15,646.07
Other payables	510,821,537.76	440,214,434.98
Total	645,736,648.53	440,230,081.05

#### (1) Interest Payable

Naught

#### (2) Dividends Payable

Unit: RMB

Item	Ending balance	Beginning balance
Ordinary share dividends	134,915,110.77	15,646.07
Total	134,915,110.77	15,646.07

### (3) Other Payables

#### 1) Other Payables Listed by Nature

Unit: RMB

Item	Ending balance	Beginning balance
Payment for equity transfer	134,409,650.00	134,409,650.00
Account current	142,100,932.05	133,618,069.56
Performance bond	75,214,029.74	67,039,416.12
Relevant expense of sales	72,952,540.76	29,232,738.55
Payments for demolition	36,734,144.44	36,734,144.44
Other	49,410,240.77	39,180,416.31
Total	510,821,537.76	440,214,434.98

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

Unit: RMB

Item	Ending balance	Reason for not repayment or carry-over
Unit A	115,352,181.20	Unsettled
Unit B	5,752,000.00	Unsettled for involving in lawsuits
Total	121,104,181.20	

### 42. Liabilities Held for sale

Naught

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

Unit: RMB

Item	Ending balance	Beginning balance
Current portion of long-term borrowings	60,085,490.98	60,322,923.28
Current portion of lease liabilities	3,387,753.54	5,217,587.39
Total	63,473,244.52	65,540,510.67

### 44. Other Current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Pending changerover output VAT and others	9,938,765.60	8,370,764.15
Reversed notes that are endorsed and undue	126,199,563.86	91,821,916.85
Total	136,138,329.46	100,192,681.00

### 45. Long-term Borrowings

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

Unit: RMB

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

Mortgage loans	8,268,725.21	
Credit borrowings	545,179,623.61	808,253,946.99
Less: Current portion of long-term borrowings	60,085,490.98	60,322,923.28
Total	493,362,857.84	747,931,023.71

#### 46. Bonds Payable

Naught

#### 47. Lease Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Lease liabilities	9,865,686.02	12,273,129.57
Less: current portion of lease liabilities	3,387,753.54	5,217,587.39
Total	6,477,932.48	7,055,542.18

#### 48. Long-term Payables

Naught

#### 49. Long-term Employee Benefits Payable

Naught

#### 50. Provisions

Unit: RMB

Item	Ending balance	Beginning balance	Reason for formation
Product quality assurance	9,518,319.01	9,587,043.31	Withdrawal of customers' claims for quality and product quality assurance expenses
Total	9,518,319.01	9,587,043.31	

#### 51. Deferred Income

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
Government grants	97,078,233.43	2,331,221.32	18,548,967.01	80,860,487.74	Government allocations
Total	97,078,233.43	2,331,221.32	18,548,967.01	80,860,487.74	

Item involving government grants:

Unit: RMB

Item	Beginning balance	Amount of newly subsidy	Amount recorded into	Amount recorded into other income in the Reporting Period	Amount offset cost	Other changes	Ending balance	Related to asset s/rel

			non-operating income in the Reporting Period		in the Reporting Period			ated to income
Government grants related to assets	88,313,595.06	1,708,400.00		15,456,657.30		208,250.00	74,357,087.76	
The Projects of the Production Expansion and Technological Transformation of Components of Small-spacing and Outdoor LED Displays	18,133,049.12			2,032,275.84			16,100,773.28	Related to assets
The Subsidy for Metal-organic Chemical Vapour Deposition (MOCVD)	22,090,261.99			8,258,085.76			13,832,176.23	Related to assets
The Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with High Colour Rendering Index for Illumination (Phase II)	5,489,382.21			685,509.34			4,803,872.87	Related to assets
The Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with High Colour Rendering Index for Illumination	3,933,305.60			328,521.60			3,604,784.00	Related to assets
The Project of Resource	4,249,848.44			904,683.72			3,345,164.72	Related

Conservation and Environmental Protection								to assets
The Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with Small Spacing for Display (II)	3,477,734.25			240,686.70			3,237,047.55	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			127,999.98			2,176,000.03	Related to assets
Research on Key Technologies of the Third Generation of High Frequency Semiconductor Electronic Power Module in Colleges and Universities	1,771,946.26			33,235.86			1,738,710.40	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			100,000.02			1,666,666.60	Related to assets
The 2019 Second Batch of Special Funds of RMB3 million for the Industrial and Information Development of the City	1,800,000.00			150,000.00			1,650,000.00	Related to assets
The First Batch of Special Funds	1,766,666.89			199,999.98			1,566,666.91	Related



for the Industrial and Information Development for the Guangxi Zhuang Autonomous Region for 2017 (Technological Transformation) for Liuzhou Guige								to assets
The Project of the Innovation in Packaging Technology and Technological Transformation of Key Packaging Equipment of LEDs with Small Spacing for Display	1,801,098.21			269,756.22			1,531,341.99	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			150,000.00			1,350,000.00	Related to assets
Carrying forward the Research and Development and Industrialization of Potassium Nitride-based Rf Devices in the Field of Next Generation Mobile Communication	970,982.10			56,798.76			914,183.34	Related to assets
The 2019 14th Batch of Industrial Support Funds of RMB1.5 million	900,000.00			75,000.00			825,000.00	Related to assets
The Project of Support Funds for Enterprises in Liuzhou City for 2020 for Liuzhou Guige	716,666.61			100,000.02			616,666.59	Related to assets
The First Batch	630,000.00			34,999.98			595,000.02	Rela

of 2022 Special Funds for Micro, Small, and Medium Enterprises								ted 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			48,000.00			568,000.00	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			79,000.02			500,333.26	Related to assets
The Key Labs of Semiconductor Micro Display Enterprises in Guangdong Province (for 2020)	510,000.00			37,718.70			472,281.30	Related to assets
The Demonstration of Industrial Internet of Things (IIOT) Applications for LED Production Control	515,334.44			67,332.78			448,001.66	Related to assets
The Light-converting Films and Components of Highly Efficient White-light LEDs	734,299.34			294,038.46			440,260.88	Related to assets
The Project of Key Technologies and Industrialisation of Silica-based Gallium Nitride Power	441,240.00			30,495.00			410,745.00	Related to assets

Components								
The Project of Research and Development and Industrialisation of NB-IoT-based Multi-Mode Low-Power Wide-Area Internet of Things Node Chips and Packaging Technology	399,557.60			18,915.90			380,641.70	Related to assets
The Project of the First Batch of Support Funds for Enterprises in Liuzhou City for 2018 for Liuzhou Guige	349,999.85			28,000.02			321,999.83	Related to assets
The Industrialisation of LED Flip-chips and Light Source Modules for the Backlight of Large-size LCDs	366,784.04			54,586.26			312,197.78	Related to assets
The Construction Project for the Centre for Cultivating and Arranging High-Value Patents of NationStar Optoelectronics		300,000.00					300,000.00	Related to assets
Others	10,499,438.20	1,408,400.00		1,051,016.38		208,250.00	10,648,571.82	Related to assets
Government grants related to income	8,764,638.37	622,821.32		2,884,059.71			6,503,399.98	
The Research on the Key Technology of 4K/8K Full-colour Micro-LED Displays with Ultra High Definition (UHD)	3,407,456.55			1,338,901.10			2,068,555.45	Related to income

The Research on Full-colour and Integrated Packaging of Micro-LED Display with High Brightness and Contrast	1,826,069.52			116,069.52			1,710,000.00	Related to income
The Innovation Fund for Enterprises in Liudong New Area for 2017 for Liuzhou Guige	750,000.00			75,000.00			675,000.00	Related to income
The Fund for the Intelligent Transformation and Upgrading Projects of Automobile Enterprises for 2021	555,333.26			34,000.02			521,333.24	Related to income
The Fund for the Project of the Management Committee of the Liuzhou High-tech Industrial Development Zone	512,000.08			31,999.98			480,000.10	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			30,000.00			370,000.00	Related to income
LED Technology for Efficient Cultivation in Modern Agriculture and Its Demonstrative Application		440,000.00		79,614.21			360,385.79	Related to income
Others	1,313,778.96	182,821.32		1,178,474.88			318,125.40	Related to

								income
Total	97,078,233.43	2,331,221.32		18,340,717.01		208,250.00	80,860,487.74	

## 52. Other Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Pending chagerover output VAT	205,769.48	307,696.87
Liabilities of subsidiaries to be cleared and cancelled	537.61	1,083.74
Total	206,307.09	308,780.61

## 53. Share Capital

Unit: RMB

	Beginning balance	Increase/decrease (+/-)					Ending balance
		New shares issued	Bonus shares	Bonus issue from profit	Other (note)	Subtotal	
The sum of shares	1,361,994,647.00						1,361,994,647.00

Other notes:

Item/Investor	Beginning balance		Increase	Decrease	Ending balance	
	Invested amount	Proportion			Invested amount	Proportion
Restricted shares	10,753,658.00	0.79%			10,753,658.00	0.79%
Unrestricted shares	1,351,240,989.00	99.21%			1,351,240,989.00	99.21%
Total	1,361,994,647.00	100.00%			1,361,994,647.00	100.00%

## 54. Other Equity Instruments

Naught

## 55. Capital Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Other capital reserves	7,245,971.54			7,245,971.54
Total	7,245,971.54			7,245,971.54

## 56. Treasury Shares

Unit: RMB

Item	Beginning balance	Increase	Decrease (note)	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	- 61,456,432.76			- 9,218,464.91	- 52,237,967.85		446,422,516.62
Changes in fair value of other equity instrument investment	498,660,484.47	- 61,456,432.76			- 9,218,464.91	- 52,237,967.85		446,422,516.62
II. Other comprehensive income that may subsequently be reclassified to profit or loss	- 519,465.77	2,437,098.47				1,298,317.50	1,138,780.97	778,851.73
Differences arising from translation of foreign currency-denominated financial statements	- 519,465.77	2,437,098.47				1,298,317.50	1,138,780.97	778,851.73
Total of other comprehensive income	498,141,018.70	- 59,019,334.29			- 9,218,464.91	- 50,939,650.35	1,138,780.97	447,201,368.35

## 58. Specific Reserve

Naught

## 59. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Statutory surplus reserves	49,678,756.19			49,678,756.19
Discretionary surplus reserves	41,680,270.96			41,680,270.96
Total	91,359,027.15			91,359,027.15

## 60. Retained Earnings

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	3,296,435,828.50	3,111,864,076.86
Beginning balance of total retained earnings of adjustments (“+” for increase, “-“ for decrease)		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	168,935,232.54	230,320,570.67
Less: Withdrawal of statutory surplus reserves		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	3,330,471,596.34	3,296,435,828.50

Note: Others refer to the retained earnings transferred from accumulative fair value changes previously included in other comprehensive income when selling stocks in the same period of last year.

List of adjustment of beginning retained earnings:

- (1) RMB18,918.22 beginning retained earnings was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- (2) RMB0.00 beginning retained earnings was affected by changes in accounting policies.
- (3) RMB0.00 beginning retained earnings was affected by correction of significant accounting errors.
- (4) RMB0.00 beginning retained earnings was affected by changes in combination scope arising from same control.
- (5) RMB0.00 beginning retained earnings was affected totally by other adjustments.

## 61. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	4,405,159,052.69	3,604,574,132.92	4,282,577,147.55	3,545,848,583.67
Other operations	160,903,676.33	128,900,695.96	150,754,245.87	108,212,784.36
Total	4,566,062,729.02	3,733,474,828.88	4,433,331,393.42	3,654,061,368.03

Relevant information of revenue:

Unit: RMB

Category of contracts	Total

Types of products	4, 566, 062, 729. 02
Of which:	
General lighting products	1, 792, 551, 295. 05
LED packaging and component products	1, 253, 523, 386. 12
Vehicle lamp products	806, 133, 465. 65
Trade and other products	713, 854, 582. 20
By operating places	4, 566, 062, 729. 02
Of which:	
Domestic	3, 478, 275, 919. 17
Overseas	1, 087, 786, 809. 85

Information related to performance obligations:

Naught

Information related to transaction value assigned to residual performance obligations:

The amount of revenue corresponding to performance obligations of contracts signed but not performed or not fully performed yet was RMB251,621,886.53.

## 62. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	11, 300, 137. 99	7, 589, 677. 86
Education surcharge	5, 980, 104. 43	4, 217, 219. 09
Resources tax		
Property tax	11, 009, 535. 41	7, 584, 289. 36
Land use tax	3, 483, 007. 51	3, 046, 600. 37
Vehicle and vessel use tax	11, 986. 96	16, 021. 56
Stamp duty	3, 297, 666. 10	3, 690, 824. 51
Local education surcharge	2, 165, 938. 97	997, 922. 28
Deed tax	146, 289. 40	
Environmental protection tax	41, 537. 23	37, 241. 04
Embankment fee	128. 45	
VAT of land		-2, 047, 738. 45
Water conservancy construction funds		191, 148. 44
Resources tax		35, 167. 94
Others	6, 966. 68	176, 041. 81
Total	37, 443, 299. 13	25, 534, 415. 81

Other notes:

It was mainly because of the land appreciation tax accrued for the sale of real estate in 2021. The over-accrued land appreciation tax of RMB2,047,738.45 was released, when the actual payment was made in previous period.

## 63. Selling Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	57, 961, 009. 41	56, 515, 402. 06
Business propagandize fees and advertizing fees	30, 216, 805. 26	20, 532, 657. 97
Sales promotion fees	7, 233, 896. 10	5, 847, 930. 26
After-sales expenses	6, 867, 083. 35	4, 669, 333. 02
Business travel charges	4, 858, 839. 15	2, 105, 508. 78
Commercial insurance premium	3, 582, 158. 77	2, 387, 669. 16



Office expenses	2,944,396.54	1,630,996.07
Other	18,256,941.42	17,579,751.25
<b>Total</b>	<b>131,921,130.00</b>	<b>111,269,248.57</b>

#### 64. Administrative Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	125,958,952.18	115,142,871.77
Depreciation charge	25,811,976.14	20,892,696.89
Office expenses	13,062,802.09	10,109,798.15
Engineering decoration cost	6,357,723.64	2,822,639.45
Amortization of intangible assets	4,630,270.87	5,813,822.32
Utilities	4,491,149.48	3,880,679.53
Intermediary agency fee	4,119,910.31	5,718,962.01
Labor cost	1,731,130.54	3,618,646.20
Rent of land and management charge	1,104,528.44	418,417.45
Security fund for the disabled	102,385.50	108,310.68
Party building funds	87,374.01	86,660.10
Others	13,487,882.22	17,694,234.89
<b>Total</b>	<b>200,946,085.42</b>	<b>186,307,739.44</b>

#### 65. Development Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	108,806,040.39	97,942,302.07
Material consumption	59,589,273.57	62,322,047.45
Depreciation and long-term prepaid expense	22,944,479.85	21,427,223.15
Certification and testing fee	8,136,407.37	4,983,719.59
Expense on equipment debugging	2,876,742.82	3,503,274.86
Charges related to patents	951,123.75	1,323,834.59
Others	22,844,837.51	21,070,591.27
<b>Total</b>	<b>226,148,905.26</b>	<b>212,572,992.98</b>

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	14,255,244.44	7,068,335.84
Less: Interest income	24,520,047.73	13,000,154.06
Foreign exchange gains or losses	-21,315,108.34	-19,186,490.71
Handling charge and others	1,417,289.22	880,584.72
<b>Total</b>	<b>-30,162,622.41</b>	<b>-24,237,724.21</b>

## 67. Other Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Carry-forward of government grants related to assets in the deferred income	14,363,657.28	15,831,850.89
Carry-forward of government grants related to income in the deferred income	2,713,059.71	5,665,652.84
Policy Enjoyment of Preferential Reduction and Exemption for the Poor with Set up Files	2,247,050.00	
Incentive Subsidy for Digital and Intelligent Demonstration Workshop of Foshan City in 2022	2,000,000.00	
The Company received the N.C.G.J. [2022] No. 532 "the Subsidy for Industrial Logistics in the Second Quarter of 2022 " in Nanning City of the Management Committee of the Nanning New & High-tech Industrial Development Zone	808,200.00	
Return of handling charges for withholding and remittance	737,693.99	1,123,272.73
The 2021 "100 Enterprises Strive for the First Place" bonus (partial)	500,000.00	
Incentive for standard products of Foshan City	400,000.00	
2022 Special Funds of Nanhai District, Foshan City for Promoting High-quality Development of Foreign Trade	347,360.00	
The Company received the "2021 Inclusive Subsidy as an Encouragement for Enterprises to Redouble R&D Input" from Nanning Science and Technology Bureau.	333,200.00	
Subsidies for stabilizing employment	230,154.25	1,181,087.47
The Special Fund for Promoting High-quality Economic Development	10,000.00	1,842,190.69
The Fund of Foshan City for Promoting the Robot Application and Industry		2,000,000.00
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
Grants awarded by the Guangzhou Municipal Science and Technology Bureau for the Research and Development and Industrialisation Project of Potassium Nitride-based Rf Devices in the Field of Next Generation Mobile Communication		1,800,000.00
The Special Support Fund for the Industrial Internet of Things (IIOT) Development in Foshan City for 2021 (the Special Project of IIOT Demonstration) (the First Batch)		1,320,000.00
The Subsidy of the Chancheng District Human Resources and Social Security Bureau, Foshan City, for the Skill Training of Millions of Workers for March 2022		1,148,000.00
The Special Support Fund for the Industrial Internet of Things (IIOT) Development in Foshan City		892,500.00

The Special Fund for the Vocational Skill Improvement Campaign		848,000.00
The L.J.C.Y. [2021] No. 557 Industrial Support Fund of the Finance Bureau of Liang Jiang New Area, Chongqing		610,000.00
2021 Guangxi Digital Workshop Reward Funds		500,000.00
The Support Fund of the Administration of the Chancheng Park of the Foshan High-tech Industrial Development Zone for Champion Manufacturing Enterprises in a Single Item for 2020		450,000.00
The First Batch of Subsidies for the Special Project of SME Development and the Auxiliary Project of Industrial Chain Collaboration for 2022		427,200.00
The Fund of the Organisation Department of the Chancheng District Party Committee, Foshan City, China, for Competitive Talent Support Projects		400,000.00
The N.C.G.J. [2021] No. 452 "Fund for Specialised and Refined Projects" of the Management Committee of the Nanning New & High-tech Industrial Development Zone		300,000.00
Others	2,699,616.82	2,457,536.33
Total	27,389,992.05	40,797,290.95

## 68. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	1,186,031.53	650,457.40
Investment income from disposal of trading financial assets	2,154,000.00	2,019,911.56
Dividend income from holding of other equity instrument investment	16,686,333.81	16,055,272.93
Income received from financial products and structural deposits	2,423,205.29	888,102.97
Total	22,449,570.63	19,613,744.86

## 69. Net Gain on Exposure Hedges

Naught

## 70. Gain on Changes in Fair Value

Unit: RMB

Sources	Reporting Period	Same period of last year
Trading financial assets	905,952.44	35,436.66
Of which: gains on changes in fair value of derivative financial instrument	905,952.44	35,436.66
Trading financial liabilities	-23,059,475.00	-10,802,032.63
Total	-22,153,522.56	-10,766,595.97

## 71. Credit Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
Bad debt loss on other receivables	1,237,574.86	200,770.69
Bad debt loss on accounts receivable	-19,672,657.13	-10,217,235.78
Bad debt loss on notes receivable	-512,338.76	-229,783.47
Total	-18,947,421.03	-10,246,248.56

## 72. Asset Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
II. Loss on inventory valuation and contract performance cost	-14,576,382.64	-19,371,287.36
V. Loss on impairment of fixed assets	-1,500,990.00	-3,529,839.61
XII. Loss on impairment of contract assets	-313,516.09	-439,922.48
Total	-16,390,888.73	-23,341,049.45

## 73. Assets Disposal Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Disposal income of fixed assets	110,475.52	82,362.19
Total	110,475.52	82,362.19

## 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	37,753.32	43,160.43	37,753.32
Of which: income from scrap of fixed assets	37,753.32	43,160.43	37,753.32
Income from default money	11,400.00	165,006.53	11,400.00
Confiscated income	106,635.54		106,635.54
Other	2,274,125.62	7,805,761.20	2,274,125.62
Total	2,440,914.48	8,990,018.61	2,440,914.48

Government grants recorded into current profit or loss:

Unit: RMB

Item	Distribution entity	Distribution reason	Nature	Whether influence the profits or losses of the year or not	Special subsidy or not	Reporting Period	Same period of last year	Related to assets/related income
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Job-subsidy		Subsidy		No	No	11,000.00		Related to income
Supporting fund for industrial development		Subsidy		No	No		976,090.45	Related to income

## 75. Non-operating Expense

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Total losses on disposal of non-current assets	1,547,347.79	5,943,227.86	1,547,347.79
Of which: Loss on disposal of fixed assets	1,547,347.79	5,731,670.97	1,547,347.79
Loss on disposal of intangible assets	0.00	211,556.89	0.00
Penalty	1,748,669.05	249,481.71	1,748,669.05
Losses on inventories	310,656.66	41,677.65	310,656.66
Delaying payment	94,086.36	336,802.22	94,086.36
Others	1,079,810.46	1,422,977.18	1,079,810.46
Total	4,780,570.32	7,994,166.62	4,780,570.32

## 76. Income Tax Expense

### (1) List of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	34,309,667.76	25,762,699.61
Deferred income tax expense	-3,005,303.27	15,649,378.30
Total	31,304,364.49	41,412,077.91

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

Unit: RMB

Item	Reporting Period
Profit before taxation	256,409,652.78
Current income tax expense accounted at statutory/applicable tax rate	38,461,447.92
Influence of applying different tax rates by subsidiaries	2,365,215.10
Influence of income tax before adjustment	670,501.88
Influence of non-taxable income	-3,371,201.39
Influence of non-deductible costs, expenses and losses	
The effect of using deductible losses of deferred income tax assets that have not been recognized in the previous period	-2,559,863.24
Influence of unrecognized deductible temporary differences and deductible losses	9,404,147.48
Influence of deduction	-13,665,883.26
Income tax expense	31,304,364.49

## 77. Other Comprehensive Income

Refer to Note VII Notes to Main Items of Consolidated Financial Statements-57 for details.

## 78. Cash Flow Statement

### (1) Cash Generated from Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Margin income	35,010,552.18	29,429,389.29
Deposit interest	19,310,323.07	12,436,698.44
Income from waste	12,864,885.36	16,645,457.85
Income from subsidy	10,420,346.33	35,860,211.37
Rental income from property and equipment, utility	3,406,219.56	4,954,716.14
Income from insurance compensation	1,544.06	5,333.08
Others	60,093,722.57	28,190,106.79
Total	141,107,593.13	127,521,912.96

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

Unit: RMB

Item	Reporting Period	Same period of last year
Administrative expense paid in cash	56,194,828.30	51,145,137.99
Selling expense paid in cash	31,789,893.32	34,441,261.70
Finance costs paid in cash	1,521,292.79	843,095.07
Returned cash deposit	28,216,695.73	36,477,347.32
Others	31,773,841.24	47,741,622.81
Total	149,496,551.38	170,648,464.89

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

Naught

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

Unit: RMB

Item	Reporting Period	Same period of last year
Others	360,759.99	
Total	360,759.99	

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

Unit: RMB

Item	Reporting Period	Same period of last year
Cash deposit collected	381,437.71	53,126,214.00
Total	381,437.71	53,126,214.00

## (6) Cash Used in Other Financing Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Payment for cash deposit of bank acceptance bills	2, 124, 043. 19	121. 82
Cash paid for acquisition of NationStar Optoelectronics under the same control		1, 061, 968, 681. 64
Others	179, 384. 83	125, 624. 96
Total	2, 303, 428. 02	1, 062, 094, 428. 42

## 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	225, 105, 288. 29	243, 546, 630. 90
Add: Provision for impairment of assets	35, 338, 309. 76	33, 587, 298. 01
Depreciation of fixed assets, oil-gas assets, and productive living assets	261, 275, 385. 66	245, 702, 523. 31
Depreciation of right-of-use assets	4, 213, 175. 21	4, 314, 025. 31
Amortization of intangible assets	6, 138, 499. 52	6, 259, 660. 38
Amortization of long-term prepaid expenses	33, 792, 488. 83	69, 990, 299. 46
Loss from disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	-110, 475. 52	-82, 362. 19
Losses from scrapping of fixed assets (gains: negative)	1, 509, 594. 47	5, 688, 510. 54
Losses from changes in fair value (gains: negative)	22, 153, 522. 56	10, 766, 595. 97
Finance costs (gains: negative)	14, 255, 244. 44	7, 068, 335. 84
Investment loss (gains: negative)	-22, 449, 570. 63	-19, 613, 744. 86
Decrease in deferred income tax assets (increase: negative)	-3, 951, 966. 78	2, 289, 157. 80
Increase in deferred income tax liabilities ("-" for decrease)	946, 663. 51	13, 172, 863. 80
Decrease in inventory ("-" for increase)	367, 566, 004. 75	119, 836, 200. 96
Decrease in operating receivables ("-" for increase)	-492, 079, 133. 11	-211, 060, 931. 19
Increase in operating payables ("-" for decrease)	-65, 833, 973. 76	-354, 362, 573. 03
Others		
Net cash generated from/used in operating activities	387, 869, 057. 20	177, 102, 491. 01
2. Significant investing and financing activities without involvement of cash receipts and payments		
Transfer of debts into capital		
Current portion of convertible corporate bonds		
Fixed assets leased in for financing		
3. Net increase/decrease of cash and cash equivalents:		
Ending balance of cash	1, 974, 721, 331. 65	1, 435, 426, 956. 09

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	28,750,024.39	-504,782,096.83

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

Naught

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

Naught

## (4) Cash and Cash Equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	1,974,721,331.65	1,945,971,307.26
Including: Cash on hand	45,923.56	52,093.54
Bank deposit on demand	1,965,961,432.22	1,944,303,946.03
Other monetary assets on demand	8,713,975.87	1,615,267.69
III. Ending balance of cash and cash equivalents	1,974,721,331.65	1,945,971,307.26

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

Notes to the name of "Other" of ending balance of the same period of last year adjusted and the amount adjusted:

Not applicable

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

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary assets	535,698,818.93	The Company and its subsidiaries' cash deposit for bank acceptance bills, performance bonds, forward exchange settlement margin and L/C guarantee deposits
Notes receivable	729,042,157.57	Pledged notes and notes receivable not derecognized at period-end
Fixed assets	143,870,553.97	Related party mortgage guarantees, see Part X-XIV-(III) Guarantees for details
Intangible assets	10,808,229.15	
Total	1,419,419,759.62	



## 82. Foreign Currency Monetary Items

### (1) Foreign Currency Monetary Items

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets			282,980,171.77
Of which: USD	35,632,247.28	7.2258	257,471,492.40
EUR	517,843.84	7.8771	4,079,107.71
HKD	51,805.21	0.92198	47,763.37
IDR	44,177,289,846.92	0.000484	21,381,808.29
Accounts receivable			457,282,454.03
Of which: USD	62,710,136.64	7.2258	453,130,905.33
EUR	241,345.50	7.8771	1,901,102.64
HKD	65,771.39	0.92198	60,639.91
IDR	4,524,392,871.90	0.000484	2,189,806.15
Other receivables			3,412.31
Of which: IDR	7,050,231.60	0.000484	3,412.31
Accounts payable			5,966,627.72
Of which: USD	647,046.38	7.2258	4,675,427.73
EUR	600.00	7.8771	4,726.26
IDR	2,658,003,574.38	0.000484	1,286,473.73
Other current assets			683,715.33
Of which: IDR	1,412,634,975.71	0.000484	683,715.33
Other non-current assets			510,864.75
Of which: EUR	64,854.42	7.8771	510,864.75
Other non-current liabilities			966,537.50
Of which: EUR	122,702.20	7.8771	966,537.50

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

Applicable  Not applicable

## 83. Arbitrage

Qualitative and quantitative information of relevant arbitrage instruments, hedged risk in line with the type of arbitrage to disclose:

Naught

## 84. Government Grants

### (1) Basic Information on Government Grants

Unit: RMB

Category	Amount	Listed items	Amount recorded in the current profit or loss
Policy Enjoyment of Preferential Reduction and Exemption for the Poor	2,247,050.00	Other income	2,247,050.00

with Set up Files			
Incentive Subsidy for Digital and Intelligent Demonstration Workshop of Foshan City in 2022	2,000,000.00	Other income	2,000,000.00
The 2022 Support Fund for Promoting the Digital Intelligent Transformation of the Manufacturing Industry in Foshan City (Projects 5008 and 5009)	1,208,400.00	Deferred income	
The Company received the N.C.G.J. [2022] No. 532 "the Subsidy for Industrial Logistics in the Second Quarter of 2022 " in Nanning City of the Management Committee of the Nanning New & High-tech Industrial Development Zone	808,200.00	Other income	808,200.00
Return of handling charges for withholding and remittance	737,693.99	Other income	737,693.99
The 2021 "100 Enterprises Strive for the First Place" bonus (partial)	500,000.00	Other income	500,000.00
LED Technology for Efficient Cultivation in Modern Agriculture and Its Demonstrative Application	440,000.00	Deferred income	
Incentive for standard products of Foshan City	400,000.00	Other income	400,000.00
2022 Special Funds of Nanhai District, Foshan City for Promoting High-quality Development of Foreign Trade	347,360.00	Other income	347,360.00
The Company received the "2021 Inclusive Subsidy as an Encouragement for Enterprises to Redouble R&D Input " from Nanning Science and Technology Bureau	333,200.00	Other income	333,200.00
Funds for the Construction Project for the Centre for Cultivating and Arranging High-Value Patents of NationStar Optoelectronics	300,000.00	Deferred income	
Employment Subsidy	271,100.00	Other income	271,100.00
Subsidies for stabilizing employment	230,154.25	Other income	230,154.25
Municipal incentive funds for provincial specialised and sophisticated small and medium enterprises that produce novel and unique products	200,000.00	Other income	200,000.00
The Development and Demonstrative Application of Deep Ultraviolet LED Modules and Equipment for Public Health and Other Fields	200,000.00	Deferred income	
Support Fund for the Digital Intelligent Transformation of the Manufacturing Industry	172,700.00	Other income	172,700.00
Financial Support for the Second Phase of the Research on the Key Technology of Full-colour Micro-LED Displays with High Brightness and Contrast	142,821.32	Deferred income	97,373.13
Refund of unemployment insurance premiums	140,516.80	Other income	140,516.80
Municipal Subsidy for the 2022 Vocational Skill Improvement Campaign	100,000.00	Other income	100,000.00
Special Fund for Technological Development	100,000.00	Other income	100,000.00
2021 High-tech Enterprise Training Topic	100,000.00	Other income	100,000.00
Chancheng District Postdoctoral Research Funds from Chancheng District Human Resources and Social Security Bureau of Foshan City (Lan Mingwen)	100,000.00	Other income	100,000.00
Others	316,000.00	Other income	316,000.00

Total	11,395,196.36	9,201,348.17
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**(2) Return of Government Grants**

Applicable  Not applicable

**85. Other**

Naught

**VIII. Changes of Consolidation Scope**

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

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

Naught

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

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

Naught

**3. Counter Purchase**

Naught

**4. Disposal of Subsidiary**

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

Yes  No

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

Yes  No

**5. Changes in Combination Scope for Other Reasons**

Naught

**6. Other**

Naught

## IX. Equity in Other Entities

### 1. Equity in Subsidiary

#### (1) Subsidiaries

Name	Main operating place	Registration place	Nature of business	Holding percentage		Way of gaining
				Directly	Indirectly	
Foshan Fozhao Zhicheng Technology Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
FSL Chanchang Optoelectronics Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	Foshan	Foshan	Production and sales	70.00%		Newly established
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	Xinxiang	Xinxiang	Production and sales	100.00%		Newly established
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	Nanjing	Nanjing	Production and sales	100.00%		Acquired
FSL Zhida Electric Technology Co., Ltd.	Foshan	Foshan	Production and sales	66.84%		Newly established
FSL LIGHTING GMBH	Germany	Germany	Production and sales	100.00%		Newly established
Foshan Haolaite Lighting Co., Ltd.	Foshan	Foshan	Production and sales	51.00%	10.53%	Newly established
NationStar Optoelectronics (Germany) Co., Ltd.	Germany	Germany	Trade		61.53%	Business combination under the same control
Foshan Kelian New Energy Technology Co., Ltd.	Foshan	Foshan	Property development	100.00%		Acquired
Fozhao (Hainan) Technology Co., Ltd.	Haikou	Haikou	Production and sales	100.00%		Newly established
Nanning Liaowang Auto Lamp Co., Ltd.	Nanning	Nanning	Manufacturing of vehicle lamps	53.79%		Acquired
Liuzhou Guige Lighting Technology Co., Ltd.	Liuzhou	Liuzhou	Manufacturing of vehicle lamps		53.79%	Acquired
Liuzhou Guige Foreshine Technology Co., Ltd.	Liuzhou	Liuzhou	Manufacturing of automotive electronic products		53.79%	Acquired

Chongqing Guinuo Lighting Technology Co., Ltd.	Chongqing	Chongqing	Manufacturing of vehicle lamps		53.79%	Acquired
Qingdao Guige Lighting Technology Co., Ltd.	Qingdao	Qingdao	Manufacturing of vehicle lamps		53.79%	Acquired
Indonesia Liaowang Auto Lamp Co., Ltd.	Indonesia	Indonesia	Manufacturing of vehicle lamps		53.79%	Acquired
Foshan Sigma Venture Capital Co., Ltd.	Foshan	Foshan	Business services	100.00%		Business combination under the same control
Foshan NationStar Optoelectronics Co., Ltd.	Foshan	Foshan	Electronic manufacturing	21.48%		Business combination under the same control
Foshan NationStar Semiconductor Technology Co., Ltd.	Foshan	Foshan	Electronic manufacturing		21.48%	Business combination under the same control
Foshan NationStar Electronic Manufacturing Co., Ltd.	Foshan	Foshan	Electronic manufacturing		21.48%	Business combination under the same control
Nanyang Baoli Vanadium Industry Co., Ltd.	Henan	Nanyang	Mining		12.89%	Business combination under the same control
Guangdong New Electronic Information Ltd.	Guangzhou	Guangzhou	Trade		21.48%	Business combination under the same control
Guangdong Fenghua Semiconductor Technology Co., Ltd.	Guangzhou	Guangzhou	Electronic manufacturing		21.45%	Business combination under the same control

Notes to holding proportion in subsidiary different from voting proportion:

Naught

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

Naught

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

Naught

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

Naught

Other notes:

Naught

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

Unit: RMB

Name	Shareholding proportion of non-controlling interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	30.00%	404,788.01		12,760,002.99
FSL Zhida Electric Technology Co., Ltd.	33.16%	2,883,324.64	994,800.00	31,422,367.33
Foshan Haolaite Lighting Co., Ltd.	38.47%	1,154,765.68	160,500.24	15,201,737.61
Nanning Liaowang Auto Lamp Co., Ltd.	46.21%	9,360,005.34		449,813,619.14
Foshan NationStar Optoelectronics Co., Ltd.	78.52%	42,367,172.08	29,139,436.44	2,945,050,076.65

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

Naught

Other notes:

Naught

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

Unit: RMB

Name	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	70,255,850.25	14,797,372.64	85,053,222.89	42,519,879.59		42,519,879.59	72,330,352.64	14,293,589.70	86,623,942.34	45,439,892.42		45,439,892.42
FSL Zhida Electric Technology Co., Ltd.	194,959,991.96	10,131,200.12	205,091,192.08	126,788,810.19		126,788,810.19	148,999,066.65	8,928,180.94	157,927,247.59	85,320,425.79		85,320,425.79
Foshan Haolaite Lighting Co., Ltd.	73,461,177.58	9,252,424.39	82,713,601.97	43,201,836.74		43,201,836.74	65,960,025.19	10,224,679.49	76,184,704.68	39,268,890.83		39,268,890.83
Nanning Liaowang Auto Lamp Co., Ltd.	1,385,421,572.79	851,588,816.30	2,237,010,389.09	1,301,059,124.09	35,742,960.09	1,336,802,084.18	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

Ltd.												
Foshan Nation Star Optoelectronics Co., Ltd.	3,687,934,784.56	2,623,035,237.19	6,310,970,021.75	1,886,531,129.86	654,199,008.44	2,540,730,138.30	3,793,005,331.67	2,786,809,474.96	6,579,814,806.63	2,079,712,881.27	746,557,864.73	2,826,270,746.00
Total	5,412,033,377.14	3,508,805,050.64	8,920,838,427.78	3,400,100,780.47	689,941,968.53	4,090,042,749.00	5,667,926,617.43	3,685,857,735.42	9,353,784,352.85	3,797,473,081.35	776,645,937.25	4,574,119,018.60

Unit: RMB

Name	Reporting Period				Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	59,784,288.09	1,349,293.38	1,349,293.38	-1,102,033.59	70,083,077.58	1,590,364.47	1,590,364.47	-1,288,012.25
FSL Zhida Electric Technology Co., Ltd.	138,646,788.74	8,695,560.09	8,695,560.09	10,105,092.96	105,086,095.87	5,704,490.75	5,704,490.75	3,913,866.98
Foshan Haolaite Lighting Co., Ltd.	34,579,511.95	3,001,421.42	3,013,109.14	-1,426,965.96	33,735,759.76	2,025,782.55	2,025,782.55	7,961,319.24
Nanning Liaowang Auto Lamp Co., Ltd.	720,209,306.91	22,341,749.52	24,793,716.86	8,225,803.73	700,818,199.55	20,362,591.07	20,527,064.34	48,642,332.49
Foshan NationStar Optoelectronics Co., Ltd.	1,758,744,095.83	53,804,452.96	53,804,452.96	102,905,050.77	1,749,843,891.56	86,033,355.38	85,951,275.40	20,660,583.45
Total	2,711,963,991.52	89,192,477.37	91,656,132.43	118,706,947.91	2,659,567,024.32	115,716,584.22	115,798,977.51	79,890,089.91

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

Naught

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

Naught

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

### **(1) Note to the Owner's Equity Share Changed in Subsidiary**

Naught

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

Naught

## **3. Equity in Joint Ventures or Associated Enterprises**

### **(1) Significant Joint Ventures or Associated Enterprises**

Naught

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

Naught

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

Naught

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

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/Same period of last year
Joint ventures:		
The total of following items according to the shareholding proportions		
Associated enterprises:		
Total carrying value of investment	183, 117, 824. 19	181, 931, 792. 66
The total of following items according to the shareholding proportions		
--Net profit	1, 186, 031. 53	650, 457. 40
--Total comprehensive income	1, 186, 031. 53	650, 457. 40

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

Naught

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

Naught



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

Naught

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

Naught

#### **4. Significant Common Operation**

Naught

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

Notes to the structured entity excluded in the scope of consolidated financial statements:

Naught

#### **6. Other**

Naught

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

The financial instruments of the Company included: equity investment, notes receivable, accounts receivable, accounts payable, etc. The details of each financial instrument see relevant items of Note V.

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

##### **(I) Credit risk**

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

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

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

##### **(II) Liquidity Risk**

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

##### **(III) Market risk**

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

#### 1. Exchange rate risk

Exchange rate risk refers to the risk of loss due to exchange rate changes. The Company's exposure to foreign exchange risk is mainly related to the US dollar and the euro. As of 30 June 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-82, Foreign Currency Monetary Items. Foreign exchange risk arising from the assets and liabilities of such foreign currency balances may have a certain impact on the Company's operating results. The Company made efforts to avoid exchange rate risk through forward exchange settlement, improving operation management and promoting the international competitiveness of the Company, etc.

#### 2. Interest rate risk

Interest rate risk is refers to fluctuation risk of the fair value or future cash flow of financial instrument change due to the change of market interest rates. The interest rate risk faced by the Company mainly comes from bank borrowings. By establishing a good bank-enterprise relationship, the Company reasonably designed the credit line, credit variety and credit period, ensured sufficient credit line of banks, and met various short-term financing needs of the Company with preferential loan interest rates. As of 30 June 2023, the Company's fixed interest rate loan balance was RMB744,374,874.84, accounting for 100% of the total loan balance, and the risks in this part were controllable.

#### 3. Other price risk

Naught

## XI. The Disclosure of Fair Value

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

Unit: RMB

Item	Ending fair value			Total
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	
I. Consistent fair value measurement	--	--	--	--
(I) Trading financial assets	899,004.54	80,983,830.13		81,882,834.67
1. Financial assets at fair value through profit or loss	899,004.54	80,983,830.13		81,882,834.67
1.1 Wealth management products		80,983,830.13		80,983,830.13
1.2 Investments in equity instruments	899,004.54			899,004.54
(II) Other equity instrument investment	761,175,052.72		40,578,568.80	801,753,621.52
(III) Accounts receivable financing			444,845,917.62	444,845,917.62
Total assets measured at fair value on a recurring basis	762,074,057.26	80,983,830.13	485,424,486.42	1,328,482,373.81
(VII) Refer as financial liabilities measured by fair value and the	23,741,475.00			23,741,475.00

changes included in the current gains and losses				
Total liabilities of consistent fair value measurement	23,741,475.00			23,741,475.00
II. Inconsistent fair value measurement	--	--	--	--

## **2. Basis for determining the market value of continuing and discontinuing level 1 fair value measurement items**

Level 1 fair value measurements are determined based on the market price of equities at the balance sheet date and the mid-price of the RMB exchange rate published by the State Administration of Foreign Exchange as quoted prices in an active market.

## **3. Continuing and discontinuing Level 2 fair value measurement items, qualitative and quantitative information on the valuation techniques used and significant parameters**

The fair value of financial products subscribed by the Group that are measured at fair value is determined by reference to the expected rate of return provided by the financial institutions.

## **4. Continuing and discontinuing Level 3 fair value measurement items, qualitative and quantitative information on the valuation techniques used and significant parameters**

- (1) The Company measured the investment at cost as a reasonable estimate of fair value because there were no significant changes in the business environment and operating and financial conditions of the investee, GF Bank.
- (2) The Company measured the investee, Shenzhen Zhonghao (Group) Company Limited, at nil as a reasonable estimate of fair value due to the deterioration of its business environment and operating and financial conditions.
- (3) The Company measured the investment at cost as a reasonable estimate of fair value because there were no significant changes in the business environment and operating and financial conditions of the investee companies, Foshan Nanhai District United Guangdong New Light Source Industry Innovation Center, Beijing Guang Rong Union Semiconductor Lighting Industry Investment Center and Guangdong Rising Finance Co., Ltd.
- (4) The receivables financing represents bank acceptance notes held by the Company with a short remaining maturity, the face value of which approximates the fair value and the face amount is used to recognize the fair value at the statement date.

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

Naught

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

Naught

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

Naught

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

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

## 9. Other

Naught

## XII. Related Party and Related-party Transactions

### 1. The parent company of the Company

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the Company as the parent against the Company (%)	Proportion of voting rights owned by the Company as the parent against the Company (%)
Hongkong Wah Shing Holding Company Limited	Hong Kong	Investment	HKD110,000	13.84%	13.84%
Guangdong Electronics Information Industry Group Ltd.	Guangzhou	Production and sales	RMB1,162 million	9.01%	9.01%
Guangdong Rising Holdings Group Co., Ltd.	Guangzhou	Investment	RMB10 billion	6.10%	6.10%
Rising Investment Development Limited	Hong Kong	Investment	RMB360 million and HKD1 million	1.87%	1.87%
Total				30.82%	30.82%

Notes: Information on parent company of the Company

Hongkong Wah Shing Holding Company Limited (hereinafter referred to as "Hongkong Wah Shing"), the largest shareholder of the Company, is a wholly-owned subsidiary of Guangdong Electronics Information Industry Group Ltd. (hereinafter referred to as "Electronics Group"), and Electronics Group, Shenzhen Rising Investment Development Co., Ltd. (hereinafter referred to as "Shenzhen Rising"), Guangdong Rising Holdings Group Co., Ltd. (renamed Guangdong Rising Capital Investment Co., Ltd. on 13 December 2021, hereinafter

referred to as “Rising Capital”) and Rising Investment Development Limited (hereinafter referred to as “Rising Investment”) are wholly-owned subsidiaries of Guangdong Rising Holdings Group Co., Ltd. (hereinafter referred to as “Rising Holdings Group”). According to the relevant provisions of the Company Law and the Measures for the Administrative Measures on Acquisition of Listed Companies, Electronics Group, Shenzhen Rising, Rising Capital and Rising Investment are concerted actors, and Rising Holdings Group becomes the actual controller of the Company. On 15 December 2021, Shenzhen Rising and Rising Capital transferred all their shares of the Company to Rising Holdings Group. After the transfer, Rising Holdings Group, Electronics Group and Rising Investment acted in concert with each other. As of 30 June 2023, the above-mentioned persons acting in concert held a total of 419,803,826.00 A and B shares of the Company, accounting for 30.82% of the total share capital of the Company.

The final controller of the Company is Guangdong Rising Holdings Group Co., Ltd.

## 2. Subsidiaries of the Company

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

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

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

## 4. Information on Other Related Parties

Name	Relationship with the Company
PROSPERITY LAMPS & COMPONENTS LTD	Shareholder owning over 5% shares
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	Under same actual controller
Guangdong Electronic Technology Research Institute	Under same actual controller
Guangdong Zhongnan Construction Co., Ltd.	Under same actual controller
Guangdong Yixin Changcheng Construction Group	Under same actual controller
Guangdong Zhongren Group Construction Co., Ltd	Under same actual controller
Shenzhen Yuepeng Construction Co., Ltd.	Under same actual controller
Foshan Fulong Environmental Technology Co., Ltd.	Under same actual controller
Jiangmen Dongjiang Environmental Company Limited	Under same actual controller
Zhuhai Doumen District Yongxingsheng Environmental Industry Waste Recovery and Comprehensive Treatment Co., Ltd.	Under same actual controller
Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.	Under same actual controller
Guangdong Zhongjin Lingnan Equipment Technology Co., Ltd.	Under same actual controller
Guangdong Rising South Construction Co., Ltd.	Under same actual controller
Guangdong Electronics Information Industry Group Ltd.	Under same actual controller
Guangdong Zhongjin Lingnan Junpeng Intelligent Equipment Co., Ltd.	Under same actual controller
Guangdong Rising Rare Metals and New Photoelectric Materials Co., Ltd.	Under same actual controller
Guangdong Heshun Property Management Co., Ltd. The Pinnacle Branch	Under same actual controller
Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.	Under same actual controller
Guangdong Huajian Enterprise Group Co., Ltd.	Under same actual controller
Dongguan Hengjian Environmental Protection Technology Co., Ltd.	Under same actual controller
Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd.	Under same actual controller

Guangzhou Wanshun Investment Management Co., Ltd.	Under same actual controller
Guangdong The Great Wall Building Co., Ltd.	Under same actual controller
Guangzhou Shengdu Investment Development Co., Ltd.	Under same actual controller
Guangdong Rising Finance Co., Ltd.	Under same actual controller
Fenghua Research Institute (Guangzhou) Limited	Under same actual controller
Guangdong Rising Research and Development Institute Co. Ltd.	Under same actual controller
Guangdong Tianxin Commercial Service Co., Ltd.	Under same actual controller
Guangdong Xintaochip Microelectronics Co., Ltd. (formerly known as Fenghua Research Institute (Guangzhou) Limited)	Under same actual controller
Guangdong Zhuyuan Construction Engineering Co., Ltd.	Under same actual controller
Guangzhou Haixinsha Industrial 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
Zhuhai Dongjiang Environmental Protection Technology Co., Ltd.	Under same actual controller
Shandong Zhongjin Lingnan Copper Co., Ltd.	Under same actual controller
Hangzhou Times Lighting Electric Appliances Co., Ltd.	Enterprise controlled by related natural person
Prosperity (China) Electrical Company Limited	Enterprise controlled by related natural person
Nanning Ruixiang Industrial Investment Co., Ltd.	Enterprise significantly affected by related natural person

## 5. List of Related-party Transactions

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

Information on acquisition of goods and reception of labor service

Unit: RMB

Related party	Content	Reporting Period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	Purchase of materials	1,427,073.05	45,000,000.00	Not	2,757,010.92
Prosperity Lamps & Components Limited	Purchase of materials	57,268.76	7,000,000.00	Not	773,460.05
Hangzhou Times Lighting Electric Appliances Co., Ltd.	Purchase of materials				222,265.48
Guangdong Zhongnan Construction Co., Ltd.	Receiving labor service	58,500,517.50			42,247,083.75
Guangdong Yixin Changcheng Construction Group	Receiving labor service	42,453,620.42			14,543,474.14
Guangdong Zhongren Group Construction Co., Ltd	Receiving labor service	26,677,655.81			7,242,570.34
Shenzhen Yuepeng Construction Co., Ltd.	Receiving labor service	754,528.33	38,000,000.00	Not	470,768.94
Guangzhou Haixinsha Industrial Co., Ltd.	Receiving labor service	467,135.78			206,850.94
Foshan Fulong Environmental Technology Co., Ltd.	Receiving labor service	162,917.93			82,605.66
Shenzhen Longgang Dongjiang Industrial Waste Treatment Co.,	Receiving labor service	116,673.57			

Ltd.					
Dongguan Hengjian Environmental Protection Technology Co., Ltd.	Receiving labor service	76,930.19			200,598.11
Jiangmen Dongjiang Environmental Company Limited	Receiving labor service	69,970.76			221,418.86
Zhuhai Dongjiang Environmental Company Limited	Receiving labor service	13,133.52			
Guangdong The Great Wall Building Co., Ltd.	Receiving labor service	22,053.55			36,110.42
Guangdong Tianxin Commercial Service Co., Ltd.	Receiving labor service	18,779.44			
Guangdong Electronic Technology Research Institute	Receiving labor service				854,625.55
Zhuhai Doumen District Yongxingsheng Environmental Industry Waste Recovery and Comprehensive Treatment Co., Ltd.	Receiving labor service				46,041.51
Total		130,818,258.61	90,000,000.00		69,904,884.67

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	12,641,522.79	11,487,387.08
Guangdong Fenghua Advanced Technology (Holding) Co., Ltd.	Sale of products	7,466,567.41	8,534,248.00
Guangdong Zhongnan Construction Co., Ltd.	Sale of products	3,012,466.81	44,383.37
Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.	Sale of products	710,376.99	607,072.04
Shandong Zhongjin Lingnan Copper Co., Ltd.	Sale of products	223,796.46	
Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.	Sale of products	23,113.27	
Guangdong Zhuyuan Construction Engineering Co., Ltd.	Sale of products	12,318.58	
Guangdong Rising Holdings Group Co., Ltd.	Sale of products	2,787.61	
Guangzhou Wanshun Investment Management Co., Ltd.	Sale of products		538,207.40
Guangdong Yixin Changcheng Construction Group	Sale of products		441,210.96
Guangzhou Shengdu Investment Development Co., Ltd.	Sale of products		281,946.91
Guangdong Rising South Construction Co., Ltd.	Sale of products		69,965.06
Guangdong Zhongjin Lingnan Equipment Technology Co., Ltd.	Sale of products		122,855.75
Prosperity (China) Electrical Company Limited	Sale of products		41,285.35

Guangdong Electronics Information Industry Group Ltd.	Sale of products		27,796.46
Guangdong Zhongjin Lingnan Junpeng Intelligent Equipment Co., Ltd.	Sale of products		5,884.96
Total		24,092,949.92	22,202,243.34

Notes:

1. The pricing policy for related-party transactions between the Company and its related parties is as follows:

The pricing of related-party transactions should be market-oriented and subject to the market prices when such a transaction occurs. The relevant funds should be paid on time according to the actual transaction.

2. The related-party transactions between the Company and its subsidiaries and between subsidiaries have been offset during report consolidation.

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

Lists of trusteeship/contract:

Naught

Lists of entrust/contractee

Unit: RMB

Name of the entruster/contractee	Name of the trustee/contractor	Type	Start date	Due date	Pricing basis	Charge recognized in this Reporting Period
Foshan NationStar Optoelectronics Co., Ltd.	Guangdong Zhongren Group Construction Co., Ltd.		30 December 2020	31 December 2022		
Fozhao (Hainan) Technology Co., Ltd.	Guangdong Zhongnan Construction Co., Ltd.		30 March 2022	14 May 2023		
Foshan Electrical and Lighting Co., Ltd.	Guangdong Yixin Changcheng Construction Group Co., Ltd.		28 May 2021	29 December 2022		
Foshan Electrical and Lighting Co., Ltd.	Guangdong Yixin Changcheng Construction Group Co., Ltd.		1 March 2022	11 December 2022		
Foshan Kelian New Energy Technology Co., Ltd.	Guangdong Zhongnan Construction Co., Ltd.		23 June 2021	23 December 2022		

Notes to entrust/contractee:

1. The Company's subsidiary Foshan NationStar Optoelectronics Co., Ltd. entered into the *General Contracting Contract of NationStar Optoelectronics for the Survey, Design, and Construction of the Geely Industrial Park* with Guangdong Zhongren Group Construction Co., Ltd., Guangdong Architectural Design & Research Institute Co., Ltd., and CSIC International Engineering Co., Ltd. on 30 December 2020. The above parties take charge of the survey, design, and construction of the Geely Industrial Park. The total price of the contract is RMB509,292,500. The project is in progress now.



2. The Company's subsidiary Fozhao (Hainan) Technology Co., Ltd. entered into the *General Contracting Contract for Design and Construction of FSL Hainan Industrial Park Phase I* with Guangdong Zhongnan Construction Co., Ltd. and Guangdong Architectural Design & Research Institute Co., Ltd. on 30 March 2022. The above parties take charge of the design and construction of FSL Hainan Industrial Park. The total price of the contract is RMB179,051,600, and the planned total construction period is 390 calendar days (50 days for design and 340 days for construction). The project is in progress now.

3. The Company entered into the General Contracting Contract of Foshan Electrical and Lighting Co., Ltd. for the Design and Construction of the Office Buildings of Gaoming Headquarters Production Base Phase II with Guangdong Yixin Changcheng Construction Group Co., Ltd. and Guangdong Architectural Design & Research Institute Co., Ltd. on 28 May 2021. The above parties take charge of the design and construction of Gaoming office buildings. The total price of the contract is RMB175,025,600, and the planned total construction period is 560 calendar days (560 days for construction including 90 days for design). The project is in progress now.

4. The Company entered into the General Contracting Contract of Foshan Electrical and Lighting Co., Ltd. for the Design and Construction of the Smart LED Lighting Production Plant in the Gaoming Production Base (1-3 Buildings) with Guangdong Yixin Changcheng Construction Group Co., Ltd. and Guangdong Architectural Design & Research Institute Co., Ltd. on 1 March 2022. The above parties take charge of the design and construction of the Gaoming three factory buildings. The total price of the contract is RMB129,991,400, and the planned total construction period is 285 calendar days (30 days for design and 255 days for construction). The project is in progress now.

5. 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. The project is in progress now.

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

The Company was lessor:

Unit: RMB

Name of lessee	Category of leased assets	The lease income confirmed in the Reporting Period	The lease income confirmed in the same period of last year
Guangdong Rising Research and Development Institute Co., Ltd. and its majority-owned subsidiaries	Plant	582,347.85	563,992.42

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	Variable lease payments not included in the measurement of	Paid rent	Income expense of lease liabilities undertaken	Increased right-of-use assets
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		asset lease (if applicable)		lease liabilities (if applicable)							
		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	109,714.21	1,801.29	1,557.46		54,673.41
Guangdong Tianxin Commercial service Co., Ltd.	Operating lease					65,059.65		1,211.87			

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

Naught

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

Naught

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

Naught

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

Unit: RMB

Item	Reporting period	Same period of last year
Chairman of the Board	486,397.79	380,814.62
General Manager	475,655.67	355,594.62
Chairman of the Supervisory Committee	467,681.15	335,628.62
Secretary of the Board	275,841.67	227,878.62
Chief Financial Officer	466,313.55	336,094.62
Other	3,782,176.00	2,924,372.07
Total	5,954,065.83	4,560,383.17

#### (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 30 June 2023, the deposit balance of the Company and its subsidiaries deposited in Guangdong Rising Finance Co., Ltd. is RMB1,019,445,400. The Company and its majority-owned subsidiaries have signed a credit agreement of RMB1.5 billion with Guangdong Rising Finance Co., Ltd., of which RMB0 has been used.

## 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.	4,937,389.67		3,774,186.39	
Accounts receivable	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	8,838,027.13	176,760.54	2,805,991.79	56,119.84
Accounts receivable	Prosperity Lamps & Components Limited	6,107,629.95	183,228.90	2,754,557.10	82,636.71
Accounts receivable	Guangdong Zhongnan Construction Co., Ltd.	3,622,125.97	123,926.48	218,038.46	18,816.26
Accounts receivable	Guangdong Yixin Changcheng Construction Group	2,049,187.54	72,332.48	2,049,187.54	266,394.38
Accounts receivable	Shenzhen Zhongjin Lingnan Nonfemet Co., Ltd.	870,317.00	26,109.51	546,626.00	16,398.78
Accounts receivable	Guangdong Xintaochip Microelectronics Co., Ltd. (formerly known as Fenghua Research Institute (Guangzhou) Limited)	385,865.86	7,717.32	582,275.60	11,645.51
Accounts receivable	Shandong Zhongjin Lingnan Copper Co., Ltd.	252,890.00	7,586.70		
Accounts receivable	Guangdong Heshun Property Management Co., Ltd. Rising International Building Branch	242,112.68	7,263.38	669,790.40	66,979.04
Accounts receivable	Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.	195,269.90	5,858.10	116,775.00	3,503.25
Accounts receivable	Guangdong Huajian Engineering Construction Co., Ltd. (formerly	44,297.00	18,398.78	44,297.00	13,289.10

	known as Guangzhou Huajian Engineering Construction Co., Ltd.)				
Accounts receivable	Guangdong Rising Research and Development Institute Co. Ltd.	1,540.00	30.80	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 Tianxin Commercial Service Co., Ltd.	6,912.00			
Prepayments	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	148.68		148.68	
Other receivables	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	223,372.07	4,467.44	178,585.99	3,571.72
Other receivables	Guangdong Tianxin Commercial Service Co., Ltd.	67,165.92	1,343.32		
Other receivables	Nanning Ruixiang Industrial Investment Co., L	5,000.00			
Other receivables	Guangdong The Great Wall Building Co., Ltd.			53,041.92	4,708.84
Total		27,888,679.37	635,023.75	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	67,154,037.47	52,101,816.43
Notes payable	Guangdong Fenghua	320,747.68	449,283.50

	Advanced Technology Holding Co., Ltd.		
Notes payable	Guangdong Electronic Technology Research Institute	689,500.00	
Accounts payable	Guangdong Zhongren Group Construction Co., Ltd	104,280,896.68	129,250,643.46
Accounts payable	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	2,766,260.53	3,038,287.38
Accounts payable	Guangzhou Haixinsha Industrial Co., Ltd.	461,805.00	
Accounts payable	Hangzhou Times Lighting Electric Appliances Co., Ltd.	112,000.00	99,115.04
Accounts payable	Prosperity Lamps & Components Limited	57,268.76	773,460.05
Accounts payable	Foshan Fulong Environmental Technology Co., Ltd.	56,630.00	64,375.00
Accounts payable	Dongguan Hengjian Environmental Protection Technology Co., Ltd.	51,546.00	46,520.40
Accounts payable	Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd.	23,184.00	14,010.00
Accounts payable	Zhuhai Dongjiang Environmental Protection Technology Co., Ltd.	10,645.53	
Accounts payable	Guangdong Electronic Technology Research Institute	46,500.00	736,000.00
Accounts payable	Shenzhen Yuepeng Construction Co., Ltd.		1,885,437.50
Other payables	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	135,475,547.74	135,446,928.57
Other payables	Nanning Ruixiang Industrial Investment Co., Ltd.	115,352,181.20	120,352,181.20
Other payables	Guangdong Zhongnan Construction Co., Ltd.	14,633,468.54	846,938.10
Other payables	Guangdong Huajian Enterprise Group Co., Ltd.	3,607,588.15	3,216,344.40
Other payables	Shenzhen Yuepeng Construction Co., Ltd.	474,900.64	474,300.64
Other payables	Guangzhou Haixinsha Industrial Co., Ltd.	162,266.76	
Other payables	Zhuhai Dongjiang Environmental Protection Technology Co., Ltd.	50,000.00	
Other payables	Shenzhen Longgang Dongjiang Industrial Waste Treatment Co., Ltd.	50,000.00	
Other payables	Dongguan Hengjian Environmental Protection Technology Co., Ltd.	50,000.00	
Contract liabilities, other current liabilities	Prosperity Lamps & Components Limited	59,428.00	59,428.00
Total		445,946,402.68	448,855,069.67

## 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

(2) Commitment maker: Rising Holdings

Contents of Commitment: 1. The Promisor will take active measures to avoid any business or activity that competes or may compete with the principal business of the Company and its auxiliary enterprises, and urge the Promisor to control enterprises to avoid any business or activity that competes or may compete with the principal business of the Company and its auxiliary enterprises. 2. If the Promisor and its controlled enterprises are given the opportunity to engage in new business that constitutes or may constitute horizontal competition with the principal businesses of the Company and its auxiliary enterprises, the Promisor will make every effort to make the business opportunity first available to the Company or its auxiliary enterprises on reasonable and fair terms and conditions on the premise that conditions permit and in the interest of the listed company.

Date of commitment making: 4 November 2021

Term of commitment: Long-standing

Fulfillment: In execution

(3) Commitment maker: Rising Holdings , 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.

(4) Commitment maker: Rising Holdings , Electronics Group, Hong Kong Rising Investment, and Hongkong Wah Shing

Contents of Commitment: The Promisors have made commitments as follows to avoid horizontal competition, protect interests of the Company and other shareholders:

1. They shall conduct supervision and restraint on the production and operation activities of themselves and their relevant enterprises so that, 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;

(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. As of the issuance of this statement and commitment, if any business opportunity obtained by the commitment maker (hereinafter referred to as "we" or "us") from any third party constitutes or may constitute horizontal competition with the business operated by FSL and its wholly-owned and majority-owned subsidiaries, we will notify FSL forthwith and give up such an opportunity to FSL at its requirement. Then, FSL, under the same conditions, shall preferentially acquire the assets or equity interests of the relevant business at a fairer and more reasonable price. Doing so helps us avoid horizontal competition or potential horizontal competition with FSL and its wholly-owned and majority-owned subsidiaries.

4. We undertake not to provide any assistance in respect of funds, business, techniques, management, and business secrets to any other company, business, economic organisation, or individual in or potentially in horizontal competition with FSL or its wholly-owned or majority-owned subsidiaries.

5. We undertake not to engage, in any form, in any business activities that may impact the operations and development of FSL and its wholly-owned and majority-owned subsidiaries, including:

(1) using our existing social resources and customer resources to hinder or restrict the independent development of FSL or its wholly-owned or majority-owned subsidiaries;

(2) fabricating and disseminating news unfavourable to FSL and its wholly-owned and majority-owned subsidiaries and damaging their goodwill;

(3) leveraging our holdings in or control over FSL to exert adverse influence, thus causing abnormal changes in senior management members, R&D personnel, and technical personnel of FSL and its wholly-owned and majority-owned subsidiaries; and

(4) engaging professional technical or marketing personnel or senior management members from FSL and its wholly-owned and majority-owned subsidiaries.

6. We undertake that, if we violate the foregoing commitments and thus cause financial losses to FSL, we shall assume the corresponding legal liability for all FSL's losses arising therefrom.

Date of commitment making: 14 March 2023

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

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 , 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.

(4) Commitment maker: Rising Holdings, Electronics Group, Hong Kong Rising Investment, and Hongkong Wah Shing

Contents of Commitment: To protect interests of the Company and other shareholders, 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. We undertake that we will neither transfer nor convey benefits by taking advantage of related-party transactions nor harm, through the improper exercise of rights for shareholders or other improper means, the legitimate rights and interests of the Company or the other shareholders of the Company.
4. We have disclosed our related parties and related-party transactions during our Reporting Period in full and in detail as required by the laws and regulations on securities regulation as well as normative documents. Except for the related-party transactions already disclosed in relevant application documents on the Company's issuance of A-shares to specific objects in 2023, we and other companies or businesses under our control have not effected any related-party transactions with FSL or its wholly-owned or majority-owned subsidiaries that should have been disclosed as required by laws, regulations, and relevant provisions of securities regulatory authorities.
5. If we violate the foregoing commitments and thus cause financial losses to FSL and the other shareholders, we shall assume the corresponding legal liability for all the losses of FSL and the other shareholders arising therefrom.

Date of commitment making: 14 March 2023

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

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

(3) Commitment maker: Rising Holdings, Electronics Group, Hong Kong Rising Investment, and Hongkong Wah Shing

Contents of Commitment:

1. Ensure the independence of FSL in personnel: (1) We promise the absolute independence of FSL and its subsidiaries (the same below, collectively referred to as "FSL") from us and other companies, businesses, and economic organisations under our control in labour, human resource and salary management. (2) We promise that FSL's senior management personnel will work only for and receive remuneration from FSL, not holding any positions in us or other companies, businesses, or economic organisations under our control other than director and supervisor. (3) We promise not to intervene in the exercise of authority by the Shareholders' General Meeting and Board of Directors of FSL to decide personnel appointment and removal.

2. Ensure the independence of FSL in organisation: (1) We promise that FSL has a sound corporate governance structure with an independent and complete organisation structure. (2) We promise that the Shareholders' General Meeting, Board of Directors, and Supervisory Committee of FSL will independently execute their functions according to laws, regulations and FSL's Articles of Association. (3) We promise that FSL will have the right to set up and adjust functional departments independently and will not be subject to rule-violating intervention from us or other companies, businesses, or economic organisations under our control. We promise that neither the superior-subordinate relationship nor mixed ownership and co-office situation exist between FSL and us or other companies, businesses, or economic organisations under our control.

3. Ensure the asset independence and integrity of FSL: (1) We promise that FSL will have independent and complete assets related to production and operations, which are not shared with us or other companies, businesses, or economic organisations under our control. (2) We promise that FSL's office and business premises are independent from those of us and other companies, businesses, and economic organisations under our control. (3) We promise that except for regular business dealings, neither FSL's funds nor assets will be occupied by us or other companies, businesses, or economic organisations under our control.

4. Ensure the independence of FSL in business: (1) We promise that FSL has relevant qualifications for conducting business activities independently, is capable of independent, autonomous, and ongoing operations in the market, and does not rely on us or other companies, businesses, or economic organisations under our control in production and operations. (2) We promise that we and other companies, businesses, and economic organisations under our control will not engage in business in competition with FSL or other companies,

businesses, or economic organisations under its control. (3) We promise that we and other companies, businesses, and economic organisations under our control will minimise the related-party transactions with FSL and other companies, businesses, and economic organisations under its control. For necessary and unavoidable related-party transactions, we promise to operate fairly following the market-oriented principle and at fair prices, and execute relevant approval procedures and the duty of information disclosure pursuant to the applicable laws, regulations and regulatory documents.

5. Ensure the independence of FSL in finance: (1) We promise that FSL will have an independent financial department and financial accounting system with normative, independent financial accounting rules. (2) We promise that FSL will have independent bank accounts and will not share bank accounts with us or other companies, businesses, or economic organisations under our control. (3) We promise that FSL's financial personnel do not hold concurrent positions in us or other companies, businesses, or economic organisations under our control. (4) We promise that FSL can make financial decisions independently and that we will not intervene in FSL's use of its funds. (5) We promise that FSL will independently pay its tax according to law.

If we violate the foregoing commitments, we shall be liable for the losses of FSL arising therefrom.

Date of commitment making: 14 March 2023

Term of commitment: Long-standing

Fulfillment: In execution

#### **4. Commitment on effective performance of measures to fill up returns**

(1) Commitment maker: Rising Holdings, 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.

(2) Commitment maker: Rising Holdings, Electronics Group, Hong Kong Rising Investment, and Hongkong Wah Shing

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 offering of the Company to specific targets, 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: 14 March 2023.

Term of commitment: Long-standing.

Fulfillment: In execution.

### **5. 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 the Company

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

### **6. Commitment on compensation for possible violations of laws and regulations by NationStar Optoelectronics**

Commitment maker: Rising Holdings, Electronics Group, and Rising Capital

Contents of Commitment: If NationStar Optoelectronics is subject to administrative penalties such as accountability and fines by relevant competent departments after the completion of this trading due to the illegal acts of NationStar Optoelectronics before the completion of this acquisition, they promise to fully bear the losses of NATIONSTAR or FSL, as well as the expenses and fees under punishment or recourse, to ensure that NationStar Optoelectronics or FSL will not suffer any economic losses.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

## **7. Commitment on the truthfulness, accuracy and completeness of the information provided during this major asset restructuring**

(1) Commitment maker: Rising Holdings, 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 the Company

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

## **8. Commitment on the clarity of the underlying assets of this major asset restructuring**

(1) Commitment maker: Electronics Group

Contents of Commitment: Electronics Group promises that the 100% equity of Sigma it held is clear in ownership and is not subject to any dispute or potential dispute, and there is no situation affecting its legal existence; and there is no pending or potential litigation, arbitration and any other administrative or judicial procedure that may lead to the seizure, freezing, expropriation or restriction of transfer of the above-mentioned equity by the relevant judicial or administrative organs. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Electronics Group.

Term of commitment: Long-standing.

Fulfillment: In execution.

(2) Commitment maker: Rising Holdings 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.

## **9. Commitment on the truthfulness, accuracy and completeness of the information provided in application documents for issuance**

Commitment maker: Rising Holdings, Electronics Group, Hong Kong Rising Investment, and Hongkong Wah Shing

Contents of Commitment: 1. They promise that the information provided for the specific targets of this offering 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.) to the intermediaries engaging in this offering to specific targets. 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 for this offering to specific targets are true, accurate and complete, and there are no false records, misleading statements or material omissions. 4. During the application and review period of this offering to specific targets, they will disclose relevant information 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, and intermediaries participating in the preparation for this offering to specific targets, they will be liable for compensation according to law. 6. Where the information provided or disclosed by them in this offering to specific targets 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: 14 March 2023.

Term of commitment: Long-standing.

Fulfillment: In execution.

#### **10. Commitment on the subscription for A-shares offered to specific objects in 2023**

Commitment maker: Rising Holdings

Contents of Commitment: 1. We agree to subscribe for A-shares offered to specific objects with a subscription amount of 25% of the total amount of funds raised. The subscription volume shall be determined according to the issuer's actual issue price and the subscription amount of the subscribers after the *Stock Subscription Agreement of Foshan Electrical and Lighting Co., Ltd.* comes into force. In the actual issuance phase ahead, if the subscription volume calculated based on the ultimate inquiry result contains fractional shares, such shares shall be rounded off. 2. The base day for pricing the shares to be offered to specific objects is the first day of the issuance period. The issue price shall not be lower than 80% of the average trading price of FSL's A-shares for the 20 trading days prior to the base day for pricing (that is, the "bottom issue price of this issuance"), which equals the total amount of the Company's shares traded in the 20 trading days prior to the base day for pricing divided by the total volume of the Company's shares traded in this period. Upon the review and approval by the Shenzhen Stock Exchange (SZSE) of the issuance of shares to specific objects and the consent of the China Securities Regulatory Commission (CSRC) to the registration, the ultimate issue price shall be determined by our Board of Directors with authorisation of the Shareholders' General Meeting and in consultation with the sponsor (lead underwriter) according to the subscription offers from the issuance objects in compliance with the relevant provisions of the CSRC and SZSE and the principle of price preference. In case of ex-rights or ex-dividend matters occurring to FSL's shares between the base day for pricing and the date of issuance, such as dividend payout, bonus issue, and capital reserve converted into share capital, the bottom issue price of the issuance of shares to specific objects shall be adjusted accordingly. We shall not participate in the inquiry process of the pricing of this issuance but undertake to accept the market inquiry result and to subscribe for the shares to be offered by the Company to specific objects at the same price as other issuance objects. If the issue price of this issuance cannot be determined through the market inquiry, we will subscribe for the shares offered by FSL to specific objects at the bottom issue price of this issuance. 3. We agree not to transfer the shares for which we subscribe this time within 18 months of the completion of the issuance of shares to specific objects. However, if we and parties acting in concert have increased our holdings by more than 2% of the shares FSL already offered in the 12 months prior to the completion of this issuance, we shall not transfer the shares for which we subscribe this time within 36 months of the completion of this issuance.

Date of commitment making: 14 March 2023

Term of commitment: Until the expiration of the restriction period for the shares issued to Rising Holdings Group in 2023.

Fulfillment: In execution.

#### **11. Commitment on the absence of acceptance of financial assistance, compensation, promise of benefits or arrangements agreed upon otherwise**

Commitment maker: Rising Holdings

Contents of Commitment: The funds used by us to subscribe for the shares offered this time are all legal self-owned funds. There is no external fund raising, proxy holding, structural arrangement or direct or indirect use of



funds of FSL and its related parties (except for us) for this subscription. There is no financial support, compensation, promise of benefits or other arrangements by FSL or its controlling shareholder, actual controller (except for us), or substantial shareholders to me directly or through their stakeholders. Our subscription for the shares of this issuance is free of shareholding as prohibited by laws and regulations. The intermediary for this issuance or its head, senior management members, or handling personnel are free of illegal shareholding or improper transfer of benefits.

Date of commitment making: 14 March 2023

Term of commitment: Until the completion of A-shares issuance to specific objects in 2023.

Fulfilment: In execution.

## **12. About non-occupation of the Company's funds or assets**

Commitment makers: Rising Holdings, Electronics Group, Hong Kong Rising Investment, and Hongkong Wah Shing

Contents of Commitment: As at the date of issuance of the Proposal on the Company's Issuance of A-Shares to Specific Objects in 2023 of FSL, we had not occupied the Company's funds or assets. Nor had the Company provided illegal guarantees for us. Upon the completion of this issuance, the Company shall continue to strictly observe relevant laws, regulations, and internal control systems to prevent the provision by the Company of illegal guarantees for us.

Date of commitment making: 14 March 2023

Term of commitment: Until the completion of A-shares issuance to specific objects in 2023.

Fulfilment: In execution.

## **13. Commitment on the measures to fill up immediate returns diluted by the issuance of A-shares to specific objects**

Commitment markers: Directors and senior management of the Company

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 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 SZSE 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.

Fulfilment: In execution.

#### **14. Commitment on matters on special self-inspection of the real estate business**

Commitment markers: Rising Holdings, Electronics Group, Hong Kong Rising Investment, Hongkong Wah Shing and the directors and senior management of the Company

Contents of Commitment: The *Self-inspection Report* 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/I 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.

Fulfilment: In execution.

#### **15. Commitment on the confirmation of and commitment to matters concerning the absence of a reduction in the shares in the issuer**

Commitment makers: Rising Holdings, Electronics Group, Hong Kong Rising Investment, and Hongkong Wah Shing

1. We confirm that, between the date six months prior to the date of the resolution of the Board of Directors on this issuance of shares to specific objects to the issuance of this letter, we have not reduced our shares in FSL. 2. The base day for pricing the shares to be offered by FSL to specific objects is the first day of the issuance period. We promise not to transfer our shares in FSL within six months from the date of issuance of this letter to the completion of this issuance.

Date of commitment making: 5 July 2023

Term of commitment: Six months from the date of issuance of this commitment to the completion of this issuance.

Fulfilment: In execution.

#### **16. Commitment on share subscription**

Commitment maker: Rising Holdings

If no one quotes in this issuance of shares to specific objects, we will still participate in the subscription. However, we shall not participate in the market inquiry of the pricing of this issuance but undertake to accept the market inquiry result and to subscribe at the same price as investors. If the issue price of this issuance cannot be determined through the foregoing market inquiry, we will subscribe for the shares offered by FSL to specific objects at the bottom issue price of this issuance. The subscription amount shall be 25% of the total amount of funds raised this time. The subscription volume shall be determined according to the actual subscription amount and issue price.

Date of commitment making: 5 July 2023

Term of commitment: Till the completion of the issuance of A-shares to specific objects in 2023.

Fulfilment: In execution.

#### **8. Other**

Naught

### **XIII. Stock Payment**

#### **1. The Overall Situation of Stock Payment**

Applicable  Not applicable

#### **2. The Stock Payment Settled in Equity**

Applicable  Not applicable

#### **3. The Stock Payment Settled in Cash**

Applicable  Not applicable

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

Naught

#### **5. Other**

Naught

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

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

Significant commitments on the balance sheet date

##### **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 FSL Zhida Electric Technology Co., Ltd. and Shenzhen Secket Electrician Technology Co., Ltd.

The plaintiff Shenzhen Secket Electrician Technology Co., Ltd. (hereinafter referred to as "Secket") claimed that it enjoyed the utility model patent of a safety socket and that the defendants Chengdu ArGangle Insulated Electrical Manufacturing Co., Ltd., Chengdu ArGangle Yuanhu Technology Co., Ltd., FSL Zhida Electric Technology Co., Ltd. and Zhejiang Tmall Network Co., Ltd. produced and sold the products involved without its authorization. Therefore the plaintiff sued to the court for compensation of RMB11 million. The plaintiff filed the lawsuit in three cases and Guangzhou Intellectual Property Court heard the three cases together [Case No.: (2021) Y. 73 M.ZH. No. 1775, 1776 and 1880]. The case was heard on 25 April 2022, for the second time on 20 June, for the third time on 23 September and for the fourth time on 22 November, and has not been concluded as of the date of this report.

2. Litigation between the Company and Xuzhou Longxiang Lighting Equipment Sales Co., Ltd.

Xuzhou Longxiang Lighting Equipment Sales Co., Ltd. (hereinafter referred to as "Longxiang") is a distributor of the Company for many years and defaulted on the payment for goods of the Company totalling RMB2,427,830.95 as of August 2022. Therefore the Company filed a lawsuit with Chancheng District People's Court [(2022) Y. 0604 M.ZH. No. 32528]. The trial of the case was held on 21 February 2023 in the Foshan Chancheng District People's Court. As of the date of this report, the above case has not been concluded. The Company owns the property of Long Xiang as collateral and has provided a bad debt provision of RMB559,463.71 based on expected credit losses.

3. Litigation between Liuzhou Lighting, Nanning Liaowang and Laster Electronic Tech (Dongguan) Co., Ltd.

Laster Electronic Tech (Dongguan) Co., Ltd. (hereinafter referred to as "Laster Electronic") is the supplier of Liuzhou Guige and Nanning Liaowang. Laster Electronic requests that: 1. Liuzhou Lighting shall pay the arrears of RMB77,932.00 and the corresponding interest loss, and compensate for the material loss RMB405,461.00 caused by the production of the products in question and interest loss of RMB25,337.10, as well as compensate for the loss of storage fee and labor storage fee of RMB26,000.00 caused by the material stagnation; 2. Nanning Liaowang shall pay the arrears of RMB34,822.00 and the corresponding interest loss,

and compensate for the material loss of RMB401,029.00 and interest loss of RMB23,385.81 caused by the production of the product in question, as well as compensate for the loss of storage fee and manpower storage fee of RMB24,000.00 caused by the material stagnation; 3.Liuzhou Lighting and Nanning Liaowang shall pay RMB309,793.00 and RMB1,595,680.00 respectively to Laster Electronic for the apportioned cost of mold test. The first trial of the lawsuit is to be notified by the court, and the result of the lawsuit is not yet available.

4. About the litigation between the Company and Guangzhou Tianli Construction Co., Ltd.

Guangzhou Tianli Construction Co., Ltd. (hereinafter referred to as "Guangzhou Tianli") purchased wires and cables from FSL, for which the payment was RMB5,953,278.71. Despite several rounds of collection, Guangzhou Tianli still refused to pay. Therefore, the Company filed a lawsuit [Case (2023) Y. 0104 M.CH. No. 9027] with the People's Court of Yuexiu District, Guangzhou, which tried the case on 14 June 2023. As of the date of this report, the above case has not been concluded.

5. About the litigation between the Company and Wang Jundao, Peng Xiaoli, and Dali Haofeng Furniture Store in Nanhai District, Foshan City

The defendant (hereinafter referred to as the "Defendant") Haofeng Furniture leased from the Company the first, second, and third floors of the property located at 1 1st Lecheng Road, Luocun Subdistrict, Nanhai District, and the plaintiffs (hereinafter collectively referred to as the "Plaintiff") Wang Jundao and Peng Xiaoli purchased from the Company a ground floor and 24 residential units in the middle block of Buildings No. 1 located at 1 1st Lecheng Road, Luocun Subdistrict. According to the Plaintiff, after the foregoing properties were handed over, the Defendant shall pay the Plaintiff the rental for the shops on the ground floor, but the Defendant refused to do so and even still occupied part of the properties. Therefore, the Plaintiff filed a lawsuit [Case (2023) Y. 0605 M.CH. No. 9004] with the People's Court of Nanhai District, Foshan City to claim RMB2,664,820.00 from the Defendant as compensation for all costs. In the case, the court added the Company as a third party. The case was tried on 4 July 2023. As of the date of this report, the above case has not been concluded.

6. 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. 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 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 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. As of the date of this report, the case is in the process of first instance hearing and the court has not yet decided.

#### **7. Litigation between Nanyang Baoli and the People's Government of Zhechuan**

On 2 November 2009, the People's Government of Zhechuan released the Notice of Zhechuan County on the Preferential Policies for Accelerating the Development of Industrial Clusters (Provisional), which made it clear that the indemnities paid by eligible industrial enterprises for the land they acquired shall be fully reimbursed by the financial authority of the county. On 12 October 2011, Nanyang Baoli Vanadium Industry Co., Ltd. ("Nanyang Baoli") submitted the Application of Nanyang Baoli Vanadium Industry Co., Ltd. for Preferential Policies for the Efficient and Clean Vanadium Ore Extraction Project to the People's Government of Zhechuan and applied to use land. Additionally, by the application, Nanyang Baoli shall pay the taxes and dues arising from the land acquisition in the early stage. After the land is transferred to Nanyang Baoli upon legal bid invitation, auction and listing, the government of the place of receipt shall subsidize Nanyang Baoli in two installments for all the land acquisition payments, except for the

endowment insurance of farmers in the place where land is acquired and the land reporting fees. The People's Government of Zhechuan approved the application by stamping it with the seal and specified that "land costs shall be subject to Document X.F. [2012] No. 17. Specifically, to meet the investment requirements, investors shall bear only RMB30,000 per mu (a mu is equivalent to approximately 666.667 square meters), and the People's Government of Zhechuan shall be responsible for the remaining costs and completing the certificate application." Subsequently, Nanyang Baoli paid a total of RMB10,994,400 to the People's Government of Zhechuan. For the land intended as the project site, formalities for land acquisition and for bid invitation, auction, and listing have not yet been completed and initiated, respectively. As a result, Nanyang Baoli has not obtained the land use right for the land in question, and the land remains the collective land as it has not yet been acquired. At present, the People's Government of Zhechuan is unable to obtain land use approval to complete the land acquisition and hand over the land to Nanyang Baoli. Nor shall it have the right to transfer the foregoing land. Hence, Nanyang Baoli has filed a lawsuit with the Nanyang Intermediate People's Court, requesting a refund of the advance payment and an indemnity for its losses. Moreover, Nanyang Baoli has not yet carried out exploitation since its inception, but the mining concession has expired. Therefore, Nanyang Baoli requested a refund of the deposit of RMB100,000 for environmental governance and restoration transferred to the segregated account of the Off-budget Fund Management Bureau of Zhechuan County for deposits for environmental governance and restoration of mines. The case was accepted by the Nanyang Intermediate People's Court on 24 March 2023 and came to trial on 16 May 2023. As of the date of this report, the above case has not been concluded.

## **(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 30 June 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 Lamp Co., Ltd. (note 1)	Nanning Branch of Industrial Bank	Nanning Liaowang Auto Lamp Co., Ltd., Liuzhou Guige Fuxuan Technology Co., Ltd., Liuzhou Guige Lighting Technology Co., Ltd.	Mortgage	4,500.00	1,547.33
2	Chongqing Guinuo Lighting Technology Co., Ltd. (note 2)	Nanning Branch of Industrial Bank	Nanning Liaowang Auto Lamp Co., Ltd., Chongqing Guinuo Lighting Technology Co., Ltd.	Mortgage	9,900.00	5,826.87
3	Liuzhou Guige Lighting Technology Co., Ltd. (note 3)	Nanning Branch of Industrial Bank	Nanning Liaowang Auto Lamp Co., Ltd., Liuzhou Guige Fuxuan Technology Co., Ltd., Liuzhou Guige Lighting Technology Co., Ltd.	Mortgage	9,600.00	9,600.00
	Total	—	—	—	24,000.00	16,974.20

**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 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 amount is valid from 15 June 2020 to 15 June 2023. 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.

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 30 June 2023, RMB8,268,700 had been granted. The mortgage amount is valid from 25 May 2023 to 24 May 2024. 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. The mortgaged real estate is a) Y. (2020) L.J.X.Q.B.D.CH.Q. No. 000436821, b) Y. (2020) L.J.X.Q.B.D.CH.Q. No. 000437330, c) Y. (2020) L.J.X.Q.B.D.CH.Q. No. 00437448 and d) Y. (2020) L.J.X.Q.B.D.CH.Q. No. 000437429.

**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). The foregoing transactions have been closed out. 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). 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 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.

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

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

Naught

### **2. Profit Distribution**

Naught

### **3. Sales Return**

Naught

### **4. Notes to Other Events after Balance Sheet Date**

Naught

## **XVI. Other Significant Events**

### **1. The Accounting Errors Correction in Previous Period**

Naught

### **2. Debt Restructuring**

Naught

### **3. Assets Replacement**

#### **(1) Non-monetary Assets Exchange**

Naught

#### **(2) Other Assets Replacement**

Naught

### **4. Pension Plans**

In accordance with provisions of Measures for Enterprise Annuity (RSBL No. 36), Measures for Managing Enterprise Annuity Fund (RSBL No. 11) and other policies, the Company has formulated the Enterprise Annuity Plan of Foshan Electrical and Lighting Co., Ltd. (hereinafter referred to as the "Plan").

The Plan adopts the corporate trusteeship mode. The collected enterprise annuity fund will be managed by the trustee entrusted by Foshan Electrical and Lighting Co., Ltd. with the Enterprise Annuity Fund Trusteeship Contract. And the trustee of the enterprise annuity fund will entrust eligible account managers, custodians and investment managers to provide unified related services. The expenses required shall be jointly borne by the



Company and the employees. The payment channels of the Company shall be implemented according to relevant regulations of the state, and the part that shall be paid by employees themselves will be withheld and paid by the Company from their salaries.

The Plan has been filed at Chancheng District Human Resources and Social Security Bureau of Foshan City and implemented since 1 June 2022. The management of the enterprise annuity fund is subject to the supervision and inspection of relevant state departments.

## 5. Discontinued Operations

Naught

## 6. Segment Information

### (1) Determination Basis and Accounting Policies of Reportable Segment

In accordance with the internal organization structure, management requirements and internal report system, the Company identifies the reporting segment based on the operating segment and discloses the segment information. The Company divides its business into two operating segments, on the basis of which, it identifies two reporting segments, namely the general and automotive lighting product segment and the LED packaging, modules, and other products segment. Segment reporting information is disclosed in line with the accounting policies and measurement criteria adopted by each segment when reporting to the management. Such measurement standards are consistent with the accounting policies and measurement criteria used for financial statements.

### (2) The Financial Information of Reportable Segment

Item	General lighting and vehicle lamp products	LED packaging and component products and other products	Offset among segments	Total
I. Operating revenue	2,829,149,431.23	1,758,744,095.83	-21,830,798.04	4,566,062,729.02
II. Cost of sales	2,216,663,649.68	1,537,803,485.99	-20,992,306.79	3,733,474,828.88
III. Income from investments to joint ventures and associates	1,186,031.53	1,470,664.40	-1,470,664.40	1,186,031.53
IV. Credit impairment loss	-16,431,945.66	-2,467,862.94	-47,612.43	-18,947,421.03
V. Asset impairment loss	-4,211,706.74	-12,179,181.99		-16,390,888.73
VI. Depreciation and amortization cost	115,507,761.79	190,292,917.45	-381,130.02	305,419,549.22
VII. Total profits	204,718,353.73	56,700,512.58	-5,009,213.53	256,409,652.78
VIII. Income tax expense	28,534,078.56	2,896,059.62	-125,773.69	31,304,364.49
IX. Net profits	176,184,275.17	53,804,452.96	-4,883,439.84	225,105,288.29
X. Total assets	9,680,174,630.01	6,310,970,021.75	-871,200,829.00	15,119,943,822.76
XI. Total liabilities	4,014,157,764.30	2,540,730,138.30	-45,299,349.79	6,509,588,552.81

### (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

Naught

#### **(4) Other notes**

Naught

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

Naught

#### **8. Other**

##### **(1) Pre-plan for the Issuance of A-shares to Specific Objects in 2023**

The Company intends to raise gross proceeds of no more than RMB1,094.5518 million through an offering of A-stock shares to specific parties. The amount exclusive of the issuance costs will be used to invest in the FSL automation and digital transformation construction project, the FSL Hainan Industrial Park Phase I, the intelligent street light construction project, the automotive lamp module production and construction project, and the R&D centre construction project. The said share offering plan has been approved at the 39th Meeting of the Ninth Board of Directors and a general meeting of shareholders on 14 March 2023 and 31 March 2023, respectively, as well as by the Public Offering Review Centre of the Shenzhen Stock Exchange on 12 July 2023. The plan is still subject to final approval of the CSRC before implementation. And there is uncertainty with respect to the said approval and the timing.

##### **(2) Equity Incentive Plan**

On 12 June 2023, the 2023 Restricted Share Incentive Plan (Draft) and Its Summary, 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, it was approved to grant no more than 13,000,000 restricted shares (accounting for 0.95% of the Company's total share capital of 1,361.9946 million shares at the date of the announcement on the draft plan of the incentive plan) 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 RMB A-stock ordinary shares repurchased by the Company in its repurchased special securities account. 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.

### (3) Demolition Matters of Nanjing Fozhao

According to the Decision of Nanjing Lishui District People's Government on House Expropriation on State-owned Land of Honglan Street Affordable Housing Project in Lishui District (NLFZ Zi [2020] No.18), The house owned by Nanjing Fozhao, a wholly-owned subsidiary of the Company, located at 688 Jinniu North Road, Honglan Street, Lishui District, Nanjing (the total construction area of the house is 44,558.09 square meters, which is an industrial house; The land use right covers an area of 135,882.4 square meters, which is industrial land) belongs to the expropriation scope, and the compensation, relocation fee, loss fee of production and business suspension and other rewards of the expropriated assets total RMB183,855,895.00. As of 30 June 2022, Nanjing Fozhao has received 30% of the compensation, that is, RMB55,160,000.00, and the land use right certificate and house ownership certificate of the assets involved have been cancelled. As of the date of this report, the site handover is still in progress. After the demolition work is completed, Nanjing Fozhao plans to carry out liquidation and cancellation.

### (4) Plan of the Major Assets Reorganization by NationStar Optoelectronics

NationStar Optoelectronics intends to acquire 60% of equity (the final shareholding ratio is subject to the specific share transfer agreement signed by the parties) in Yancheng Dongshan Precision Manufacturing Co., Ltd. (hereinafter referred to as "Target Company" or "Yancheng Dongshan"), the wholly-owned subsidiary of Suzhou Dongshan Precision Manufacturing Co., Ltd. (hereinafter referred to as "shareholder of the Target Company" or "Dongshan Precision"). Upon completion of the transaction, NationStar Optoelectronics will hold 60% of equity interest in the Target Company, and the Target Company will become a majority-owned subsidiary of the Company and be included in the scope of the Company's consolidated financial statements. As of the disclosure date of this Report, NationStar has actively organized various intermediaries to actively carry out due diligence investigation as well as audit and appraisal of the underlying assets in accordance with relevant regulations.

### (5) 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. The Company may issue the SCP by installment within the validity of the registration. The project is currently progressing in an orderly manner.

## XVII. Notes of Main Items in the Financial Statements of the Company as the Parent

### 1. Accounts Receivable

#### (1) Category of Accounts Receivable

Unit: RMB

Item	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable for which bad debt provision separately accrued	11,220,827.14	0.96%	11,220,827.14	100.00%		11,220,827.14	1.13%	11,220,827.14	100.00%	
Of which:										
Accounts receivable for which bad debt provision	1,162,170,464.79	99.04%	75,194,842.95	6.47%	1,086,975,621.84	979,581,821.17	98.87%	64,706,145.17	6.61%	914,875,676.00

n accrued by group										
Of which:										
(1) Business portfolio of general lighting and auto lamps	1,093,694,613.15	93.21%	75,194,842.95	6.88%	1,018,499,770.20	921,740,497.75	93.03%	64,706,145.17	7.02%	857,034,352.58
(2) Internal business portfolio	68,475,851.64	5.84%			68,475,851.64	57,841,323.42	5.84%			57,841,323.42
Total	1,173,391,291.93	100.00%	86,415,670.09	7.36%	1,086,975,621.84	990,802,648.31	100.00%	75,926,972.31	7.66%	914,875,676.00

Individual withdrawal of bad debt provision by single item: RMB11,220,827.14

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal
Customer A	11,220,827.14	11,220,827.14	100.00%	Expectedly irrecoverable for involvement in lawsuit
Total	11,220,827.14	11,220,827.14		

Withdrawal of bad debt provision by group: RMB75,194,842.95

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Credit risk portfolio	1,162,170,464.79	75,194,842.95	6.47%
Total	1,162,170,464.79	75,194,842.95	

Notes:

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

Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	956,928,518.34
1 to 2 years	143,074,413.22
2 to 3 years	29,742,543.36
Over 3 years	43,645,817.01
3 to 4 years	4,547,062.16
4 to 5 years	19,562,268.29
Over 5 years	19,536,486.56
Total	1,173,391,291.93

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

Bad Debt Provision Withdrawn, Reversed or Recovered in the Reporting Period:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	
Bad debt provision withdrawn separately	8,976,661.72	2,244,165.42			11,220,827.14	
Bad debt provision withdrawn by group	51,950,320.95	23,244,540.81		18.81	75,194,842.95	
Total	60,926,982.67	25,488,706.23		18.81	86,415,670.09	

Of which significant amount of reversed or recovered bad debt provision:

In the current period, the provision for expected credit losses was RMB25,488,706.23, and RMB0.00 of expected credit losses was recovered or reversed.

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

Unit: RMB

Item	Amount
Other driblet small amount	18.81

Of which, verification of significant accounts receivable:

Naught

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

Unit: RMB

Name of units	Ending balance of accounts receivable	Proportion to total ending balance of accounts receivable (%)	Ending balance of bad debt provision
No. 1	261,026,852.86	22.25%	7,830,805.59
No. 2	93,476,069.87	7.97%	2,804,282.10
No. 3	24,804,411.54	2.11%	2,345,630.85
No. 4	23,857,388.73	2.03%	2,376,830.59
No. 5	22,932,132.84	1.95%	687,963.99
Total	426,096,855.84	36.31%	

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

Naught

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

Naught

**2. Other Receivables**

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	978,598,589.43	511,036,345.72
Total	978,598,589.43	511,036,345.72

**(1) Interest Receivable**

**1) Category of Interest Receivable**

Naught

**2) Significant Overdue Interest**

Naught

**3) Information of Withdrawal of Bad Debt Provision**

Applicable  Not applicable

**(2) Dividend Receivable**

**1) Category of Dividend Receivable**

Naught

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

Naught

**3) Information of Withdrawal of Bad Debt Provision**

Applicable  Not applicable

**(3) Other Receivables**

**1) Other Receivables Disclosed by Account Nature**

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Other intercourse	850,921,784.64	499,569,435.12
Dividend payment (note)	111,892,889.20	
VAT export tax refunds	11,326,131.26	9,247,208.98

Performance bond	5,413,590.63	2,535,349.17
Staff borrow and petty cash	1,564,968.85	1,467,513.80
Rent, water & electricity fees	615,410.01	2,211,666.93
Total	981,734,774.59	515,031,174.00

Note: refer to the dividend payment transferred to China Securities Depository and Clearing Corporation Limited.

## 2) Information of Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 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	83,004.29	-1,639,484.05	697,836.64	-858,643.12
Balance of 30 June 2023	653,440.97	1,784,907.55	697,836.64	3,136,185.16

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

Applicable  Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	560,139,191.08
1 to 2 years	416,812,193.31
2 to 3 years	2,705,441.78
Over 3 years	2,077,948.42
3 to 4 years	369,789.28
4 to 5 years	1,010,322.50
Over 5 years	697,836.64
Total	981,734,774.59

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

Information of bad debt provision withdrawn:

Unit: RMB

Category	Beginning balance	Changes in the Reporting Period				Ending balance
		Withdrawal	Reversal or recovery	Write-off	Other	
Other receivables	3,994,828.28	-858,643.12				3,136,185.16
Total	3,994,828.28	-858,643.12				3,136,185.16

In the current period, the provision for expected credit losses was RMB-858,643.12, and RMB0.00 of expected credit losses was recovered or reversed.



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

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

Naught

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

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables (%)	Ending balance of bad debt provision
No. 1	Internal group	471,166,334.23	Within 2 years	47.99%	
No. 2	Internal group	250,685,820.33	Within 3 years	25.53%	
No. 3	Dividend payment	111,892,889.20	Within 1 years	11.40%	
No. 4	Internal group	56,398,668.11	Within 2 years	5.74%	
No. 5	Internal group	31,047,876.71	Within 2 year	3.16%	
Total		921,191,588.58		93.82%	

#### 6) Accounts Receivable Involving Government Grants

Naught

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

Naught

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

Naught

### 3. Long-term Equity Investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment to subsidiaries	2,323,631,23 8.41		2,323,631,23 8.41	2,323,631,23 8.41		2,323,631,23 8.41
Investment to joint ventures and associated enterprises	183,117,824. 19		183,117,824. 19	181,931,792. 66		181,931,792. 66
Total	2,506,749,06 2.60		2,506,749,06 2.60	2,505,563,03 1.07		2,505,563,03 1.07

#### (1) Investment to Subsidiaries

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Depreciation reserves withdrawn	Other		
Foshan 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 Energy Technology Co., Ltd.	170,000,000.00					170,000,000.00	
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 Lamps and Lanterns Co., Ltd.	350,000.00					350,000.00	
FSL LIGHTING GMBH	195,812.50					195,812.50	
Foshan	4,226.45					4,226.45	

Sigma Venture Capital Co., Ltd.							
Total	2,323,631,238.41					2,323,631,238.41	

## (2) Investment to Joint Ventures and Associated Enterprises

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint ventures											
II. Associated enterprises											
Shenzhen Primatronix (Nanhu) Electronics Ltd.	181,931,792.66			1,186,031.53						183,117,824.19	
Subtotal	181,931,792.66			1,186,031.53						183,117,824.19	
Total	181,931,792.66			1,186,031.53						183,117,824.19	

## (3) Other Notes

Naught

## 4. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main business	1,711,281,228.74	1,436,735,973.21	1,743,824,866.67	1,430,083,022.73
Other business	55,838,581.48	39,194,174.59	65,355,126.19	46,281,084.46
Total	1,767,119,810.22	1,475,930,147.80	1,809,179,992.86	1,476,364,107.19

Information related to transaction value assigned to residual performance obligations:

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

## 5. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by cost method	6,007,918.32	2,653,342.25

Long-term equity investment income accounted by equity method	1,186,031.53	650,457.40
Investment income from disposal of trading financial assets	2,154,000.00	1,734,535.05
Dividend income from holding of other investments in equity instruments	16,633,969.35	16,055,272.93
Investment income from financial products and structural deposits	1,767,053.51	449,147.49
Total	27,748,972.71	21,542,755.12

## 6. Other

Naught

## XVIII. Supplementary Materials

### 1. Items and Amounts of Non-recurring Profit or Loss

Applicable  Not applicable

Unit: RMB

Item	Amount	Note
Gain/Loss arising from disposal of non-current assets (inclusive of impairment allowance write-offs)	-1,399,118.95	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	27,400,992.05	
Capital occupation charges on non-financial enterprises that are recorded into current profit or loss	145,423.54	
Gain/loss from change of fair value of trading financial assets and liabilities, and investment gains from disposal of trading financial assets and liabilities, and available-for-sale financial assets, other than valid hedging related to the Company's common businesses	-20,978,503.38	
Other non-operating income and expenses other than the above	-841,057.39	
Less: Income tax effects	-966,253.59	
Non-controlling interests effects	16,747,968.45	
Total	-11,453,978.99	--

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	3.23%	0.1252	0.1240
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	3.45%	0.1337	0.1324

## 3. Differences between Accounting Data under Domestic and Overseas Accounting Standards

### (1) Differences of Net Profit and Net Assets Disclosed in Financial Reports Prepared under International and Chinese Accounting Standards

Applicable  Not applicable

### (2) Differences of Net profit and Net assets Disclosed in Financial Reports Prepared under Overseas and Chinese Accounting Standards

Applicable  Not applicable

### (3) Explain Reasons for the Differences between Accounting Data under Domestic and Overseas Accounting Standards; for any Adjustment Made to the Difference Existing in the Data Audited by the Foreign Auditing Agent, Such Foreign Auditing Agent's Name Shall Be Clearly Stated

Naught

## 4. Other

Naught

Foshan Electrical and Lighting Co., Ltd.

Legal representative: Wu Shenghui

29 August 2023