

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

## **SEMI-ANNUAL REPORT 2017**

**August 2017**

## Section I Important Statements, Contents and Definitions

The board of directors (the “Board”), the supervisory board (the “Supervisory Board”) as well as the directors, supervisors and senior management of Foshan Electrical and Lighting Co., Ltd. (the “Company”) hereby guarantee the factuality, accuracy and completeness of the contents of this Report, and shall be jointly and severally liable for any false representation, misleading statements or material omissions in this Report.

He Yong, head of the Company, Liu Xingming, accounting head for this Report, and Tang Qionglan, head of the accounting department (head of accounting), hereby guarantee that the Financial Report carried in this Report is factual, accurate and complete.

All the directors attended the board meeting for the review of this Report.

This Report involves futures plans and other forward-looking statements, which shall not be considered as virtual promises to investors. Investors are kindly reminded to pay attention to possible risks.

The Company has described in this Report the risks of fiercer market competition, fluctuations in raw material prices, falling prices of inventories, exchange rate fluctuations and bad debts on accounts receivable. Please refer to “X Risks Facing the Company and Countermeasures” under “Section IV Performance Discussion and Analysis” of this Report.

The Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

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## Definitions

Term	Definition
The Company, Company, FSL	Foshan Electrical and Lighting Co., Ltd.
CSRC	The China Securities Regulatory Commission
SZSE	The Shenzhen Stock Exchange
Meeting of Shareholders	Meeting of Shareholders of Foshan Electrical and Lighting Co., Ltd.
Board	The Board of Directors of Foshan Electrical and Lighting Co., Ltd.
Supervisory Board	The Supervisory Board of Foshan Electrical and Lighting Co., Ltd.
RMB, RMB'0,000	RMB yuan, RMB ten thousand yuan
Reporting Period	January 1, 2017-June 30, 2017

## Section II Corporate Profile and Key Operating Results

### I Corporate Information

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

### II Contact Information

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

### III Other Information

#### 1. Ways to Contact the Company

Indicate by tick mark whether any changes occur to the registered address, office address and their postal codes, website address and email address of the Company during the Reporting Period.

☐ Applicable ☒ Not applicable

No changes occurred to the said information during the Reporting Period, which can be found in the 2016 Annual Report.

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

Indicate by tick mark whether any changes occurred to the information disclosure media and the place where this Report was kept during the Reporting Period.

☐ Applicable ☒ Not applicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing this Report and the location where this Report was placed did not change during the Reporting Period.

The said information can be found in the 2016 Annual Report.

## IV Key Operating Results

Indicate by tick mark whether the Company needs to retroactively restate any of its accounting data.

☐ Yes ☒ No

	Reporting Period	Same period of last year	+/- (%)
Operating revenues (RMB)	2,023,925,582.84	1,755,670,927.44	15.28%
Net profit attributable to shareholders of the Company (RMB)	228,494,660.57	206,925,812.72	10.42%
Net profit attributable to shareholders of the Company before exceptional profit and loss (RMB)	227,184,233.70	206,637,093.68	9.94%
Net cash from operating activities (RMB)	-31,063,187.22	291,628,307.06	-110.65%
Basic earnings per share (RMB/share)	0.1796	0.1627	10.39%
Diluted earnings per share (RMB/share)	0.1796	0.1627	10.39%
Weighted average return on equity (%)	4.99%	3.94%	1.05%
	End of Reporting Period	End of last year	+/- (%)
Total assets (RMB)	5,773,132,610.86	6,100,169,400.30	-5.36%
Net assets attributable to shareholders of the Company (RMB)	4,707,690,904.27	4,990,466,577.12	-5.67%

## V Differences in Accounting Data under Domestic and Foreign Accounting Standards

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

☐ Applicable ☒ Not applicable

No such differences for the Reporting Period.

### 2. Differences in Net Profit and Net Assets Disclosed in Financial Reports Prepared under Chinese and Foreign Accounting Standards

☐ Applicable ☒ Not applicable

No such differences for the Reporting Period.

## VI Exceptional Gains/Losses

☒ Applicable ☐ Not applicable

Unit: RMB

Item	Reporting Period	Note
Gains/Losses on disposal of non-current assets (including offset asset impairment provisions)	-4,255,164.43	
Government subsidies charged to gains/losses for Reporting Period (except for government grants closely related to business of the Company and given at a fixed quota or amount in accordance with government's uniform standards)	3,869,949.96	
Non-operating income and expense other than above	1,637,836.66	
Less: Income tax effects	-57,390.05	
Minority interests effects (after tax)	-414.63	
Total	1,310,426.87	--

Explanation of why the Company classified an item as exceptional gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Exceptional Gains and Losses, or reclassified any exceptional gain/loss item given as an example in the said explanatory announcement to recurrent gain/loss

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## Section III Business Profile

### I Main Business Scope for the Reporting Period

Is the Company subject to any disclosure requirements for special industries?

No.

#### 1. Main business and products

We have been engaged in production, R&D and sale of lighting products since our listing. Our products mainly include LED lighting products and conventional lighting products. We have a wide variety of products with a complete range of specifications, including LED light source, LED lamps, fluorescent lamps, halogen lamps, energy saving lamps, motor vehicle lamps, conventional lamps, etc. With the most specifications in the lighting industry, our products are widely used for indoor and outdoor lighting, landscape lighting, motor vehicle lighting and so on. Upon years of development, we have won quite many honors such as the title of “The King of Lamps in China”, and our “FSL” and “Fenjiang” brands have been certified as “Famous China Brands”.

While pushing diversified strategies, the Company set the electrical engineering business as the new engine for its rapid development in 2016. Based on the existing electrical engineering equipment, the Company strived to develop electrical engineering equipment covering lots of series of electrical engineering equipment and sockets. In future, the Company would make efforts to create a strategic layout where the development of lighting products keeping pace with electrical engineering equipment.

#### 2. Main business model

##### (1) Procurement model

We mainly procure raw materials such as lamp beads, lamp holders, electronic components, aluminum substrate, plastic parts, metal materials, quartz tubes and fuel by way of bids invitation. A bids invitation supervisory committee consisting of personnel from several departments will be set up in the future. For every kind of our main raw materials, we usually have a few suppliers to choose from in procurement so that the procurement prices would be fair, the supply of raw materials in time and the good quality of the raw materials ensured.

##### (2) Production models

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

Concerning the conventional products, we analyze sales of every month and predict future market demand so as to formulate a production plan for the coming month. And our workshops produce according to the plan to avoid



extra stock and at the same time ensure that there is enough for sale.

## ② Production according to orders

Different from the conventional lighting products which are of little variation in specifications, LED lighting products are at a fast pace of renewal and different customers often have different requirements regarding the products' appearances and performance indexes. Therefore, we have to organize individualized production for some orders for LED lighting products, export orders in particular. For this kind of orders, we formulate our production plans based on them and then make procurement plans according to the production plans, which will help effectively control the stock and the procurement prices of raw materials, reduce capital occupation and improve our operating efficiency to the maximum.

## ③ Combination of independent production and outsourcing

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

## (3) Sales model

We mainly adopt a commercial agent model, selling our products to commercial agents through various channels and setting up business divisions under the sales department to follow up the use of our products by customers and provide relevant support. In terms of channels, besides consolidating wholesale, we will also focus on the development of franchised stores, illumination engineering & commercial lighting, e-commerce & retail sales and automotive lighting to minimize our weaknesses in this respect and increase our market share.

## 3. Main driving force for business performance

### (1) Rapid development of the industry

As the emerging industry involved in the country's strategies, LED industry rapidly developed in the world in recent years due to its features of high efficiency and energy-saving, green environmental protection, as well as long service life. Thanks to the rapid development of the LED industry, the Company achieved good business performance.

### (2) The Company's own advantages

By right of the Company's advantages in technology, brand, channel, and scale, the Company firmly grasped the opportunities brought by the industry's rapid development, consistently pushed forward the technology upgrade of main products, reinforced market development, and optimized the sales structure of products through sustainable

R&D input and technology innovation. And at the same time, by means of effective control on procurement and manufacturing cost, the Company raised the efficiency of management and products, improved its comprehensive competitiveness, overcame the difficulties and challenges resulted from the serious market situation, and kept the sustainable growth of its operating revenue and profit.

## II Significant Changes in Main Assets

### 1. Significant Changes in Main Assets

Main assets	Reason for significant change
Equity assets	No significant changes in Reporting Period
Fixed assets	No significant changes in Reporting Period
Intangible assets	No significant changes in Reporting Period
Construction in progress	Up 106.16% from the opening amount mainly due to increase in ongoing construction projects

### 2. Main Assets Overseas

☐ Applicable ☒ Not applicable

## III Core Competitiveness Analysis

Is the Company subject to any disclosure requirements for special industries?

No.

No significant changes occurred to the Company's core competitiveness in the Reporting Period. Please refer to the 2016 Annual Report for details about the Company's core competitiveness.

## Section IV Performance Discussion and Analysis

### I Summary

The first half of 2017 saw China's economy running smoothly and the U.S. and European economies in gradual recovery. Such a stable and positive macro-economic environment provided a sound basis for growth in the lighting industry. However, the unveiling of the most stringent ever real estate control policies in China, the rise of trade protectionism across the world, heavier costs caused by rising raw material prices, wilder exchange rate fluctuations and fiercer market competition posed quite many challenges to lighting companies. In face of the complicated and changeable environment at home and abroad, the Company closely adhered to the strategic objectives of "Cutting-Edge Technologies, Internationally-Famous Brands and Large-Scale Production" the Board had put forward at the beginning of the year, focused on its main business, kept improving its ability to innovate, strengthened the execution of its overseas expansion strategy and continued to increase its lean management level. As a result, these efforts have been rewarded by strong operating results. For the Reporting Period, the Company achieved, on a consolidated basis, operating revenues of RMB 2,023.9256million, up 15.28% compared to the same period of last year; and net profit attributable to shareholders of the Company of RMB228million, representing a year-on-year growth of 10.42%.

In the first half of 2017, main work arrangement of the Company was as below:

#### 1. Strengthened the capability of innovation, and improved products and technology of the Company

The Company input more on R&D, continuously strengthened the capability of innovation, which included the acceleration of innovation on new products, the principal of product design, materials, appearance, and smart lighting. At the same time, the Company reserved for basic and perspective technological work, researched and developed new products which were user-friendly and adapted to the market while introducing new technology and ideas, and sustainably improved the Company's competitive power in the market.

#### 2. Optimized product structure, and improved marketing capability

The Company continuously optimized product structure. In the reporting period, sales revenue of the Company's LED products and lamps achieved rapid growth, LED products accounted for 69.55% of the Company's main products in sales revenue while LED lamps took up 45.75% of LED products in sales revenue. and new products launched rapidly won recognition by the market, rapidly and well ensuring the growth of the Company's business

revenue.

Marketing was the fountain for the Company's business growth. The Company always valued channel construction. In domestic marketing, the Company gave play to the synergy between the traditional and emerging channels, as well as explored a new model of offline sharing and online development to realize sharing in throughput, experience, consumption, service and benefits. The Company took advantage of the platform of E-commerce resources, implemented differentiated promotion, adopted the marketing pattern focusing on stylish shops and oriented by products, so as to avoid homogeneous competitions among shops. Advantaged markets were consolidated and weak markets were broken through via integration of different resources. In respect of overseas sales, the Company reinforced the execution of overseas development strategy, continuously explored overseas market by relying on its own leading brands in the industry, excellent product quality, as well as professional service, and as a result, realized fast growth of sales revenue in overseas market. In the Reporting Period, business revenues of the Company in overseas market reached RMB762.3427million, representing a year-on-year increase of 30.89%.

### 3. Positively explored new businesses, and rapidly developed electrical technology

The Company has positively enlarged new business of electrical technology ever since the subsidiary for electrical technology was founded in October of last year. By means of sustainably enriching product series, stably enlarging production scale, enlarging sales channels, and strengthening brand promotion, the brand of FSL Electrical Technology won more and more recognition from consumers. In the Reporting Period, products of electrical technology achieved business revenue of RMB 66.7346million, showing the remarkable development of electrical technology business.

### 4. Strengthened cost control, and improved profitability

With the rise of material cost, the Company faced with serious cost pressure. Only by keeping and enlarging cost advantages can the Company keep improving competitive power. Via taking a hard look and analysis on the raw material market, the Company increased qualified suppliers, established perfect procurement database, expanded the bidding range, improved the timeliness ratio of material delivery, and cut down procurement cost; The Company cut down product cost and improved production ratio by means of improving the level of automation, intellectualization, and informatization, as well as technology transformation and technique upgrade. The Company as well found out advantages and disadvantages of every workshop and department and strengthened the crisis awareness towards cost in every workshop and department by comparing and analyzing internal and external cost competitions.

## II Analysis of Main Business

Year-on-year changes of key financial data:

Unit: RMB

	Reporting Period/Period-End	Same period of last year/Period-Beginning	+/-%	Main reason for change
Operating revenues	2,023,925,582.84	1,755,670,927.44	15.28%	
Operating costs	1,546,931,779.85	1,322,982,560.70	16.93%	
Selling expense	81,651,993.69	73,251,807.41	11.47%	
Administrative expense	98,790,821.60	82,117,827.94	20.30%	
Finance costs	-7,115,907.36	-6,445,753.04	-10.40%	
Income taxes	42,597,501.35	39,425,977.29	8.04%	
R&D expense	57,719,395.64	60,464,243.71	-4.54%	
Net cash from operating activities	-31,063,187.22	291,628,307.06	-110.65%	Payment of taxes and expenses on gains from Guoxuan High-tech shareholdings sold in fourth quarter of 2016, as well as payment of year-end bonuses and expenses for 2016
Net cash from investing activities	-112,026,375.71	-429,601,884.64	73.92%	Smaller increment in banks' wealth management products purchased
Net cash from financing activities	-522,068,416.83	-15,935,708.57	-3,176.09%	Significant increase in cash dividends distributed in this year than last year
Net increase in cash and cash equivalents	-664,245,623.25	-152,952,917.79	-334.28%	Decrease in net cash generated by both operating and financing activities
Monetary funds	815,038,019.29	1,479,283,642.54	-44.90%	Distribution of cash dividends in this year
Notes receivable	26,434,680.74	67,925,843.74	-61.08%	More banker's acceptance bills received were endorsed and used to pay to suppliers in the Reporting Period
Accounts receivable	862,433,866.95	595,257,954.00	44.88%	Increased operating revenues and adjustments to credit terms of domestic customers
Interest receivable	3,217,917.15	4,612,406.80	-30.23%	Decrease in undue interest

				receivable from bank
Other accounts receivable	36,016,476.65	11,977,660.58	200.70%	VAT and export tax rebates receivable in the Reporting Period
Construction in progress	147,360,531.44	71,479,325.91	106.16%	Increased investment in expansion of plants in Gaoming
Taxes and fares payable	24,371,207.42	138,282,644.72	-82.38%	The income tax payable on the gains on the sale of the Company's shareholdings in Guoxuan High-tech in 4Q2016 was paid in the Reporting Period
Dividends payable		6,287,923.09	-100.00%	Distribution of dividends by subsidiaries in the Reporting Period
Other accounts payable	32,185,577.54	50,104,338.81	-35.76%	Decrease in other current accounts payable
Taxes and surtaxes	20,386,602.33	12,251,578.46	66.40%	The vehicle and vessel use tax, etc. have been included in the item of taxes and surtaxes since May 1, 2016 as per the CS [2016] No. 22 Document
Asset impairment losses	24,059,719.35	35,853,373.83	-32.89%	Decrease in inventory falling price provisions
Non-operating revenue	6,022,395.88	1,575,016.58	282.37%	Increase in governmental subsidies received
Minority interest income	3,390,315.67	-313,550.46	1,181.27%	Earnings of new subsidiary
Other comprehensive income, net of tax	23,025,471.14	140,317,778.68	-83.59%	Decreased shareholdings in Guoxuan High-tech due to the sale of some such shareholdings at the end of last year

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

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Breakdown of main business:

Unit: RMB

	Operating	Operating cost	Gross profit	Operating	Operating cost:	Gross profit
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	revenue		margin	revenue: YoY +/-%	YoY +/-%	margin: YoY +/-%
By business segment						
Lighting fixtures and lamps	2,010,535,149.65	1,537,416,165.51	23.53%	15.34%	16.89%	-1.01%
By product						
Traditional lighting products	545,447,386.30	407,164,404.38	25.35%	-20.29%	-17.88%	-2.19%
LED	1,398,353,192.60	1,083,319,624.12	22.53%	32.07%	32.20%	-0.07%
Electrical equipment	66,734,570.75	46,932,137.01	29.67%			29.67%
By geographic segment						
Domestic	1,248,192,434.54	919,009,019.04	26.37%	7.54%	6.17%	0.95%
Overseas	762,342,715.11	618,407,146.47	18.88%	30.89%	37.54%	-3.92%

### III Non-Core Business Analysis

√ Applicable □ Not applicable

Unit: RMB

	Amount	As a percentage of total profit (%)	Source/reason	Recurring (yes/no)
Investment income	14,009,282.02	5.10%	Gains on purchased bank's wealth management products & receipt of bonuses from investees	No
Asset impairment	24,059,719.35	8.77%	Bad-debt and inventory falling price provisions	No
Non-operating revenue	6,022,395.88	2.19%	Government subsidies received and others	No
Non-operating expense	4,769,773.69	1.74%	Disposal of certain old equipment for producing traditional lighting products	No

### IV Analysis of Assets and Liabilities

#### 1. Significant Changes in Asset Composition

Unit: RMB

	End of Reporting Period		End of same period of last year		Change in percentage (%)	Main reason for significant change
	Amount	As a	Amount	As a		

		percentage of total assets (%)		percentage of total assets (%)		
Monetary funds	815,038,019.29	14.12%	788,093,190.58	12.92%	1.20%	
Accounts receivable	862,433,866.95	14.94%	636,149,148.03	10.43%	4.51%	Increased operating revenues and adjustments to credit terms of domestic customers
Inventories	733,151,791.00	12.70%	467,975,082.84	7.67%	5.03%	Stocks for expected growth in sales
Long-term equity investments	209,858,507.98	3.64%	362,997.40	0.01%	3.63%	The Company acquired a 32.85% stake in Primatronix (Nanho) Electronics Ltd. at RMB0.18 billion in September 2016
Fixed assets	436,897,311.33	7.57%	454,154,610.43	7.44%	0.13%	
Construction in progress	147,360,531.44	2.55%	59,026,683.56	0.97%	1.58%	Increased investment in expansion of plants in Gaoming

## 2. Assets and Liabilities Measured at Fair Value

√ Applicable □ Not applicable

Unit: RMB

Item	Opening balance	Gains/Losses on fair value changes in Reporting Period	Cumulative fair value changes charged to equity	Impairment provided in Reporting Period	Purchased in Reporting Period	Sold in Reporting Period	Closing balance
Financial assets							
3. Available-for-sale financial assets	1,427,901,096.63		1,335,488,158.79				1,454,989,886.20
Subtotal of financial assets	1,427,901,096.63		1,335,488,158.79				1,454,989,886.20
Total of above	1,427,901,096.63		1,335,488,158.79				1,454,989,886.20
Financial liabilities	0.00						0.00

Significant changes in the measurement attributes of the main assets in the Reporting Period:

□ Yes √ No



### 3. Restricted Asset Rights as of End of the Reporting Period

None.

## V Investments Made

### 1. Total Investments Made

☒ Applicable ☐ Not applicable

Investments made in Reporting Period (RMB)	Investments made in same period of last year (RMB)	+/-%
0.00	0.00	0.00%

### 2. Significant Equity Investments Made in Reporting Period

☐ Applicable ☒ Not applicable

### 3. Significant Non-Equity Investments Ongoing in Reporting Period

☐ Applicable ☒ Not applicable

## 4. Financial Investments

### (1) Securities Investments

☒ Applicable ☐ Not applicable

Variety of securities	Code of securities	Name of securities	Initial investment cost	Accounting measurement model	Opening book value	Gains/Losses on fair value changes in Reporting Period	Cumulative fair value changes charged to equity	Purchased in Reporting Period	Sold in Reporting Period	Gains/losses in Reporting Period	Closing book value	Accounting title	Source of investment funds
Domestic/overseas stock	002074	Guoxuan High-tech	160,000,000.00	Fair value method	1,355,383,288.49		1,284,023,552.91			6,560,422.50	1,379,875,532.50	Available-for-sale financial asset	The Company's own funds
Domestic/overseas stock	601818	China Everbright Bank	30,828,816.00	Fair value method	72,517,808.14		51,464,605.88				75,114,353.70	Available-for-sale financial asset	The Company's own funds
Domestic	N/A	Xiamen	292,574	Cost	292,574						292,574	Available	The

c/overse as stock		Bank	,133.00	method	,133.00						,133.00	e-for-sal e financia l asset	Compan y's own funds
Domesti c/overse as stock	N/A	Foshan branch of Guangd ong Develop ment Bank	500,000 .00	Cost method	500,000 .00						500,000 .00	Availabl e-for-sal e financia l asset	The Compan y's own funds
Total			483,902 ,949.00	--	1,720,9 75,229. 63	0.00	1,335,4 88,158. 79	0.00	0.00	6,560,4 22.50	1,748,0 64,019. 20	--	--
Disclosure date of announcement about Board's consent for securities investment													
Disclosure date of announcement about shareholders' meeting's consent for securities investment (if any)													

## (2) Investments in Derivative Financial Instruments

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## VI Sale of Major Assets and Equity Interests

### 1. Sale of Major Assets

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### 2. Sale of Major Equity Interests

☐ Applicable ☒ Not applicable

**VII Main Controlled and Joint Stock Companies**

√ Applicable □ Not applicable

Main subsidiaries and joint stock companies with an over 10% influence on the Company's net profit

Unit: RMB

Company name	Relationship with the Company	Main business scope	Industry	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Foshan Chansheng Electronic Ballast Co., Ltd.	Subsidiary	Production and sale	Manufacturing	1,000,000.00	49,096,096.50	27,773,852.21	94,306,931.11	4,281,244.13	3,202,584.42
Foshan Chanchang Electric Appliances (Gaoming) Co., Ltd.	Subsidiary	Production and sale	Manufacturing	72,782,944.00	117,233,753.56	105,493,956.88	33,103,172.26	-396,774.48	-469,196.52
Foshan Taimei Times Lamps Co., Ltd.	Subsidiary	Production and sale	Manufacturing	500,000.00	76,944,367.45	18,767,030.70	82,641,917.32	2,672,291.32	2,008,910.10
FSL New Light Source Technology Co., Ltd.	Subsidiary	Production and sale	Manufacturing	50,000,000.00	56,156,822.20	54,286,950.64	10,896,024.16	616,824.69	462,618.52
FSL (Xinxiang) Lighting Co., Ltd.	Subsidiary	Production and sale	Manufacturing	35,418,439.76	53,443,977.33	46,831,237.13	34,493,532.79	3,261,603.94	2,460,437.77
Guangdong Fozhao Financing Lease Co., Ltd.	Subsidiary	Finance lease	Finance	200,000,000.00	226,514,306.85	226,054,878.31		3,513,522.95	2,635,142.21
FSL Lighting Equipment	Subsidiary	Production and sale	Manufacturing	15,000,000.00	59,572,326.75	48,857,908.17	67,134,518.91	8,073,552.47	3,774,392.16

Co., Ltd.									
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	Subsidiary	Production and sale	Manufacturing	41,683,200.00	74,488,836.01	48,486,156.75	20,772,449.65	4,050,560.72	3,021,091.70
FSL Zhida Electric Technology Co., Ltd.	Subsidiary	Production and sale	Manufacturing	50,000,000.00	101,535,541.93	41,149,536.53	66,773,802.15	7,584,601.88	5,689,066.62

Subsidiaries obtained or disposed in the Reporting Period:

☐ Applicable ☒ Not applicable

Information about the main controlled and joint stock companies:

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

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

—Foshan Chanchang Electric Appliances (Gaoming) Co., Ltd., which is a Sino-foreign joint venture invested and established by the Company and Prosperity Lamps and Components Ltd, had obtained license for business corporation on 23 Aug. 2005 through approval by Foreign Trade and Economic Cooperation Bureau of Gaoming District, Foshan with document “MWJMY Zi [2005] No. 79”. The Company holds 70% equities of the said company; therefore the said subsidiary was included into the scope of the consolidated financial statements since the date of foundation.

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

—Foshan Taimei Times Lamps Co., Ltd., which is a Sino-foreign joint venture invested and established by the Company and Reback North America Investment Limited, had obtained license for Business Corporation on 5 Dec. 2005 through approval by Foreign Trade and Economic Cooperation Bureau of Gaoming District, Foshan with document “MWJMY Zi [2005] No. 97”. The Company holds 70% equities of the said company; therefore the said subsidiary was included into the scope of the consolidated financial statements since the date of foundation.

—FSL New Light Source Technology Co., Ltd. (its predecessor was “Foshan Lighting Lamps and Lanterns Co.,

Ltd.” and it changed its name to “FSL New Light Source Technology Co., Ltd.” on 17 Dec. 2014), which is invested and established by the Company together with Foshan Haozhiyuan Trading Co., Ltd., Shanghai Liangqi Electric Co., Ltd, Changzhou Sanfeng Electrical & Lighting Co., Ltd., Henan Xingchen Electrical & Lighting Co., Ltd., Foshan Hongbang Electrical & Lighting Co., Ltd., Hebei Jinfen Trading Co., Ltd., obtaining its license for Business Corporation on 27 Sept. 2009. The Company holds 60% equities of this company. Therefore the said subsidiary was included into the scope of the consolidated financial statements since the date of foundation.

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

—FSL (Xinxiang) Lighting Co., Ltd. is a limited liability company which is invested and established by the Company, obtaining its license for Business Corporation on 17 Apr. 2009. The Company holds 100% equities of the said company, therefore the said subsidiary was included into the scope of the consolidated financial statements since date of foundation. On 27 Aug. 2013, the 3rd Session of the 7th Board of Directors reviewed and approved to invest another RMB 2 million (land in an industrial park in Xinxiang, Henan Province and monetary funds) in FSL (Xinxiang) Lighting, increasing the registered capital of FSL (Xinxiang) Lighting to RMB 35,418,439.76.

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

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

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

## VIII Structured Bodies Controlled by the Company

☐ Applicable ☒ Not applicable

## IX Performance Forecast for January-September 2017

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

☐ Applicable ☒ Not applicable

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

### **1. Risks from intensified market competition**

From macroscopic aspects, with the descending of speed increase of domestic investment, release of property tightening policies, international trade protectionism and turmoil of political pattern, as well as the influences of other factors, the industry may face the risk of insufficient growth momentum. From industry aspects, as an industry with sufficient competitions, lighting application field is not only under the competitions from companies of original application field, but also under the competitions from LED upstream and midstream core companies and packaging enterprises gradually extending to lighting application field, in future, if market competition further gets increased, negative influences on the Company's profitability may be generated.

Solutions: The Company will focus on main business. Through increasing research & development investment constantly, the Company will improve technical innovation ability and added value of products; continue to give play to the cost advantages in product manufacturing and improve supply ability of high-quality products. At the same time, by optimizing marketing network, the Company will improve brand image, improve service quality, intensify customer relationship management and increase core competitive capacity of the company constantly.

### **2. Risks from price fluctuation of raw materials**

The raw material cost of the Company's products accounts for about 67.98% of the operating cost, main raw materials include lamp beads, electronic parts and components, aluminum substrates, metal materials, lamp holder, packing materials, chemical materials and fuel etc., which means the price fluctuation of main raw materials will cause significant impact on the Company's production costs. In future, if price of raw materials has fluctuation by a large margin, the Company's profitability may have fluctuation as well.

Solutions: By increasing quantity of qualified suppliers, expanding bidding and tendering range, perfecting supply chain management, paying attention to market dynamics, collecting information, analyzing and pre-judging supply of main raw materials and price trend, the Company can decrease procurement costs; by improving automatic, intelligent production level and by implementing technical transformation, technology improvement and other measures, the Company can improve production efficiency and reduce product cost; by intensifying production technology and field management, the Company can control product costs.

### **3. Risks of loss from falling inventory price**

At the end of the Reporting Period, the net value of the Company's inventory was RMB733.1518million, accounting for 24.68% of the current assets, the inventory mainly contains raw materials, semi-finished products

and finished products etc. As there're plenty of product categories and models in the Company, the amount of inventory value is relatively high. With the increase of the Company's sales revenue year by year, the raw materials and inventory commodities reserved for production and sales will simultaneously increase, leading to higher level of the Company's inventory. If there're changes in price or demand in raw material market and product sales market, the risks of loss from falling inventory price of the Company may happen.

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

#### 4. Risks from fluctuation of the exchange rate

The RMB exchange rate in China is based on market supply and demand, a basket of currencies for adjustment and managed floating exchange rate system as reference. With the fluctuation of the world economy, the tense upgrade of some hot spots, as well as the currency policies in different countries, the fluctuation of exchange rate will be caused. The export business of the Company accounts for 37% of the Company's whole business and the scale is enlarging year by year. If there's large fluctuation of the exchange rate, the Company's business performance will be affected.

Solutions: By intensifying settlement currency management, knowing the changes in economic policies of the area, exchange rate policies and fluctuation trend of settlement currencies in time, choosing to use good settlement currencies, the Company can weaken the risks brought by fluctuation of exchange rate as much as possible.

#### 5. Risks from bad debts of accounts receivable

With the enlargement of the Company's sales volume, the amount of accounts receivable has increased. The main debit customers of the Company are long-term high-quality customers with many years of cooperation and good business reputation. If financial status of main debtors has major unfavorable changes, risks from bad debts of accounts receivable may be caused.

Solutions: By perfecting credit file of customers, evaluating credit status of customers regularly, adopting method of pledge of customers' assets, the Company can reduce risks from bad debts of accounts receivable. By strengthening the management of approval of contract, the Company can avoid legal risks incurred during implementation of contract. The Company can reinforce the management and collection efforts of accounts receivable, implement pre-warning treatment for accounts receivable with upcoming deadline during implementation, and analyze and report accounts receivable regularly.

## Section V Significant Events

### I Annual and Special Meetings of Shareholders Convened during the Reporting Period

#### 1. Meetings of Shareholders Convened during the Reporting Period

Meeting	Type	Investor participation ratio	Convened date	Disclosure date	Index to disclosed information
2016 Annual Meeting of Shareholders	Annual	38.71%	04/26/2017	04/27/2017	Announcement No. 2017-016 on Resolutions of 2016 Annual Meeting of Shareholders disclosed on www.cninfo.com.cn

#### 2. Special Meetings of Shareholders Convened at Request of Preference Shareholders with Resumed Voting Rights

☐ Applicable ☒ Not applicable

### II Proposal for Profit Distribution and Converting Capital Reserve into Share Capital for the Reporting Period

☐ Applicable ☒ Not applicable

For the Reporting Period, the Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

### III Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirer, as well as the Company and Other Commitment Makers, Fulfilled in the Reporting Period or still Ongoing at Period-End

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### IV Engagement and Disengagement of CPAs Firm

Has the semi-annual financial report been audited?

☐ Yes ☒ No

This Semi-Annual Report is unaudited.



**V Explanations Given by Board of Directors and Supervisory Board Regarding “Modified Auditor’s Report” Issued by CPAs Firm for the Reporting Period**

☐ Applicable ☒ Not applicable

**VI Explanations Given by Board of Directors Regarding “Modified Auditor’s Report” Issued for Last Year**

☐ Applicable ☒ Not applicable

**VII Bankruptcy and Restructuring**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

**VIII Legal Matters**

Significant lawsuits or arbitrations:

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

Other legal matters:

☐ Applicable ☒ Not applicable

**IX Punishments and Rectifications**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

**X Credit Conditions of the Company as well as its Controlling Shareholder and Actual Controller**

☒ Applicable ☐ Not applicable

In the Reporting Period, the controlling shareholder and actual controller of the Company were in a good credit position, without unsatisfied court judgments, large-amount overdue liabilities or the like.

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

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## XII Significant Related Transactions

### 1. Related Transactions Relevant to Routine Operations

√ Applicable □ Not applicable

Related transaction party	Relation with the Company	Type of transaction	Contents of transaction	Pricing principle	Transaction price	Price (RMB'0,000)	As a percentage of total value of same-type transactions	Approved transaction on line (RMB'0,000)	Over approved line or not	Method of settlement	Obtainable market price for same-type transaction (RMB'0,000)	Disclosure date	Index to disclosed information
Prosperity Lamps & Components Limited	Shareholder that holds over 5% shares of the Company	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	67.05	67.05	0.06%	200	Not	Remittance	67.05	03/30/2017	www.cninfo.com.cn
Prosperity Electrical (China) Co., Ltd.	Enterprise controlled by related individual	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	-3.21	-3.21	0.00%	600	Not	Remittance	-3.21	03/30/2017	www.cninfo.com.cn
Hangzhou Times Lighting and Electrical Co., Ltd.	Enterprise controlled by related individual	Purchasing products and receiving labor service from	Purchase of materials	Market price	113.87	113.87	0.09%	300	Not	Remittance	113.87	03/30/2017	www.cninfo.com.cn

		related party											
Foshan NationStar Optoelectronics Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	3,897.29	3,897.29	3.22%	20,000	Not	Remittance	3,897.29	03/30/2017	www.cninfo.com.cn
Guangdong Fenghua Advanced Holding Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	410.04	410.04	0.34%	900	Not	Remittance	410.04	03/30/2017	www.cninfo.com.cn
Guangdong Huayuebao New Energy Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	93.34	93.34	0.08%		Not	Remittance	93.34		N/A
Prosperity Lamps & Components Limited	Shareholder that holds over 5% shares of the Company	Selling products and providing labor service to related party	Selling products	Market price	1,482.06	1,482.06	0.73%	3,000	Not	Remittance	1,482.06	03/30/2017	www.cninfo.com.cn
Prosperity	Enterprise	Selling products	Selling products	Market price	3.86	3.86	0.00%	50	Not	Remittance	3.86	03/30/2017	www.cninfo.com.cn

(Hangzhou) Prosperity Lighting and Electrical Co., Ltd.	controlled by providing related individual service to related party												om.cn
Prosperity Electrical (China) Co., Ltd.	Enterprise controlled by related individual	Selling products and providing labor service to related party	Selling products	Market price	17.77	17.77	0.01%	50	Not	Remittance	17.77	03/30/2017	www.cninfo.com.cn
Foshan NationStar Optoelectronics Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	0.34	0.34	0.00%	50	Not	Remittance	0.34	03/30/2017	www.cninfo.com.cn
Hangzhou Times Lighting and Electrical Co., Ltd.	Enterprise controlled by related individual	Selling products and providing labor service to related party	Selling products	Market price	2.59	2.59	0.00%		Not	Remittance	2.59		N/A
Total				--	--	6,085	--	25,150	--	--	--	--	--
Details of large-amount sales return				N/A									
Give the actual situation in the Reporting Period (if any) where a forecast had been made for the total value of routine related transactions by type to occur in the Reporting Period				In March 2017, the Company predicted the total value of its routine transactions with related parties Foshan NationStar Optoelectronics Co., Ltd., Guangdong Fenghua Advanced Holding Co., Ltd., Prosperity Lamps & Components Limited, Prosperity Electrical (China) Co., Ltd., Prosperity (Hangzhou) Lighting and Electrical Co., Ltd. and Hangzhou Times Lighting and Electrical Co., Ltd. Concerning the purchases from its related parties, the actual amount in 2017 was RMB 45.7837million, accounting for 20.81% of the predicted. As for the sales to									

	its related parties, the actual amount in 2017 was RMB15.0661million, accounting for 47.83% of the predicted.
Reason for significant difference between transaction price and market reference price (if applicable)	N/A

## 2. Related Transactions Regarding Purchase or Sales of Assets or Equity Interests

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

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

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## 4. Credits and Liabilities with Related Parties

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## 5. Other Significant Related Transactions

☒ Applicable ☐ Not applicable

On December 23, 2016, the Company held the 11th meeting of the 8th Board of Directors, and the Proposal on Signing the Financial Services Agreement with Guangdong Rising Finance Co., Ltd. was examined and approved at the meeting. On the same day, the Company signed the Financial Services Agreement with Guangdong Rising Finance Co., Ltd. (hereinafter referred to as "Rising Finance"), and Rising Finance would provide deposit and settlement services for the Company. During the term of validity of the Agreement, the daily deposit balance of the Company in Rising Finance Company shall not exceed RMB150 million. The Agreement has expired on June 22, 2017.

On June 28, 2017, the Company held the 15th meeting of the 8th Board of Directors, and the Proposal on Signing the Financial Services Agreement with Guangdong Rising Finance Co., Ltd. was examined and approved at the meeting. As such, the Company renewed the Financial Services Agreement with Rising Finance, and Rising Finance would provide deposit and settlement services for the Company for a term of one year, during which the daily deposit balance of the Company in Rising Finance Company shall not exceed RMB150 million.

Index to the current announcements about the said related transactions disclosed:

Title of announcement	Disclosure date	Disclosure website
Announcement on Signing Financial Service Agreement with Guangdong Rising Finance Co., Ltd.	12/24/2016	www.cninfo.com.cn
Announcement on Renewing Financial Service Agreement with Guangdong Rising Finance Co., Ltd.	06/29/2017	www.cninfo.com.cn

### **XIII Occupation of the Company's Funds by Controlling Shareholder or Its Related Parties for Non-Operating Purposes**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

### **XIV Significant Contracts and Their Execution**

#### **1. Entrustment, Contracting and Leasing**

##### **(1) Entrustment**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

##### **(2) Contracting**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

##### **(3) Leasing**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

#### **2. Significant Guarantees**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

#### **3. Other Significant Contracts**

☐ Applicable ☒ Not applicable

No such cases in the Reporting Period.

## **XV Social Responsibilities**

### **1. Targeted Measures Taken to Help People Lift Themselves out of Poverty**

The Company did not take such measures in the first half of the year and has no such plans for now.

### **2. Material Environmental Issues**

Is the Company or any of its subsidiaries a heavily polluting business declared by environmental protection authorities?

No.

## **XVI Other Significant Events**

☒ Applicable ☐ Not applicable

On June 27, 2017, the Company signed an Equity Transfer Agreement with KEDA Clean Energy Co., Ltd., transferring the Company's 38% stake in Qinghai Fozhao Lithium Energy Exploitation Co., Ltd. to the latter for RMB189.8176 million. After the transfer, the Company would no longer hold equity interest in Qinghai Fozhao Lithium Energy Exploitation Co., Ltd. As of the end of the first half of 2017, the Company had neither received the transfer payment nor started the transfer formalities with the competent authority, which is in compliance with the Equity Transfer Agreement.

## **XVII Significant Events of Subsidiaries**

☐ Applicable ☒ Not applicable

## Section VI Share Changes and Shareholders' Profile

### I Share Changes

#### 1. Share Changes

Unit: share

	Before		Increase/decrease (+/-)					After	
	Number	Percentage (%)	New issues	Bonus shares	Increase from capital reserve	Other	Subtotal	Number	Percentage (%)
1. Restricted shares	12,522,479	0.98%				59,524	59,524	12,582,003	0.99%
1.3 Shares held by other domestic investors	4,406,450	0.34%				59,524	59,524	4,465,974	0.35%
Among which: Shares held by domestic corporations	3,860,675	0.30%						3,860,675	0.30%
Shares held by domestic individuals	545,775	0.04%				59,524	59,524	605,299	0.05%
1.4 Shares held by foreign investors	8,116,029	0.64%						8,116,029	0.64%
Shares held by foreign individuals	8,116,029	0.64%						8,116,029	0.64%
2. Non-restricted shares	1,259,610,389	99.02%				-59,524	-59,524	1,259,550,865	99.01%
2.1 RMB common shares	974,940,045	76.64%				-60,499	-60,499	974,879,546	76.63%
2.2 Domestically listed foreign shares	284,670,344	22.38%				975	975	284,671,319	22.38%
3. Total shares	1,272,132,868	100.00%						1,272,132,868	100.00%

Reasons for any share changes:

√ Applicable □ Not applicable

1. During the Reporting Period, some supervisors and executive officers increased their shareholdings in the Company, representing an increase of 91049 restricted shares.



2. During the Reporting Period, the Company's shares held by some former executive officers who had stayed unemployed by the Company for six months were unlocked, resulting in an increment of 31525 non-restricted shares.

3. Due to Item 1 and 2 above, the Company's restricted shares increased by 59524 shares in the Reporting Period.

Approval of share changes:

☐ Applicable ☒ Not applicable

Transfer of share ownership:

☐ Applicable ☒ Not applicable

Effects of share changes on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the Company and other financial indexes of the prior year and the prior period:

☐ Applicable ☒ Not applicable

Other contents that the Company considers necessary or is required by the securities regulatory authorities to disclose:

☐ Applicable ☒ Not applicable

## 2. Changes in Restricted Shares

☒ Applicable ☐ Not applicable

Unit: share

Name of shareholder	Opening restricted shares	Unlocked in Reporting Period	Increased in Reporting Period	Closing restricted shares	Reason for lock-up/unlocking	Date of unlocking
Liu Xingming	359,073	0	21,450	380,523	Lock-up of executive officer's shares	Uncertain
Tang Qionglan	0	0	12,150	12,150	Lock-up of executive officer's shares	Uncertain
Wei Bin	25,627	0	9,975	35,602	Lock-up of executive	Uncertain

					officer's shares	
Chen Yu	12,870	0	7,500	20,370	Lock-up of executive officer's shares	Uncertain
Jiao Zhigang	31,083	0	9,375	40,458	Lock-up of executive officer's shares	Uncertain
Xu Xiaoping	0	0	7,575	7,575	Lock-up of executive officer's shares	Uncertain
Zhang Yong	18,720	0	7,275	25,995	Lock-up of executive officer's shares	Uncertain
Zhang Xuequan	9,908	0	10,125	20,033	Lock-up of executive officer's shares	Uncertain
Ye Zhenghong	33,696	0	5,625	39,321	Lock-up of supervisor's shares	Uncertain
Xie Qing	31,525	31,525	0	0	Expiration of lock-up of outgoing executive officer's shares	05/24/2017
Total	522,502	31,525	91,050	582,027	--	--

## II Issuance and Listing of Securities

☐ Applicable ☒ Not applicable

## III Shareholders and Their Holdings at Period-End

Unit: share

Total number of common shareholders at period-end		93,117		Total number of preference shareholders with resumed voting rights at period-end (if any) (see note 8)		0		
5% or greater common shareholders or top 10 common shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total common	Increase/decrease in	Restricted common	Non-restricted common	Pledged or frozen shares	
							Status	Number

			shares held at period-end	Reporting Period	shares held at period-en d	shares held at period-end		
Hong Kong Wah Shing Holding Company Limited	Foreign corporation	13.47%	171,360,391			171,360,391	Pledged	83,966,592
Prosperity Lamps & Components Limited	Foreign corporation	10.50%	133,577,143			133,577,143		
Shenzhen Rising Investment Development Co., Ltd.	State-owned corporation	5.12%	65,178,305			65,178,305		
Guangdong Electronics Information Industry Group Ltd.	State-owned corporation	4.74%	60,357,728			60,357,728	Pledged	29,575,287
Central Huijin Asset Management Co., Ltd.	State-owned corporation	2.42%	30,799,000			30,799,000		
Essence International Securities (Hong Kong) Co., Ltd.	Foreign corporation	1.91%	24,277,429			24,277,429		
DBS Vickers (Hong Kong) Ltd A/C Clients	Foreign corporation	1.86%	23,645,755			23,645,755		
Hong Kong Rising Investment Development Co., Ltd.	Foreign corporation	1.82%	23,165,684			23,165,684		
Zhuang Jianyi	Foreign	0.85%	10,821,372		8,116,029	2,705,343		

	individual							
China Merchants Securities (HK) Co., Limited	Foreign corporation	0.84%	10,686,856			10,686,856		
Strategic investors or general corporations becoming top-10 common shareholders due to placing of new shares (if any) (see Note 3)		N/A						
Related or acting-in-concert parties among shareholders above		Among the top 10 shareholders, Hong Kong Wah Shing Holding Company Limited, Shenzhen Rising Investment Development Co., Ltd., Guangdong Electronics Information Industry Group Ltd. and Hong Kong Rising Investment Development Co., Ltd. are acting-in-concert parties; and Prosperity Lamps & Components Limited and Zhuang Jianyi are acting-in-concert parties. Apart from that, it is unknown whether there is among the top 10 shareholders any other related parties or acting-in-concert parties as defined in the Administrative Measures for the Acquisition of Listed Companies.						
Top 10 non-restricted common shareholders								
Name of shareholder	Non-restricted common shares held at period-end	Type of shares						
		Type	Number					
Hong Kong Wah Shing Holding Company Limited	171,360,391	RMB share	common	171,360,391				
Prosperity Lamps & Components Limited	133,577,143	RMB share	common	133,577,143				
Shenzhen Rising Investment Development Co., Ltd.	65,178,305	RMB share	common	65,178,305				
Guangdong Electronics Information Industry Group Ltd.	60,357,728	RMB share	common	60,357,728				
Central Huijin Asset Management Co., Ltd.	30,799,000	RMB share	common	30,799,000				
Essence International Securities (Hong Kong) Co., Ltd.	24,277,429	Domestically listed share	foreign	24,277,429				
DBS Vickers (Hong Kong) Ltd A/C Clients	23,645,755	Domestically listed share	foreign	23,645,755				
Hong Kong Rising Investment Development Co., Ltd.	23,165,684	Domestically listed share	foreign	23,165,684				
China Merchants Securities (HK)	10,686,856	Domestically		10,686,856				

Co., Limited		listed share	foreign	
Guangdong Rising Finance Holding Co., Ltd.	6,876,386	RMB share	common	6,876,386
Related or acting-in-concert parties among top 10 non-restricted common shareholders, as well as between top 10 non-restricted common shareholders and top 10 common shareholders	Among the top 10 non-restricted common shareholders, Hong Kong Wah Shing Holding Company Limited, Shenzhen Rising Investment Development Co., Ltd., Guangdong Electronics Information Industry Group Ltd., Hong Kong Rising Investment Development Co., Ltd. and Guangdong Rising Finance Holding Co., Ltd. are acting-in-concert parties. Apart from that, it is unknown whether there is among the top 10 shareholders any other related parties or acting-in-concert parties as defined in the Administrative Measures for the Acquisition of Listed Companies.			
Top 10 common shareholders conducting securities margin trading (if any) (see note 4)	N/A			

Indicate by tick mark whether any of the top 10 common shareholders or the top 10 non-restricted common shareholders of the Company conducted any promissory repo during the Reporting Period.

☐ Yea ☒ No

No such cases in the Reporting Period.

#### IV Change of Controlling Shareholder or Actual Controller in Reporting Period

Change of the controlling shareholder in the Reporting Period:

☐ Applicable ☒ Not applicable

The controlling shareholder remained the same in the Reporting Period.

Change of the actual controller in the Reporting Period:

☐ Applicable ☒ Not applicable

The actual controller remained the same in the Reporting Period.

## Section VII Preference Shares

☐ Applicable ☒ Not applicable

No preference shares in the Reporting Period.

## Section VIII Directors, Supervisors and Senior Management

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

√ Applicable □ Not applicable

Name	Office title	Incumbent /Former	Opening sharehold- ing (share)	Increase in Reporting Period (share)	Decrease in Reporting Period (share)	Closing sharehold- ing (share)	Granted restricted shares at period-begin- ning (share)	Restricted shares granted in Reporting Period (share)	Granted restricted shares at period-end (share)
Liu Xingming	Director & General Manager	Incumbent	478,764	28,600		507,364			
Lin Yihui	Board Secretary	Incumbent	13,000	16,600		29,600			
Tang Qionglan	CFO	Incumbent	0	16,200		16,200			
Wei Bin	Vice General Manager	Incumbent	34,169	13,300		47,469			
Jiao Zhigang	Vice General Manager	Incumbent	41,444	12,500		53,944			
Chen Yu	Vice General Manager	Incumbent	17,160	10,000		27,160			
Xu Xiaoping	Vice General Manager	Incumbent	0	10,100		10,100			
Zhang Yong	Vice General Manager	Incumbent	24,960	9,700		34,660			
Zhang Xuequan	Vice General Manager	Incumbent	13,211	13,500		26,711			
Ye Zhenghong	Supervisor	Incumbent	44,928	7,500		52,428			

Total	--	--	667,636	138,000	0	805,636	0	0	0
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## II Changes in Directors, Supervisors and Senior Management

☐ Applicable ☒ Not applicable

The Company's directors, supervisors and senior management remained unchanged in the Reporting Period. Please refer to the 2016 Annual Report for details about them.



## Section IX Corporate Bonds

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

No.

## Section X Financial Report

### I Auditor's Report

Has this semi-annual financial report been audited?

☐ Yes ☒ No

This semi-annual financial report is unaudited.

### II Financial Statements

Currency unit for the statements in the notes to these financial statements: RMB

#### 1. Consolidated Balance Sheet

Prepared by Foshan Electrical and Lighting Co., Ltd.

June 30, 2017

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	815,038,019.29	1,479,283,642.54
Settlement reserve		
Interbank lendings		
Financial assets at fair value through gains/losses		
Derivative financial assets		
Notes receivable	26,434,680.74	67,925,843.74
Accounts receivable	862,433,866.95	595,257,954.00
Accounts paid in advance	27,685,018.96	30,292,007.11
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserve		
Interest receivable	3,217,917.15	4,612,406.80
Dividends receivable		
Other accounts receivable	36,016,476.65	11,977,660.58
Financial assets purchased under agreements to resell		
Inventories	733,151,791.00	753,681,605.19

Assets held for sale		
Non-current assets due within one year		
Other current assets	466,262,718.17	441,205,461.72
Total current assets	2,970,240,488.91	3,384,236,581.68
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	1,758,739,646.36	1,732,150,857.01
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	209,858,507.98	210,394,932.69
Investment property		
Fixed assets	436,897,311.33	446,006,929.66
Construction in progress	147,360,531.44	71,479,325.91
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	158,172,586.28	160,330,395.13
R&D expense		
Goodwill		
Long-term deferred expense	6,932,911.30	6,897,119.78
Deferred income tax assets	40,730,492.66	43,547,918.44
Other non-current assets	44,200,134.60	45,125,340.00
Total non-current assets	2,802,892,121.95	2,715,932,818.62
Total assets	5,773,132,610.86	6,100,169,400.30
Current liabilities:		
Short-term borrowings		
Borrowings from Central Bank		
Money deposits accepted and inter-bank deposits		
Interbank borrowings		
Financial liabilities at fair value through gains/losses		
Derivative financial liabilities		

Notes payable		
Accounts payable	673,397,021.27	552,255,512.33
Accounts received in advance	32,657,976.85	41,180,818.13
Financial assets sold for repurchase		
Fees and commissions payable		
Payroll payable	68,383,359.33	96,021,156.06
Taxes payable	24,371,207.42	138,282,644.72
Interest payable		
Dividends payable		6,287,923.09
Other accounts payable	32,185,577.54	50,104,338.81
Reinsurance premiums payable		
Insurance contract reserve		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	830,995,142.41	884,132,393.14
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term accounts payable		
Long-term payroll payable		
Special payables		
Provisions		
Deferred income	11,872,268.53	10,449,768.49
Deferred income tax liabilities	204,175,913.54	200,112,595.11
Other non-current liabilities		
Total non-current liabilities	216,048,182.07	210,562,363.60
Total liabilities	1,047,043,324.48	1,094,694,756.74

Owners' equity:		
Share capital	1,272,132,868.00	1,272,132,868.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	285,821,459.07	285,821,459.07
Less: Treasury shares		
Other comprehensive income	1,156,996,843.39	1,133,971,372.25
Special reserve		
Surplus reserve	733,924,951.81	733,924,951.81
Provisions for general risks		
Retained earnings	1,258,814,782.00	1,564,615,925.99
Equity attributable to owners of the Company (as parent company)	4,707,690,904.27	4,990,466,577.12
Minority interests	18,398,382.11	15,008,066.44
Total owners' equity	4,726,089,286.38	5,005,474,643.56
Total liabilities and owners' equity	5,773,132,610.86	6,100,169,400.30

Legal representative: He Yong

Accounting head for this Report: Liu Xingming

Head of the accounting department: Tang Qionglan

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

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	621,028,793.79	1,235,417,964.88
Financial assets at fair value through gains/losses		
Derivative financial assets		
Notes receivable	25,648,653.72	66,222,840.44
Accounts receivable	865,936,526.24	611,855,496.90
Accounts paid in advance	78,575,487.30	117,217,953.23
Interest receivable	2,187,889.37	3,590,629.01
Dividends receivable		14,671,820.57
Other accounts receivable	63,730,648.45	56,714,849.84
Inventories	665,648,682.97	717,097,516.25
Assets held for sale		

Non-current assets due within one year		
Other current assets	349,066,845.84	379,932,325.87
Total current assets	2,671,823,527.68	3,202,721,396.99
Non-current assets:		
Available-for-sale financial assets	1,758,739,646.36	1,732,150,857.01
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments	693,455,797.74	693,992,222.45
Investment property		
Fixed assets	361,704,762.30	375,075,102.44
Construction in progress	145,061,164.42	69,589,510.14
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	114,634,684.40	117,017,633.92
R&D expenses		
Goodwill		
Long-term deferred expense	6,932,911.30	6,897,119.78
Deferred income tax assets	35,219,760.73	37,790,043.38
Other non-current assets	43,580,346.60	44,519,790.00
Total non-current assets	3,159,329,073.85	3,077,032,279.12
Total assets	5,831,152,601.53	6,279,753,676.11
Current liabilities:		
Short-term borrowings		
Financial liabilities at fair value through gains/losses		
Derivative financial liabilities		
Notes payable		
Accounts payable	844,733,659.24	701,814,818.26
Accounts received in advance	31,405,141.81	38,406,798.91
Payroll payable	36,517,295.06	66,764,581.34
Taxes payable	11,957,006.39	121,939,572.62
Interest payable		

Dividends payable		
Other accounts payable	112,053,963.76	258,368,416.59
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities		
Total current liabilities	1,036,667,066.26	1,187,294,187.72
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Special payables		
Provisions		
Deferred income	11,484,768.34	9,984,768.34
Deferred income tax liabilities	204,175,913.54	200,112,595.11
Other non-current liabilities		
Total non-current liabilities	215,660,681.88	210,097,363.45
Total liabilities	1,252,327,748.14	1,397,391,551.17
Owners' equity:		
Share capital	1,272,132,868.00	1,272,132,868.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	293,425,065.15	293,425,065.15
Less: Treasury shares		
Other comprehensive income	1,156,996,843.39	1,133,971,372.25
Special reserve		
Surplus reserve	733,924,951.81	733,924,951.81
Retained earnings	1,122,345,125.04	1,448,907,867.73
Total owners' equity	4,578,824,853.39	4,882,362,124.94
Total liabilities and owners' equity	5,831,152,601.53	6,279,753,676.11

Legal representative: He Yong

Accounting head for this Report: Liu Xingming

Head of the accounting department: Tang Qionglan

**3. Consolidated Income Statement**

Unit: RMB

Item	Reporting Period	Same period of last year
1. Operating revenues	2,023,925,582.84	1,755,670,927.44
Including: Sales revenue	2,023,925,582.84	1,755,670,927.44
Interest revenue		
Premium revenue		
Fee and commission revenue		
2. Operating costs	1,764,705,009.46	1,520,011,395.30
Including: Cost of sales	1,546,931,779.85	1,322,982,560.70
Interest expense		
Fee and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surtaxes	20,386,602.33	12,251,578.46
Selling expense	81,651,993.69	73,251,807.41
Administrative expense	98,790,821.60	82,117,827.94
Finance costs	-7,115,907.36	-6,445,753.04
Asset impairment losses	24,059,719.35	35,853,373.83
Add: Gains on fair value changes (“-” means losses)		
Investment income (“-” means losses)	14,009,282.02	13,720,747.77
Including: Share of gains/losses of associates and joint ventures	1,543,965.79	-19,640.12
Exchange gains (“-” means losses)		
Other gains		
3. Operating profit (“-” means loss)	273,229,855.40	249,380,279.91
Add: Non-operating income	6,022,395.88	1,575,016.58
Including: Gains on disposal of non-current assets		20,253.97



Less: Non-operating expense	4,769,773.69	4,917,056.94
Including: Losses on disposal of non-current assets	4,255,164.43	223,092.25
4. Total profit (“-” means loss)	274,482,477.59	246,038,239.55
Less: Income taxes	42,597,501.35	39,425,977.29
5. Net profit (“-” means net loss)	231,884,976.24	206,612,262.26
Net profit attributable to owners of the Company (as parent company)	228,494,660.57	206,925,812.72
Minority interests income	3,390,315.67	-313,550.46
6. Other comprehensive income, net of tax	23,025,471.14	140,317,778.68
Other comprehensive income, net of tax, attributable to owners of the Company (as parent company)	23,025,471.14	140,317,778.68
6.1 Other comprehensive income that will not be reclassified into gains/losses		
6.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
6.1.2 Share of other comprehensive income of investees that cannot be reclassified into gains/losses under equity method		
6.2 Other comprehensive income to be subsequently reclassified into gains/losses	23,025,471.14	140,317,778.68
6.2.1 Share of other comprehensive income of investees that will be reclassified into gains/losses under equity method		
6.2.2 Gains/Losses on fair value changes of available-for-sale financial assets	23,025,471.14	139,503,813.54
6.2.3 Gains/Losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective gains/losses on cash flow hedges		
6.2.5 Currency translation differences		

6.2.6 Other		813,965.14
Other comprehensive income, net of tax, attributable to minority interests		
7. Total comprehensive income	254,910,447.38	346,930,040.94
Attributable to owners of the Company (as parent company)	251,520,131.71	347,243,591.40
Attributable to minority interests	3,390,315.67	-313,550.46
8. Earnings per share		
8.1 Basic earnings per share	0.1796	0.1627
8.2 Diluted earnings per share	0.1796	0.1627

Where business mergers under the same control occurred in the Reporting Period, the net profit achieved by the merged parties before the business mergers was RMB0.00, with the amount for the same period of last year being RMB0.00.

Legal representative: He Yong

Accounting head for this Report: Liu Xingming

Head of the accounting department: Tang Qionglan

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

Unit: RMB

Item	Reporting Period	Same period of last year
1. Operating revenues	1,980,196,404.29	1,782,457,216.14
Less: Operating costs	1,549,957,656.10	1,355,707,509.94
Taxes and surtaxes	14,028,299.06	7,825,502.47
Selling expense	74,062,826.39	72,636,241.42
Administrative expense	98,398,538.37	82,409,260.52
Finance costs	-4,474,253.64	-3,798,619.84
Asset impairment losses	23,053,208.55	35,788,227.78
Add: Gains on fair value changes ("-" means losses)		
Investment income ("-" means loss)	12,903,476.48	13,720,747.77
Including: Share of gains/losses of associates and joint ventures	1,543,965.79	-19,640.12
Other gains		
2. Operating profit ("-" means loss)	238,073,605.94	245,609,841.62
Add: Non-operating income	5,746,833.41	1,389,423.13
Including: Gains on disposal of non-current assets		9,401.71
Less: Non-operating expense	2,041,377.50	3,736,581.73

Including: Losses on disposal of non-current assets	1,528,785.79	193,011.74
3. Total profit ("-" means loss)	241,779,061.85	243,262,683.02
Less: Income taxes	34,045,999.98	37,862,188.03
4. Net profit ("-" means net loss)	207,733,061.87	205,400,494.99
5. Other comprehensive income, net of tax	23,025,471.14	139,503,813.54
5.1 Other comprehensive income that will not be reclassified into gains and losses		
5.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
5.1.2 Share of other comprehensive income of investees that cannot be reclassified into gains/losses under equity method		
5.2 Other comprehensive income to be subsequently reclassified into gains/losses	23,025,471.14	139,503,813.54
5.2.1 Share of other comprehensive income of investees that will be reclassified into gains/losses under equity method		
5.2.2 Gains/Losses on fair value changes of available-for-sale financial assets	23,025,471.14	139,503,813.54
5.2.3 Gains/Losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective gains/losses on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	230,758,533.01	344,904,308.53
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

Legal representative: He Yong

Accounting head for this Report: Liu Xingming

Head of the accounting department: Tang Qionglan

**5. Consolidated Cash Flow Statement**

Unit: RMB

Item	Reporting Period	Same period of last year
1. Cash generated by or used in operating activities:		
Cash generated by sale of commodities and rendering of service	1,754,303,637.97	1,547,557,182.88
Net increase in money deposits from customers and interbank placements		
Net increase in loans from Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received as premiums of original insurance contracts		
Net cash generated by reinsurance business		
Net increase in deposits of policy holders and investment fund		
Net increase in disposal of financial assets at fair value through gains/losses		
Interest, fees and commissions received		
Net increase in interbank borrowings		
Net increase in funds in repurchase business		
Tax rebates received	42,499,505.18	44,239,351.38
Cash generated by other operating activities	28,893,716.10	15,057,708.67
Subtotal of cash generated by operating activities	1,825,696,859.25	1,606,854,242.93
Cash paid for goods and services	1,114,835,724.72	850,216,733.93
Net increase in loans and advances to customers		
Net increase in funds deposited in Central Bank and interbank placements		
Cash paid for claims of original insurance contracts		
Interest, fees and commissions paid		
Cash paid as policy dividends		

Cash paid to and for employees	371,942,160.26	290,038,390.79
Taxes paid	262,092,182.25	92,793,562.26
Cash used in other operating activities	107,889,979.24	82,177,248.89
Subtotal of cash used in operating activities	1,856,760,046.47	1,315,225,935.87
Net cash from operating activities	-31,063,187.22	291,628,307.06
2. Cash generated by or used in investing activities:		
Cash generated by disinvestments		7,005.00
Cash received as investment income	15,011,705.23	11,852,333.55
Net cash generated by disposal of fixed assets, intangible assets and other long-term assets	1,626,000.00	73,000.00
Net cash generated by disposal of subsidiaries or other business units		
Cash generated by other investing activities		
Subtotal of cash generated by investing activities	16,637,705.23	11,932,338.55
Cash paid to acquire fixed assets, intangible assets and other long-term assets	108,664,080.94	33,994,345.07
Cash paid for investments	20,000,000.00	400,000,000.00
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Cash used in other investing activities		7,539,878.12
Subtotal of cash used in investing activities	128,664,080.94	441,534,223.19
Net cash from investing activities	-112,026,375.71	-429,601,884.64
3. Cash generated by or used in financing activities:		
Cash received as capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received as borrowings		
Cash generated by issuance of		

bonds		
Cash generated by other financing activities		
Subtotal of cash generated by financing activities		
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit	522,068,416.83	15,935,708.57
Including: dividends or profit paid by subsidiaries to minority interests	5,660,290.78	
Cash used in other financing activities		
Sub-total of cash used in financing activities	522,068,416.83	15,935,708.57
Net cash from financing activities	-522,068,416.83	-15,935,708.57
4. Effect of foreign exchange rate changes on cash and cash equivalents	912,356.51	956,368.36
5. Net increase in cash and cash equivalents	-664,245,623.25	-152,952,917.79
Add: Opening balance of cash and cash equivalents	1,479,283,642.54	933,546,108.37
6. Closing balance of cash and cash equivalents	815,038,019.29	780,593,190.58

Legal representative: He Yong

Accounting head for this Report: Liu Xingming

Head of the accounting department: Tang Qionglan

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

Unit: RMB

Item	Reporting Period	Same period of last year
1. Cash generated by or used in operating activities:		
Cash generated by sale of commodities and rendering of service	1,700,716,001.72	1,583,633,686.90
Tax rebates received	42,499,505.18	44,239,351.38
Cash generated by other operating activities	24,406,290.15	11,425,998.07
Subtotal of cash generated by operating activities	1,767,621,797.05	1,639,299,036.35
Cash paid for goods and services	1,363,028,963.41	1,070,690,628.68
Cash paid to and for employees	167,453,782.97	118,971,583.13
Taxes paid	200,061,046.37	42,416,995.71

Cash used in other operating activities	101,737,482.16	80,203,151.06
Subtotal of cash used in operating activities	1,832,281,274.91	1,312,282,358.58
Net cash from operating activities	-64,659,477.86	327,016,677.77
2. Cash generated by or used in investing activities:		
Cash generated by disinvestments	35,000,000.00	7,005.00
Cash received as investment income	28,724,845.24	11,852,333.55
Net cash generated by disposal of fixed assets, intangible assets and other long-term assets	1,580,000.00	14,000.00
Net cash generated by disposal of subsidiaries or other business units		
Cash generated by other investing activities		
Subtotal of cash generated by investing activities	65,304,845.24	11,873,338.55
Cash paid to acquire fixed assets, intangible assets and other long-term assets	99,538,768.93	31,293,478.92
Cash paid for investments		400,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Cash used in other investing activities		7,500,000.00
Subtotal of cash used in investing activities	99,538,768.93	438,793,478.92
Net cash from investing activities	-34,233,923.69	-426,920,140.37
3. Cash generated by or used in financing activities:		
Cash received as capital contributions		
Cash received as borrowings		
Cash generated by issuance of bonds		
Cash generated by other financing activities		
Subtotal of cash generated by financing activities		
Repayment of borrowings		

Cash paid for interest expenses and distribution of dividends or profit	516,408,126.05	15,935,708.57
Cash used in other financing activities		
Sub-total of cash used in financing activities	516,408,126.05	15,935,708.57
Net cash from financing activities	-516,408,126.05	-15,935,708.57
4. Effect of foreign exchange rate changes on cash and cash equivalents	912,356.51	956,368.17
5. Net increase in cash and cash equivalents	-614,389,171.09	-114,882,803.00
Add: Opening balance of cash and cash equivalents	1,235,417,964.88	633,291,177.30
6. Closing balance of cash and cash equivalents	621,028,793.79	518,408,374.30

Legal representative: He Yong

Accounting head for this Report: Liu Xingming

Head of the accounting department: Tang Qionglan

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

Reporting Period

Unit: RMB

Item	Reporting period												
	Equity attributable to owners of the Company (as parent company)											Minorit y interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasur y shares	Other compre hensive income	Special reserve	Surplus reserve	Provisio ns for general risks	Retaine d earning s		
		Prefer ence shares	Perpet ual bonds	Other									
1. Balance at prior year-end	1,272, 132,86 8.00				285,821 ,459.07		1,133,9 71,372. 25		733,924 ,951.81		1,564,6 15,925. 99	15,008, 066.44	5,005,4 74,643. 56
Add: Changes in accounting policies													
Corrections of previous errors													
Business mergers under same control													
Other													
2. Balance at	1,272,				285,821		1,133,9		733,924		1,564,6	15,008,	5,005,4



beginning of the year	132,868.00					,459.07		71,372.25		,951.81		15,925.99	066.44	74,643.56
3. Increase/decrease in the period (“-” means decrease)								23,025,471.14				-305,801,143.99	3,390,315.67	-279,385,357.18
3.1 Total comprehensive income								23,025,471.14				228,494,660.57	3,390,315.67	254,910,447.38
3.2 Capital increased and reduced by owners														
3.2.1 Common shares increased by shareholders														
3.2.2 Capital increased by holders of other equity instruments														
3.2.3 Share-based payments charged to owners' equity														
3.2.4 Other														
3.3 Profit distribution												-534,295,804.56		-534,295,804.56
3.3.1 Appropriation to surplus reserve														
3.3.2 Appropriation to provisions for general risks														
3.3.3 Appropriation to owners (or shareholders)												-534,295,804.56		-534,295,804.56
3.3.4 Other														
3.4 Internal carry-forward of owners' equity														

3.4.1 New increase of capital (or share capital) from capital reserve													
3.4.2 New increase of capital (or share capital) from surplus reserve													
3.4.3 Surplus reserve for making up loss													
3.4.4 Other													
3.5 Special reserve													
3.5.1 Withdrawn for the period													
3.5.2 Used in the period													
3.6 Other													
4. Closing balance	1,272,132,868.00				285,821,459.07		1,156,996,843.39		733,924,951.81		1,258,814,782.00	18,398,382.11	4,726,089,286.38

Amount last year:

Unit: RMB

Item	Same period of last year												
	Equity attributable to owners of the Company (as parent company)											Minorit y interest s	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasur y shares	Other compre hensive income	Specific reserve	Surplus reserve	Provisio ns for general risks	Retaine d earnings		
		Prefer ence shares	Perpet ual bonds	Other									
1. Balance at prior year-end	1,272, 132,86 8.00				296,324 ,375.58		2,212,9 89,156. 02		628,439 ,107.12		613,661 ,381.40	34,193, 330.93	5,057,7 40,219. 05
Add: Changes in accounting policies													
Corrections of previous errors													

Business mergers under same control													
Other													
2. Balance at beginning of the year	1,272,132,868.00				296,324,375.58		2,212,989,156.02		628,439,107.12		613,661,381.40	34,193,330.93	5,057,740,219.05
3. Increase/decrease in the period ("-" means decrease)					-10,502,916.51		-1,079,017,783.77		105,485,844.69		950,954,544.59	-19,185,264.49	-52,265,575.49
3.1 Total comprehensive income							-1,079,017,783.77				1,072,342,050.13	914,343,610.61	-5,761,390.03
3.2 Capital increased and reduced by owners					-10,508,536.76							-13,811,685.01	-24,320,221.77
3.2.1 Common shares increased by shareholders												10,000,000.00	10,000,000.00
3.2.2 Capital increased by holders of other equity instruments													
3.2.3 Share-based payments charged to owners' equity													
3.2.4 Other					-10,508,536.76							-23,811,685.01	-34,320,221.77
3.3 Profit distribution					5,620.25				105,485,844.69		-121,387,505.54	-6,287,923.09	-22,183,963.69
3.3.1 Appropriation to surplus reserve									105,485,844.69		-105,485,844.69		
3.3.2 Appropriation to provisions for general risks													
3.3.3											-15,901,000.00	-6,287,923.09	-22,183,963.69

Appropriation to owners (or shareholders)											660.85	923.09	583.94
3.3.4 Other					5,620.25								5,620.25
3.4 Internal carry-forward of owners' equity													
3.4.1 New increase of capital (or share capital) from capital reserve													
3.4.2 New increase of capital (or share capital) from surplus reserve													
3.4.3 Surplus reserve for making up loss													
3.4.4 Other													
3.5 Special reserve													
3.5.1 Withdrawn for the period													
3.5.2 Used in the period													
3.6 Other													
4. Closing balance	1,272,132,868.00				285,821,459.07		1,133,971,372.25		733,924,951.81		1,564,615,925.99	15,008,066.44	5,005,474,643.56

Legal representative: He Yong

Accounting head for this Report: Liu Xingming

Head of the accounting department: Tang Qionglan

## 8. Statement of Changes in Owners' Equity of the Company (as Parent Company)

Reporting Period:

Unit: RMB

Item	Reporting Period									
	Share capital	Other equity instruments			Capital reserve	Less: Treasury	Other comprehensive	Special reserve	Surplus reserve	Retained
		Prefere	Perpetu	Other						d
Total owners'										

		nce shares	al bonds			shares	nsive income			earnings	equity
1. Balance at prior year-end	1,272,132,868.00				293,425,065.15		1,133,971,372.25		733,924,951.81	1,448,907,867.73	4,882,362,124.94
Add: Changes in accounting policies											
Corrections of previous errors											
Other											
2. Balance at beginning of the year	1,272,132,868.00				293,425,065.15		1,133,971,372.25		733,924,951.81	1,448,907,867.73	4,882,362,124.94
3. Increase/decrease in the period ("-" means decrease)							23,025,471.14			-326,562,742.69	-303,537,271.55
3.1 Total comprehensive income							23,025,471.14			207,733,061.87	230,758,533.01
3.2 Capital increased and reduced by owners											
3.2.1 Common shares increased by shareholders											
3.2.2 Capital increased by holders of other equity instruments											
3.2.3 Share-based payments charged to owners' equity											
3.2.4 Other											
3.3 Profit distribution										-534,295,804.56	-534,295,804.56
3.3.1 Appropriation to											

surplus reserve											
3.3.2 Appropriation to owners (or shareholders)										-534,295,804.56	-534,295,804.56
3.3.3 Other											
3.4 Internal carry-forward of owners' equity											
3.4.1 New increase of capital (or share capital) from capital reserve											
3.4.2 New increase of capital (or share capital) from surplus reserve											
3.4.3 Surplus reserve for making up loss											
3.4.4 Other											
3.5 Special reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used in the period											
3.6 Other											
4. Closing balance	1,272,132,868.00				293,425,065.15		1,156,996,843.39		733,924,951.81	1,122,345,125.04	4,578,824,853.39

Amount last year:

Unit: RMB

Item	Same period of last year										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Other							
1. Balance at prior	1,272,132,868.00				293,419,465.15		2,212,989,843.39		628,439,151.81	515,436,040.00	4,922,417,853.39

year-end	2,868.00				44.90		,156.02		07.12	,926.40	,502.44
Add: Changes in accounting policies											
Corrections of previous errors											
Other											
2. Balance at beginning of the year	1,272,132,868.00				293,419,444.90		2,212,989,156.02		628,439,107.12	515,436,926.40	4,922,417,502.44
3. Increase/decrease in the period (“-” means decrease)					5,620.25		-1,079,017,783.77		105,485,844.69	933,470,941.33	-40,055,377.50
3.1 Total comprehensive income							-1,079,017,783.77			1,054,858,446.87	-24,159,336.90
3.2 Capital increased and reduced by owners											
3.2.1 Common shares increased by shareholders											
3.2.2 Capital increased by holders of other equity instruments											
3.2.3 Share-based payments charged to owners' equity											
3.2.4 Other											
3.3 Profit distribution					5,620.25				105,485,844.69	-121,387,505.54	-15,896,040.60
3.3.1 Appropriation to surplus reserve									105,485,844.69	-105,485,844.69	
3.3.2 Appropriation to owners (or										-15,901,660.85	-15,901,660.85

shareholders)											
3.3.3 Other					5,620.25						5,620.25
3.4 Internal carry-forward of owners' equity											
3.4.1 New increase of capital (or share capital) from capital reserve											
3.4.2 New increase of capital (or share capital) from surplus reserve											
3.4.3 Surplus reserve for making up loss											
3.4.4 Other											
3.5 Special reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used in the period											
3.6 Other											
4. Closing balance	1,272,132,868.00				293,425,065.15		1,133,971,372.25		733,924,951.81	1,448,907,867.73	4,882,362,124.94

Legal representative: He Yong

Accounting head for this Report: Liu Xingming

Head of the accounting department: Tang Qionglan



### III Company profile

#### (I). Overview of the Company

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 October 20, 1992 by raising funds under the approval of YGS (1992) No. 63 Document issued by the Joint Examination Group for Experimental Enterprises in Stock System of Guangdong Province and the Economic System Reform Commission of Guangdong Province, is an enterprise with its shares held by both the corporate and the natural persons. As approved by China Securities Regulatory Commission with Document (1993) No. 33, the Company publicly issued 19.3 million shares of social public shares (A shares) to the public in October 1993, and was listed in Shenzhen Stock Exchange for trade on November 23, 1993. The Company was approved to issue 50,000,000 B shares on July 23, 1995. And, as approved to change into a foreign-invested stock limited company on August 26, 1996 by (1996) WJMZEHZ No. 466 Document issued by the Ministry of Foreign Trade and Economic Cooperation of the People’s Republic of China. On December 11, 2000, as approved by China Securities Regulatory Commission with ZJGS Zi [2000] No. 175 Document, the Company additionally issued 55,000,000 A shares. At approved by the Shareholders’ General Meeting 2006, 2007, 2008 and 2014 the Company implemented the plan of capitalization of capital reserve, after the transfer, the registered capital of the Company has increased to RMB1,272,132,868.00.

Credibility code of the Company: 91440000190352575W

Legal representative: Mr. He Yong

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

#### (II). Business nature and main operating activities

R&D and production of electro-optical source products, electro-optical source equipment and electro-optical accessories, raw materials of electric light sources, lamps & fittings, electrical materials, motorcycle components, household appliances, electric switches, electrical outlets, fire control products, ventilation devices, LED products, lithium ion batteries and relevant materials; domestic and overseas sale of the aforesaid products; relevant engineering consulting services. (Where a license is required, it must be obtained according to the government’s rules before operation.)

#### (III). Approval and Issue of the Financial Report

The Financial Report was approved and authorized for issue by the Board of Directors on August 23, 2017.

#### (IV). Scope of the consolidated financial statements and changes

The consolidation scope of the financial statement including the Company and the 9 subordinate subsidiaries such as Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd., Foshan Chansheng Electronic Ballast Co., Ltd., Foshan Taimei Times Lamps and Lanterns Co., Ltd., Nanjing Fozhao Lighting Components Co., Ltd., FSL (Xinxiang) Lighting Co., Ltd., Foshan Electrical and Lighting New Light Source Technology Co., Ltd., Guangdong Fozhao Leasing Co., Ltd., Foshan Lighting Lamps & Components Co., Ltd. and FSL Zhida Electric Technology Co., Ltd.

### IV Basis for preparation of financial statements

#### 1. Preparation basis

The financial statements of the Company are based on the assumption of continuing operation, and are prepared according to the actual transactions and events, the *Accounting Standards for Business Enterprises - Basic Standards* issued by the Ministry of Finance (Decree No. 33 of the Ministry of Finance, revised by Decree No. 76 of the Ministry of Finance), 41 specific accounting standards, the guidelines on the application of accounting standards for business enterprises, the interpretation of accounting standards for business enterprises and other relevant provisions (hereinafter referred to as the *Accounting Standards for Business Enterprises*) promulgated and revised on and after February 15, 2006, as well as the disclosure requirements of *Rules for the Information Disclosure of Companies Publicly Issuing Securities No. 15 - General Provisions on Financial Reporting* of China Securities Regulatory Commission (Revised 2014).

According to the relevant provisions of the Accounting Standards for Business Enterprises, the Company's accounting is based on accrual basis. Except certain financial instruments, these financial statements are based on historical costs. The amount of non-current assets held for sale is valued at fair value less the estimated amount and the original book value at the time when the conditions for sale are satisfied, whichever is lower. If the asset is impaired, the corresponding provision for impairment shall be made in accordance with the relevant provisions.

#### 2. Continuation

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

### V Important accounting policies and estimations

Reminders of the specific accounting policies and accounting estimations:

Naught

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

The financial statements prepared by the Group are in compliance with 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 and ends on December 31 according to the Gregorian calendar.

### 3. Operating cycle

A normal operating cycle refers to a period from the Group purchasing assets for processing to realizing cash or cash equivalents. An operating cycle for the Group 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 its subsidiaries, as well as for the consolidated financial statements.

### 5. Accounting treatment methods for business combinations under the same control or not under the same control

A business combination refers to a transaction or event that combines two or more separate businesses to form a reporting entity. Business combinations are divided into the combination under the same control and the combination under different controls.

#### (1) Business combinations under the same control

A business combination under the same control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business combination and on which the control is not temporary. For the combination under the same control, the party obtaining control over other companies involved in the combination on the combination day is the combining party, and other companies are combined parties. Combination day is the date on which the obtaining party actually obtains control over the combined parties.

The assets and liabilities acquired by the combining party are measured at the book value of the combined parties at the date of combination. The capital reserve (share premium) is adjusted by the difference between the book value of the net assets obtained by the combining party and the book value of the paid combination consideration (or total nominal value of the issued shares); if the capital reserve (share premium) is insufficient to offset, adjust the retained earnings.

The direct costs incurred by the combining party in the conduct of the business combination shall be recorded into the current profits and losses when incurred.

#### (2) Business combinations not under the same control

It is business combination under different controls if the companies involved in the combination are not subject to the final control of the same party or same multiple parties before and after the combination. For the combination under different controls, the party obtaining control over other companies involved in the combination on the combination day is the combining party, and other companies are combined parties. Combination day is the date on which the obtaining party actually obtains control over the combined parties.

For the combination under different controls, the costs of combination include the assets paid, liabilities incurred or assumed by the purchaser and the fair value of the equity securities issued by the purchaser for the acquisition of the acquiree, and the audit fees, legal services, assessment consulting and other intermediary service fees and other management fees incurred for the business combination are included in the current profits and losses. The transaction costs of the equity securities or debt securities issued by the purchaser as combination consideration shall be included in the initial recognized amount of the equity securities or the debt securities. The involved contingent consideration shall be included in the combination cost at the fair value at the purchase date, and if contingent consideration should be adjusted due to new or further evidence within 12 months after the purchase date, the consolidated goodwill should be adjusted accordingly. The combination costs incurred by the acquirer

and the identifiable net assets acquired in the combination are measured at the fair value at the acquisition date.

The difference of the combination cost greater than the fair value of the identifiable net assets of the acquiree acquired at the acquisition date is recognized as goodwill. If the combination cost is less than the fair value of the identifiable net assets of the acquiree acquired in the combination, the fair value of the identifiable assets, liabilities and contingent liabilities of the acquiree and the measurement of the combination costs shall be reviewed first. If the combination cost is still less than the fair value of the identifiable net assets of the acquiree acquired in the combination, the difference shall be recorded into the current profits and losses.

If the deductible temporary difference obtained by the purchaser from the acquiree has not been confirmed on the date of purchase due to the non-compliance with the recognition criteria of deferred income tax assets, the relevant deferred income tax assets shall be recognized and the goodwill shall be reduced if new or further information is obtained within 12 months after the date of purchase showing that the relevant circumstances are already present and it is expected that the economic benefits brought by the deductible temporary difference of the acquiree on the date of purchase may be realized. If the goodwill is insufficient to offset, the difference shall be recognized as profit or loss for the current period. Except for the above, the deferred income tax assets related to the business combination shall be recognized and included in the current profits and losses.

## **6. Methods for preparing consolidated financial statements**

### **(1) Principle of determining the scope of consolidation**

The scope of consolidation of the consolidated financial statements of the Company is determined on the basis of control. Control means that the Company has the right to invest in the investee and enjoy a variable return through the participation of the relevant activities of the investee, and has the ability to use the power over the investee to affect the amount of its return. The scope of consolidation includes the Company and all subsidiaries. Subsidiary means the subject controlled by the Company.

The Company will conduct a reassessment once the changes in the relevant facts and circumstances result in the changes to the relevant elements of aforesaid control definition.

### **(2) Principles, procedures and methods for the preparation of consolidated statements**

The Company starts to incorporate it into the scope of consolidation from the date of obtaining the actual control over the net assets and decision-making of production and operation of the subsidiaries, and ceases to incorporate it in the scope of consolidation from the date of losing the actual control. For the disposed subsidiaries, the operating results and cash flow before the date of disposal have been properly included in the consolidated income statement and consolidated cash flow statement; for the subsidiaries disposed in current period, the beginning amount of the consolidated balance sheet isn't adjusted. For the subsidiaries added due to the business combination under different controls, the operating results and cash flow after the date of purchase have been properly included in the consolidated income statement and the consolidated cash flow statement, and the beginning amount and the contrast amount of the consolidated financial statements are not adjusted. For the subsidiaries added due to the business combination under same control, the operating results and cash flow from the period begin of the combination to the date of combination have been properly included in the consolidated income statement and the consolidated cash flow statement, and the contrast amount of the consolidated financial statements is adjusted at the same time.

In the preparation of the consolidated financial statements, if the subsidiaries are inconsistent with the accounting policies or accounting periods adopted by the Company, the necessary adjustments shall be made to the financial statements of the subsidiaries in accordance with the Company's accounting policies and accounting periods. For subsidiaries acquired by business combination under different controls, the financial statements shall be adjusted on the basis of the fair value of the identifiable net assets at the acquisition date.

As for the subsidiaries acquired from the enterprise combine not under the same control, the individual financial statement should be adjusted based on the fair value of the identifiable net assets on the purchase date when compiling the consolidated financial statements; as for the subsidiaries acquired from the enterprise combine under the same control, should be regarded as exist as the current state when each involved combine party starting to execute the control in the ultimate control party, and should include the assets, liabilities, operating results and the cash flow in the consolidated financial statements since the year-begin of the combine period and to adjust the previous compared financial statement according to the above principles.

All significant balances, transactions and unrealized profits in the Company are set off at the time of preparation of the consolidated financial statements.

The part of shareholders' equity and the net profit or loss for the current period of the subsidiaries that are not of the Company are listed in shareholders' equity and net profits in the consolidated financial statements as the minority interests and minority gains and losses separately. The share of minority interests in the current net profit or loss of the subsidiaries is presented under the item "Minority gains and losses" under the net profit item of the consolidated income statement. The losses shared by the minority shareholders of the subsidiary exceeding its share in the shareholders' equity at the period beginning still off set the minority shareholders' equity.

## **7. Classification of joint arrangements and accounting treatment of joint operations**

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

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

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

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

## **8. Recognition standard for cash and cash equivalents**

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

## **9. Foreign currency and accounting method for foreign currency**

### **(1) Foreign currency business**

Foreign currency shall be recognized by employing systematic and reasonable methods, and shall be translated into the amount in the functional currency at the exchange rate which is approximate to the spot exchange rate of the transaction date. On the balance sheet date, the foreign currency monetary items shall be translated at the spot exchange rate. The balance of exchange arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition or prior to the balance sheet date shall be

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

## (2) Translation of foreign currency financial statements

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

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

## 10. Financial instruments

### (1) Classification, recognition and measurement of financial assets

Financial assets shall be classified into the following four categories when they are initially recognized: financial assets measured at fair value and of which variations are recorded in the profits and losses for the current period, loans and the account receivables, financial assets available for sale and the investments which will be held to their maturity.

① Financial assets measured at fair value and of which variations are recorded in the profits and losses for the current period refer to financial assets held by the Company for the purpose of selling in the near future, including transactional financial assets, or financial assets designated by the management in the initial recognition to be measured at fair value with variations recorded in the gains and losses for the current period. Financial assets measured at fair value and of which variations are recorded in the profits and losses for the current period are subsequently measured at their fair values. Interest or cash dividends arising from such assets during the holding period are recognized as investment gains. Gains or losses arising from fair value changes are recorded in the gains and losses for the current period at the end of the Reporting Period. When such assets are disposed, the difference between their fair values and initially recognized amounts is recognized as investment gains and the gains and losses arising from fair value changes are adjusted accordingly.

② Loan and accounts receivable: the non-derivative financial assets for which there is no quoted price in the active market and of which the recoverable amount is fixed or determinable shall be classified as loan and accounts receivable. The Company shall make subsequent measurement on its loan and accounts receivable on the basis of the post-amortization costs by adopting the actual interest rate, from which gains and losses, when loan and accounts receivable are terminated from recognizing, or are impaired or amortized, shall be recorded into the profits and losses of the current period.

③ Available-for-sale Financial Assets: the non-derivative financial assets which are designated as available-for-sale financial assets when they are initially recognized as well as the non-derivative financial assets other than loans and accounts receivables, investments held until their maturity; and transaction financial assets. The Company shall make subsequent measurement on available-for-sale financial assets at fair value and

recognize the interests or the cash bonus acquired the holding period as the investment income, as well as directly include the profits or losses formed by the changes of the fair value into the owners' equity at the period-end, until the said financial assets shall be transferred out when they are terminated from recognizing or are impaired, which shall be recorded into the profits and losses of current period.

④ Held-to-maturity Investments: non-derivative financial asset with a fixed date of maturity, a fixed or determinable recoverable amount and which the Company's management holds for a definite purpose or the Company's management is able to hold until its maturity. The Company shall make subsequent measurement on its Held-to-maturity Investments on the basis of the post-amortization costs by adopting the actual interest rate, from which gains and losses, when loan and accounts receivable are terminated from recognizing, or are impaired or amortized, shall be recorded into the profits and losses of the current period.

## (2) Classification, Recognition and Measurement of Financial Liabilities

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

① As for the financial liabilities measured by fair value and its changes be included in the current gains and losses, which including trading financial liabilities and the financial liabilities be appointed to be measured by fair value with the changes be included in the current gains and losses when being initially recognized, should be executed subsequent measurement according to the fair value with the profits or losses formed by the changes of the fair value be included in the current gains and losses.

② Other financial liabilities: The Company shall make subsequent measurement on its other financial liabilities on the basis of the post-amortization costs by adopting the actual interest rate, from which gains and losses, when other financial liabilities are terminated from recognizing or amortized, shall be recorded into the profits and losses of the current period.

## (3) Recognition and measurement of financial asset transfers

As for the Company transferred nearly all of the risks and rewards related to the ownership of a financial asset to the transferee, should derecognize the financial assets; as for maintained nearly all of the risks and rewards related to the ownership of a financial asset, should continue to recognize the transferred financial assets and recognize the received counter price as a financial liability. Where the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset (that is to say, it is not under a circumstance as mentioned in Article 7 of these Standards), it shall deal with it according to the circumstances as follows, respectively: (1) If it gives up its control over the financial asset, it shall stop recognizing the financial asset; (2) If it does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly.

If the transfer of an entire financial asset satisfies the conditions for stopping recognition, the difference between the amounts of the following 2 items shall be recorded in the profits and losses of the current period: (1) The book value of the transferred financial asset; (2) the sum of consideration received from the transfer, and the accumulative amount of the changes of the fair value originally recorded in the owner's equities.

If the transfer of partial financial asset satisfies the conditions to stop the recognition, the entire book value of the transferred financial asset shall, between the portion whose recognition has been stopped and the portion whose recognition has not been stopped, be apportioned according to their respective relative fair value, and the difference between the amounts of the following 2 items shall be included into the profits and losses of the current

period: (1)The book value of the portion whose recognition has been stopped; (2)The sum of consideration of the portion whose recognition has been stopped, and the portion of the accumulative amount of the changes in the fair value originally recorded in the owner's equities which is corresponding to the portion whose recognition has been stopped.

#### (4) De-recognition conditions of financial liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly. Where the Group (debtor) enters into an agreement with a creditor so as to substitute the existing financial liabilities by way of any new financial liability, and if the contractual stipulations regarding the new financial liability is substantially different from that regarding the existing financial liability, it terminates the recognition of the existing financial liability, and at the same time recognizes the new financial liability. If executed practical modification on the whole or part of the contract regulations of the existing financial liabilities, should terminate to recognize the existing financial liabilities or certain part of it and at the same time recognize the revised financial liabilities as a new financial liabilities.

Where the recognition of a financial liability is totally or partially terminated, the enterprise concerned shall include into the profits and losses of the current period for the gap between the book value which has been terminated from recognition and the considerations it has paid (including the non-cash assets it has transferred out and the new financial liabilities it has assumed).

If the Company re-purchase part of the financial liabilities, should distribute the whole book value of the financial liabilities according to the comparatively fair value between the continued reorganization part and the terminated reorganization part on the re-purchase date. And the difference between the book value distributed to the terminated recognition part and the counter price of the paid part (including the rolled out non-cash assets or the new financial liabilities undertook) should be included in the current gains and losses.

#### (5) Recognition method of the fair value of the financial assets and the financial liabilities

As for the financial instruments for which there is an active market, the quoted prices in the active market shall be used to determine the fair values thereof. Where there is no active market for a financial instrument, the Company concerned shall adopt value appraisal techniques to determine its fair value. The value appraisal techniques mainly include the prices adopted by the parties, who are familiar with the condition, in the latest market transaction upon their own free will, the current fair value obtained by referring to other financial instruments of the same essential nature, the cash flow capitalization method and the option pricing model, etc.

#### (6) Impairment test of financial assets (excluding the accounts receivable) and withdrawal method of impairment provision

The Company inspects the book value of the financial assets on the balance sheet date to judge whether there are evidences indicate that the financial assets had occurred impairment owing to the occurrence of one or multiple events.

As for the measurement for impairment of financial assets measured on the basis of the post-amortization costs, where there is any objective evidence proving that a financial asset measured on the basis of post-amortization costs is impaired, should be recognized by the carrying amount of the difference between the said financial asset which shall be written down to the current value of the predicted future cash flow (excluding the loss of future credits not yet occurred) and the amount of the as written down which shall be recognized as loss of the impairment of the asset. When calculating the current value of the estimated future cash flow, should adopt the original effective interests' rate of the financial assets as the discount rate. The book value of the assets should be written down to the estimated recoverable amount through impairment provision items with the written down amount be included in the current gains and losses. As for the financial assets with individual significant amount, should adopt the individual assessment for ensure whether there are objective evidences indicate the impairment



provision and as for the other assets with insignificant amount, should be inspected by individual or group assessment for ensure whether there are objective evidences indicate the impairment provision.

As for the financial assets measured by cost, if there are evidences indicate the impairment of the financial instruments without market price which had not measured by fair value because the fair value could not be reliable measured, the amount of the impairment losses should be measured by the difference between the book value of the financial assets and the current value of the estimated future cash flow acquired from the discounting measurement of the current market return rate of the similar financial assets.

Where an available-for-sale financial asset is impaired, the accumulative losses arising from the decrease of the fair value of the owner's equity which was directly included shall be transferred out and recorded into the profits and losses of the current period.

## 11. Receivables

### (1) Accounts receivable with significant single amount for which the bad debt provision is made individually

Definition or amount criteria for an account receivable with a significant single amount	Top five accounts receivable with the largest balances or accounts accounting for over 10% of the total balance of receivables.
Making separate bad-debt provisions for accounts receivable with a significant single amount	For an account receivable with a significant single amount, the impairment test shall be carried out on it separately. If there is any objective evidence of impairment, the impairment loss is recognized and the bad-debt provision is made according to the difference between the present value of the account receivable's future cash flows and its carrying amount. As for non-significant accounts receivable for which separate impairment provisions are not necessary as proved by the impairment test, as well as other significant accounts receivable that have not been impaired as proved by a separate impairment test, they shall be grouped according to their credit risks and account ages, and then the impairment test is carried out on a group basis.

### (2) Accounts receivable which the bad debt provision is withdrawn by credit risk characteristics

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

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

√ Applicable □ Not applicable

Aging	Withdrawal proportion of account receivables	Withdrawal proportion of other account receivables
Within 1 year (including 1 year)	3.00%	3.00%
1 to 2 years	10.00%	10.00%

2 to 3 years	30.00%	30.00%
3 to 4 years	50.00%	50.00%
4 to 5 years	80.00%	80.00%
Over 5 years	100.00%	100.00%

In the groups, those adopting balance percentage method to withdraw bad debt provision

☐ Applicable ☒ Not applicable

In the groups, those adopting other methods to withdraw bad debt provision:

☐ Applicable ☒ Not applicable

### (3) Accounts receivable with an insignificant single amount but for which the bad debt provision is made independently

Reason of individually withdrawing bad debt provision	There are definite evidences indicate the obvious difference of their returnability
Withdrawal method for bad debt provision	Withdraw the bad debt provision according to the difference of which the future cash flow lower than the book value.

## 12. Inventory

Is the Company subject to any disclosure requirements for special industries?

No.

### (1) Classification of inventory

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

### (2) Pricing method of inventory sent out

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

### (3) Basis for determining the net realizable value of inventory and the method of withdrawal for inventory impairment

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

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

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

### (4) Inventory system

The inventory system of the Company is perpetual inventory.

(5) Amortization method of turnover materials

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

The packaging is amortized in one-off method.

### 13. Divided as assets held for sale

The Company divides the non-current financial assets which simultaneously meet with the following conditions (excluding financial assets) as the assets held for sale: ① the composition part should and could be immediately sold only according to the usual and idiomatic clauses of selling such composition part under the current circumstance; ② had made a solution on the disposing of the composition part; ③ had signed a irrevocable transfer agreement with the transferee; ④ the transfer probably be completed within 1 year.

The assets classified as separate non-current assets and disposal groups held for sale are presented separately in the current assets of the balance sheet; liabilities classified as associated with the transferred assets in the disposal group held for sale are presented separately in the current liabilities of the balance sheet.

For an asset or disposal group classified as held for sale but no longer meets the conditions for recognition of non-current assets held for sale, the Company ceases to classify it as held for sale and measure according to the amount of the following two items, whichever is lower:

1. The book value of the asset or disposal group before being classified as held for sale is measured by the amount adjusted according to the depreciation, amortization or impairment that should be recognized as it isn't classified as held for sale.
2. The recoverable amount at the date decided not to sell.

### 14. Long-term equity investments

Long-term equity investment refers to the Company's long-term equity investment with control, joint control or significant influence on the investee. The long-term equity investment of the Company which has no control, joint control or significant influence on the investee is accounted for as financial assets available-for-sale or financial assets at fair value and changes recognized in profit or loss for the current period. For details of accounting policies, please refer to *Note 5: Important accounting policies and accounting estimates*, and *Note 10: Financial instruments*.

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

#### 1. Investment cost recognition for long-term equity investments

(1) For the merger of enterprises under the same control, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment, and the direct relevant expenses occurred for the merger of enterprises shall be included into the profits and losses of the current period.

(2) For the merger of enterprises not under the same control, The combination costs shall be the fair values, on the acquisition date, of the assets paid, the liabilities incurred or assumed and the equity securities issued by the Company in exchange for the control on the acquiree, and all relevant direct costs incurred to the acquirer for the business combination. Where any future event that is likely to affect the combination costs is stipulated in the

combination contract or agreement, if it is likely to occur and its effects on the combination costs can be measured reliably, the Company shall record the said amount into the combination costs.

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

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

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

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

## 2. Subsequent measurement of long-term equity investment and recognized method of profit/loss

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

### (1) Long-term equity investment accounted by cost method

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

### (2) Long-term equity investment accounted by equity method

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

When the equity method is used for accounting, the investment income and other comprehensive income shall be recognized separately according to the net profit or loss and other comprehensive income realized by the investee, and the book value of the long-term equity investment shall be adjusted at the same time. The part entitled shall be calculated according to the profits or cash dividends declared by the investee, and the book value of the long-term equity investment shall be reduced accordingly. For other changes in the owner's equity other than the net profit or loss, other comprehensive income and profit distribution of the investee, the book value of the long-term equity investment shall be adjusted and included in the capital reserve. When the share of the net profit or loss of the investee is recognized, the net profit of the investee shall be adjusted and recognized according to the fair value of the identifiable assets of the investee when the investment is made. If the accounting policies and accounting periods adopted by the investee are inconsistent with the Company, the financial statements of the investee shall be adjusted according to the accounting policies and accounting periods of the Company and the investment income and other comprehensive income shall be recognized accordingly. For the transactions between the Company and associates and joint ventures, if the assets made or sold don't constitute business, the unrealized gains and losses of the internal transactions are offset by the proportion attributable to the Company, and the investment gains and losses are recognized accordingly. However, the loss of unrealized internal transactions incurred by the Company and the investee attributable to the impairment loss of the transferred assets shall not be

offset. If the assets made to associates or joint ventures constitute business, and the investor makes long-term equity investment but does not obtain the control, the fair value of the investment shall be taken as the initial investment cost of the new long-term equity investment, and the difference between initial investment and the book value of the investment is fully recognized in profit or loss for the current period. If the assets sold by the Company to joint ventures or associates constitute business, the difference between the consideration and the book value of the business shall be fully credited to the current profits and losses. If the assets purchased by Company from joint ventures or associates constitute business, conduct accounting treatment in accordance with the provisions of *Accounting Standard for Business Enterprises No. 20 - Business combination*, and the profits or losses related to the transaction shall be recognized in full.

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

### (3) Acquisition of minority interests

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

### (4) Disposal of long-term equity investment

In the consolidated financial statements, the parent company partially disposes of the long-term equity investment in the subsidiary without the loss of control, and the difference between the disposal price and the net assets of the subsidiary corresponding to the disposal of the long-term equity investment is included in the shareholders' equity. If the disposal of long-term equity investment in subsidiaries results in the loss of control over the subsidiaries, handle in accordance with the relevant accounting policies described in *Note 5: Important accounting policies and accounting estimates*, and *Note 6: Preparation method of consolidated financial statements*.

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

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

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

### 3. Impairment provisions for long-term equity investments

For the relevant testing method and provision making method, see “22. Impairment of long-term assets” herein.

## 15. Investment real estates

Measurement mode of investment real estates

Not applicable

## 16. Fixed assets

### (1) Recognition conditions

Fixed assets of the Company refers to the tangible assets that simultaneously possess the features as follows: they are held for the sake of producing commodities, rendering labor service, renting or business management; and their useful life is in excess of one accounting year and unit price is higher. No fixed assets may be recognized unless it simultaneously meets the conditions as follows:

① The economic benefits pertinent to the fixed asset are likely to flow into the Company; and ② The cost of the fixed asset can be measured reliably.

### (2) Depreciation method

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

### (3) Recognition basis, pricing and depreciation method of fixed assets by finance lease

Not applicable

## 17. Construction in Progress

### 1. Pricing of construction in progress

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

### 2. Standard and time of construction in progress carrying forward into fixed assets

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

(1) The physical construction (including installation) of fixed assets has been completed or substantially

completed;

(2) Has been produced or run for trial, and the results indicate that the assets can run normally or can produce stable products stably, or the results of the trial operation show that it can operate normally;

(3) The amount of the expenditure on the fixed assets constructed is little or almost no longer occurring;

(4) The fixed assets purchased have reached the design or contract requirements, or basically in line with the design or contract requirements.

### 3. Provision for impairment of construction in progress

Please refer to *Note 5: Important accounting policies and accounting estimates* and *Note 22: Long-term deferred expenses* for the impairment test method and provision for impairment of construction in progress.

## 18. Borrowing costs

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

### 1. Principle of capitalization of borrowing costs

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

### 2. Capitalization period of borrowing costs

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

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

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

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

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

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

(2) Where the general borrowing is occupied for the acquisition or construction of assets eligible for capitalization, the Company multiplies the weighted average of the asset expenditure of the accumulated asset expenditure

exceeding the special borrowing by the capitalization rate of the general borrowing to calculate the amount of interest that should be capitalized for general borrowings. The capitalization rate is determined based on the weighted average interest rate of general borrowings.

## 19. Biological assets

Not applicable

## 20. Oil-gas assets

Not applicable

## 21. Intangible assets

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

#### 1. Recognition criteria of intangible assets

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

#### 2. Initial measurement of intangible assets

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

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

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

#### 3. Subsequent measurement of intangible assets

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

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

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

The impairment test method and withdrawal method for impairment provision of intangible assets are detailed in *Note 5: Significant accounting policies and accounting estimates*, and *Note 22: 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 asset have market or the proof of its usefulness if the intangible asset has market and will be used internally;
- (4) Have sufficient technical, financial resources and other resources to support the development of the intangible assets and the ability to use or sell the intangible assets;
- (5) Expenditure attributable to the development stage of intangible assets can be measured reliably.

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

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

## 22. Impairment of long-term assets

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

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

The book value of the goodwill presented separately in the financial statements shall be apportioned to the asset

group or portfolio of asset groups that is expected to benefit from the synergies of the business combination when the impairment test is conducted. The corresponding impairment loss is recognized if the test results indicate that the recoverable amount of the asset group or portfolio of asset groups containing the apportioned goodwill is lower than its book value. The amount of the impairment loss shall offset the book value of the goodwill apportioned to the asset group or portfolio of asset groups, and offset the book value of other assets in proportion according to the proportion of the book value of other assets except the goodwill in the asset group or portfolio of asset groups. Once the impairment loss of the above asset is recognized, the portion that the value is restored will not be written back in subsequent periods.

### **23. Amortization method of long-term deferred expenses**

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

### **24. Payroll**

#### **(1) Accounting treatment of short-term compensation**

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

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

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

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

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

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

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

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

## 25. Estimated liabilities

### (1) Recognition of estimated debts

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

### (2) Measurement of estimated debts

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

## 26. Share-based payment

Not applicable

## 27. Other financial instruments such as preferred shares and perpetual capital securities

Not applicable

## 28. Revenue

Is the Company subject to any disclosure requirements for special industries?

No.

### (1) Sale of goods

No revenue from selling goods may be recognized unless the following conditions are met simultaneously: ① The significant risks and rewards of ownership of the goods have been transferred to the buyer by the Company; ② The Company retains neither continuous management right that usually keeps relation with the ownership nor effective control over the sold goods; ③ The revenue amount could be reliably measured; and ④ The relevant economic benefits may flow into the Company, and the relevant cost which had occurred or will occur could be reliably measured.

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

① Method for recognition of the domestic sale income: According to the buyer’s requirements, the Company delivers to the buyer the products that have been considered qualified upon examination. The amount of the

income has been determined and the sales invoice has been issued. The payment for the delivered products has been received in full or is expectedly recoverable.

② Method for recognition of the export income: The Company produces the products according to the contract signed with the buyer. After the products have been examined as qualified, the Company completes the customs clearing procedure for export. The shipping company loads the products for shipping. The amount of the income has been determined and the export sales invoice has been issued. The payment for the delivered products has been received in full or is expectedly recoverable.

## 2. Provision of labor services

In the case that the results of the labor service transaction can be reliably estimated, the income from the provision of labor services shall be recognized at the balance sheet date by the percentage of completion method according to the progress of the labor transaction.

The result of the provision of labor services can be reliably estimated refers that all the following conditions are met: ① The amount of income can be measured reliably; ② The relevant economic benefits are likely to inflow to the enterprise; ③ The progress of the transaction can be reliably determined; ④ The cost incurred and to be incurred in the transaction can be measured reliably.

If the result of the provision of labor services can't be reliably estimated, the income from the provision of labor services shall be recognized according to the cost of labor services that have incurred and are expected to be compensated, and the cost of labor services that have incurred is recognized as the current expenses. If the cost of labor services already incurred isn't expected to be compensated, the income will not be recognized.

If the contract or agreement between the Company and other enterprises includes the sale of goods and the provision of labor services, and the sale of goods and the provision of labor services can be distinguished and measured separately, the sale of goods and the provision of labor services shall be dealt with separately; if the sale of goods and the provision of labor services can't be distinguished or can't be measured separately, the contract will be treated as sale of goods.

## 3. Income from transferring the right to use assets

The operating income is calculated and recognized according to the time and method stipulated by relevant contracts and agreements.

## 4. Interest income

Recognized when all the following conditions are met: ① The amount of income can be measured reliably; ② Economic benefits related to the transaction can inflow.

# 29. Government Subsidies

## (1) Judgment basis and accounting treatment of government subsidies related to assets

The Company defines government subsidies obtained for acquisition, construction or otherwise formation of long-term assets as government subsidies related to assets. If the government documents do not specify the subsidy object, the subsidies are divided into income-related subsidies and assets-related subsidies in the following method: (1) If the specific items for which the subsidy is targeted are stipulated in government documents, divide according to the relative proportion of the amount of expenditure that forms assets and the amount of expenditure included in the cost in the budget for that particular project, and the proportion shall be reviewed at each balance sheet date and changed as necessary; (2) it is income-related government subsidies if the government documents only have a general statement of the purpose and do not specify a specific project.

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

measured at their nominal amounts shall be directly included in the current profits and losses.

## **(2) Judgment basis and accounting treatment of government subsidies pertinent to incomes**

Other government subsidies than those recognized as government subsidies pertinent to assets in (1) above are government subsidies pertinent to incomes.

The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows: those subsidies used for compensating the related future expenses or losses of the enterprise shall be recognized as deferred income and shall included in the current profits and losses during the period when the relevant expenses are recognized; or those subsidies used for compensating the related expenses or losses incurred to the enterprise shall be directly included in the current profits and losses.

## **30. Deferred income tax assets/deferred income tax liabilities**

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

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

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

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

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

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

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

## **31. Lease**

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

For the lessee of the operating lease, the rent expenses from operating leases shall be recorded by the lessee in the relevant asset costs or the profits and losses of the current period by using the straight-line method over each

period of the lease term. The initial direct costs shall be recognized as the profits and losses of the current period; the contingent rents shall be recorded into the profits and losses of the current period in which they actually arise. A lessor shall include the assets subject to operating leases in relevant items of its balance sheets in light of the nature of the asset; The rents from operating leases shall be recorded in the profits and losses of the current period by using the straight-line method over each period of the lease term; the initial direct costs incurred to a lessor shall be recorded into the profits and losses of the current period. As for the fixed assets subject to operating leases, the lessor shall calculate the depreciation of it by adopting depreciation policy for similar assets; as for other leased assets, systematic and reasonable methods shall be adopted for its amortization; the contingent rents shall be recorded in the profits and losses of the period in which they actually arise.

## **(2) Accounting treatments of financial lease**

On the lease beginning date, a lessee shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges; the initial direct costs such as commissions, attorney's fees and traveling expenses, stamp duties directly attributable to the leased item incurred during the process of lease negotiating and signing the leasing agreement shall be recorded in the asset value of the current period; when amortizing the unrecognized financial charges during each period within the lease term, should recognize the current financial expenses by the actual interests rate; and the contingent rental should be included the current gains and losses when actually arise. When a lessee calculates the present value of the minimum lease payments, if it can obtain the lessor's interest rate implicit in the lease, it shall adopt the interest rate implicit in the lease as the discount rate. Otherwise, it shall adopt the interest rate provided in the lease agreement as the discount rate. In case the lessee cannot obtain the lessor's interest rate implicit in the lease and no interest rate is provided in the lease agreement, the lessee shall adopt the borrowing interest rate of the bank for the same period as the discount rate. If it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life. On the beginning date of the lease term, a lessor shall recognize the sum of the minimum lease receipts on the lease beginning date and the initial direct costs as the entering value in an account of the financing lease values receivable, and record the unguaranteed residual value at the same time; the balance between the sums of the minimum lease receipts, the initial direct costs and the unguaranteed residual value, and the sum of their present values shall be recognized as unrealized financing income; the unrealized financing income shall be allocated to each period during the lease term; the lessor shall calculate the financing income at the current period by adopting the effective interest rate method; contingent rents shall be recognized as an expense in the period in which they are actually incurred.

## **32. Other significant accounting policies and estimates**

Not applicable

## **33. Changes in main accounting policies and estimates**

### **(1) Change of accounting policies**

☐ Applicable ☒ Not applicable

**(2) Significant changes in accounting estimates**

☐ Applicable ☒ Not applicable

**34. Other**

Naught

**VI Taxes****1. Main taxes and tax rates**

Category of tax	Taxable amount	Tax rate
VAT	Balance after the offset of output and input VAT	11%、17%
Urban maintenance and construction tax	Turnover tax payable	7%、5%
Enterprise income tax	Taxable income	15%、25%
Educational surtax	Turnover tax payable	3%
Local educational surtax	Turnover tax payable	2%

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

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

**2. Tax preference**

The Company passed the re-examination for the First Batch High-tech Enterprise in 2014 on March 17, 2015, as well as won the “Certificate of High-tech Enterprise” with serial number GR201444001411 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 January 1, 2014.

**3. Other**

Paid according to the relevant regulation of the tax law.

**VII. Notes to Main Items of Consolidated Financial Statements****1. Monetary funds**

Unit: RMB

Item	Closing balance	Opening balance
Cash on hand	53,479.90	13,058.91
Bank deposits	806,670,784.99	1,477,005,924.93
Other currency funds	8,313,754.40	2,264,658.70
Total	815,038,019.29	1,479,283,642.54

Other notes

**2. Financial assets measured by fair value and the changes be included in the current gains and losses**

Naught

**3. Derivative financial assets**

☐ Applicable ☒ Not applicable

**4. Notes receivable****(1) Notes receivable listed by category**

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bill	26,434,680.74	67,925,843.74
Total	26,434,680.74	67,925,843.74

**(2) Notes receivable pledged by the Company at the period-end**

Naught

**(3) 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	Amount of not terminated recognition at
------	--	---



	period-end	the period-end
Bank acceptance bill	120,858,754.05	
Total	120,858,754.05	

#### (4) Notes transferred to accounts receivable because drawer of the notes fails to executed the contract or agreement

Naught

Other notes

The closing balance of the notes receivable decreased of RMB 41,491,163.00yuan by 61.08 % over the period-begin, which was mainly due to the increase of payment for goods by endorsing the received bank acceptance bill.

### 5. Accounts receivable

#### (1) Accounts receivable disclosed by category

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable with significant single amount for which bad debt provision separately accrued	10,062,378.10	1.11%	10,062,378.10	100.00%		10,064,664.92	1.59%	10,064,664.92	100.00%	
Accounts receivable withdrawn bad debt provision according to credit risks characteristics	899,878,370.83	98.89%	37,444,503.88	4.16%	862,433,866.95	624,003,551.87	98.41%	28,745,597.87	4.61%	595,257,954.00
Total	909,940,748.93	100.00%	47,506,881.98	5.22%	862,433,866.95	634,068,216.79	100.00%	38,810,262.79	6.12%	595,257,954.00

Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

√ Applicable □ Not applicable

Unit: RMB

Accounts receivable(by units)	Closing balance			
	Accounts receivable	Bad debt provision	Withdrawal proportion	Withdrawal reasons
Suzhou Mont Lighting Co., Ltd.	10,062,378.10	10,062,378.10	100.00%	The debtor was at a continuous loss due to the scale and market and other reasons, so now it is not suitable to produce continuously.
Total	10,062,378.10	10,062,378.10	--	--

In the groups, accounts receivable adopting aging analysis method to accrue bad debt provision:

☒ Applicable ☐ Not applicable

Unit: RMB

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Withdrawal proportion
Subitem within 1 year			
Within 1 year	865,599,141.43	25,967,974.24	3.00%
Subtotal within 1 year	865,599,141.43	25,967,974.24	3.00%
1 to 2 years	16,117,550.89	1,611,755.08	10.00%
2 to 3 years	2,434,424.81	730,327.45	30.00%
Over 3 years	15,727,253.70	9,134,447.11	58.08%
3 to 4 years	11,627,150.17	5,813,575.09	50.00%
4 to 5 years	3,896,157.57	3,116,926.06	80.00%
Over 5 years	203,945.96	203,945.96	100.00%
Total	899,878,370.83	37,444,503.88	4.16%

Notes of confirming the basis of the groups:

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision

☐ Applicable ☒ Not applicable

In the groups, accounts receivable adopting other methods to withdraw bad debt provision:

Naught

## (2) Accounts receivable withdraw, reversed or collected during the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB 9,788,103.48yuan; the amount of the reversed or collected part during the Reporting Period was of RMB 0.00.

## (3) The actual write-off accounts receivable

Unit: RMB

Item	Amount
Beijing Senjiyuan Electronic Components Sales Center	339,032.24
Nanjing Weiyiming Photoelectric Technology Co., Ltd	303,567.17
TEERA-MONGKOL INDUSTRY PUBLIC	213,202.93
Chenzhou Wangshengda Materials Co., Ltd	99,999.82
Panjin Panfeng Hardware Sales Co., Ltd	17,018.73
Bureau in Finance in 2013	14,703.90
Other retails accounts	103,959.50
Total	1,091,484.29

Notes of accounts receivable write-off:

The write-off process had been performed for the accounts receivable write-off of the Reporting Period in accordance with the provisions of the Company's bad debt management system.

#### (4) Top 5 of the closing balance of the accounts receivable collected according to the arrears party

Unit: RMB

Name of units	Nature	Amount	Aging
First	Payment for goods	86,950,173.28	Within 1 year
Second	Payment for goods	31,389,810.51	Within 1 year
Third	Payment for goods	25,078,424.52	Within 1 year
Fourth	Payment for goods	18,267,713.00	Within 1 year
Fifth	Payment for goods	14,737,760.00	Within 1 year
Total		176,423,881.31	

#### (5) Account receivable which terminate the recognition owing to the transfer of the financial assets

Naught

#### (6) The amount of the assets and liabilities formed by the transfer and the continues involvement of accounts receivable

Naught

### 6. Prepayment

#### (1) List by aging analysis

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	22,472,029.30	81.17%	25,191,421.39	83.16%
1 to 2 years	742,018.33	2.68%	3,788,046.20	12.51%
2 to 3 years	3,545,685.81	12.81%	616,046.47	2.03%
Over 3 years	925,285.52	3.34%	696,493.05	2.30%
Total	27,685,018.96	--	30,292,007.11	--

## (2) Top 5 of the closing balance of the prepayment collected according to the prepayment target

Unit: RMB

Name of units	Relationship	Closing balance	Aging	Percentage of total amount(%)
First	Non-related relationship	2,900,000.00	2 to 3 years	10.47%
Second	Non-related relationship	2,094,715.75	Within 1 year	7.57%
Third	Non-related relationship	1,996,800.00	Within 1 year	7.21%
Fourth	Non-related relationship	1,199,640.00	Within 1 year	4.33%
Fifth	Non-related relationship	935,476.71	Within 1 year	3.38%
Total		9,126,632.46		32.97%

## 7. Interest receivable

### (1) Category of interest receivable

Unit: RMB

Item	Closing balance	Opening balance
Deposits on a regular basis	2,209,500.00	2,555,260.82
Finance products	1,008,417.15	2,057,145.98
Total	3,217,917.15	4,612,406.80

### (2) Significant overdue interest

Naught

## 8. Dividend receivable

Naught

## 9. Other accounts receivable

### (1) Other accounts receivable disclosed by category

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	38,455,662.27	99.24%	2,439,185.62	6.34%	36,016,476.65	13,527,149.04	97.86%	1,549,488.46	11.45%	11,977,660.58
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	295,120.00	0.76%	295,120.00	100.00%		295,120.00	2.14%	295,120.00	100.00%	
Total	38,750,782.27	100.00%	2,734,305.62	7.06%	36,016,476.65	13,822,269.04	100.00%	1,844,608.46	13.35%	11,977,660.58

Other receivable with single significant amount and withdrawal bad debt provision separately at end of period

☐ Applicable ☒ Not applicable

In the groups, other accounts receivable adopting aging analysis method to withdraw bad debt provision:

☒ Applicable ☐ Not applicable

Unit: RMB

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Subitem within 1 year			
Within 1 year	33,054,794.93	991,643.84	3.00%
Subtotal within 1 year	33,054,794.93	991,643.84	3.00%
1 to 2 years	1,972,699.38	197,269.94	10.00%
2 to 3 years	3,107,684.06	932,305.22	30.00%
Over 3 years	320,483.90	317,966.62	99.21%
3 to 4 years	2,233.32	1,116.66	50.00%
4 to 5 years	7,003.10	5,602.48	80.00%

Over 5 years	311,247.48	311,247.48	100.00%
Total	38,455,662.27	2,439,185.62	6.34%

Notes:

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision:

☐ Applicable ☒ Not applicable

In the groups, other accounts receivable adopting other methods to withdraw bad debt provision:

☐ Applicable ☒ Not applicable

## (2) Bad debt provision withdrawal, reversed or recovered in the report period

The amount of bad debt provision was RMB 889,703.51yuan, the amount of reversed or recovered bad debt provision in the Reporting Period RMB 000.

## (3) Particulars of the actual verification of other accounts receivable during the Reporting Period

Unit: RMB

Item	Amount
Other retails accounts	6.35
Total	6.35

Of which: other significant write-off accounts receivable:

Naught

## (4) Other account receivable classified by account nature

Unit: RMB

Nature	Closing book balance	Opening book balance
VAT export tax refunds	15,120,172.36	
Performance bond	3,095,428.94	1,959,752.60
Staff borrow and deposit	11,854,983.51	5,767,808.81
Water & electricity fees	874,384.16	955,738.35
Advance money for street light construction	3,777,672.16	2,523,547.23
Internal business group	295,120.00	295,120.00
Other	3,733,021.14	2,320,302.05
Total	38,750,782.27	13,822,269.04

## (5) The top five other account receivable classified by debtor at period-end

Unit: RMB

Name of units	Nature	Closing balance	Aging	Proportion%	Closing balance of bad debt provision
First	VAT export tax refunds	15,120,172.36	Within 1 year	39.02%	453,605.17
Second	Advance money for street light construction	3,777,672.16	2 to 3 years	9.75%	794,687.92
Third	Other	1,801,136.00	Within 1 year	4.65%	54,034.08
Fourth	Application fees for certification	1,382,012.61	Within 1 year	3.57%	41,460.38
Fifth	Performance bond	1,332,058.60	Within 1 year	3.44%	39,961.76
Total	--	23,413,051.73	--	60.42%	1,383,749.31

#### (6) Accounts receivable involved with government subsidies

Naught

#### (7) Other account receivable which terminate the recognition owing to the transfer of the financial assets

Naught

#### (8) The amount of the assets and liabilities formed by the transfer and the continues involvement of other accounts receivable

Naught

### 10. Inventory

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

No

#### (1) Category of inventory

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Falling price reserves	Book value	Book balance	Falling price reserves	Book value
Raw materials	91,904,445.39	5,289,467.13	86,614,978.26	116,197,403.06	1,635,294.87	114,562,108.19
Goods in process	52,788,483.44		52,788,483.44	28,522,590.52		28,522,590.52
Inventory goods	472,426,724.68	13,423,926.27	459,002,798.41	443,843,318.14	14,938,179.05	428,905,139.09
Self-manufacture	133,746,869.72	1,189,614.35	132,557,255.37	179,867,083.78	579,873.99	179,287,209.79

d semi-finished product						
Low-value fugitive items	2,188,275.52		2,188,275.52	2,404,557.60		2,404,557.60
Total	753,054,798.75	19,903,007.75	733,151,791.00	770,834,953.10	17,153,347.91	753,681,605.19

Whether the Company needs to comply with the disclosure requirements of Shenzhen Stock Exchange Industry Information Disclosure Guidelines No. 4 - Listed companies engaged in seed industry and planting business

No

## (2) Falling price reserves of inventory

Unit: RMB

Item	Opening balance	Increased amount		Decreased amount		Closing balance
		Withdrawal	Other	Reverse or write-off	Other	
Raw materials	1,635,294.87	5,299,351.65		1,645,179.39		5,289,467.13
Inventory goods	14,938,179.05	7,306,926.80		8,821,179.58		13,423,926.27
Self-manufactured semi-finished product	579,873.99	775,633.91		165,893.55		1,189,614.35
Total	17,153,347.91	13,381,912.36		10,632,252.52		19,903,007.75

## (3) Notes of the closing balance of the inventory which includes capitalized borrowing expenses

Naught

## (4) Completed unsettled assets formed from the construction contract at the period-end

Naught

## 11. Assets divided as held-to-sold

Naught

## 12. Non-current assets due within 1 year

Naught

## 13. Other current assets

Unit: RMB



Item	Closing balance	Opening balance
Deductible input tax of VAT	46,262,718.17	41,181,826.53
Advance payment of enterprise income tax		23,635.19
Bank financial products	420,000,000.00	400,000,000.00
Total	466,262,718.17	441,205,461.72

#### 14. Available-for-sale financial assets

##### (1) List of available-for-sale financial assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Available-for-sale equity instruments	1,764,589,646.36	5,850,000.00	1,758,739,646.36	1,738,000,857.01	5,850,000.00	1,732,150,857.01
Measured by fair value	1,454,989,886.20		1,454,989,886.20	1,427,901,096.63		1,427,901,096.63
Measured by cost	309,599,760.16	5,850,000.00	303,749,760.16	310,099,760.38	5,850,000.00	304,249,760.38
Total	1,764,589,646.36	5,850,000.00	1,758,739,646.36	1,738,000,857.01	5,850,000.00	1,732,150,857.01

##### (2) Available-for-sale financial assets measured by fair value at the period-end

Unit: RMB

Category of the available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale liabilities instruments		Total
Cost of the equity instruments/amortized cost of the debt instruments	119,501,727.41			119,501,727.41
Fair value	1,454,989,886.20			1,454,989,886.20
Changed amount of the fair value that be accumulatively recorded in other comprehensive income	1,335,488,158.79			1,335,488,158.79

**(3) Available-for-sale financial assets measured by cost at the period-end**

Unit: RMB

Investee	Book balance				Depreciation reserves				Sharehold ing proportion among the investees	Cash bonus of the Reporting Period
	Period-beg in	Increase	Decrease	Period-end	Period-beg in	Increase	Decrease	Period-end		
Shenzhen Zhonghao (Group) Ltd.	5,850,000. 00			5,850,000. 00	5,850,000. 00			5,850,000. 00	Less than 5.00%	
Chengdu Hongbo Industrial Co., Ltd.	6,000,000. 00			6,000,000. 00					6.94%	
Xiamen Bank	292,574,13 3.00			292,574,13 3.00					5.85%	
Guangdon g Developm ent Bank Co., Ltd.	500,000.00			500,000.00					Less than 5.00%	
Foshan Fochen Road Developm ent Company Limited	5,175,627. 38		500,000.22	4,675,627. 16					7.66%	
Total	310,099,76 0.38		500,000.22	309,599,76 0.16	5,850,000. 00			5,850,000. 00	--	

**(4) Changes of the impairment of the available-for-sale financial assets during the Reporting Period**

Unit: RMB

Category of the available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale liabilities instruments		Total
Withdrawn impairment balance at the	5,850,000.00			5,850,000.00

period-begin				
Withdrawn impairment balance at the period-end	5,850,000.00			5,850,000.00

**(5) Relevant notes of the fair value of the available-for-sale equity instruments which seriously fell or temporarily fell but not withdrawn the impairment provision**

Other notes

—The revenue of the investee company, Foshan Fochan Road Development Company Limited had be included in the unified collection distribution system of Foshan road and bridge tolls, and the Company had executed amortization within the remained planting duration by regarding the investment balance as the usufruct and the amortized investment cost of the Reporting Period was of RMB 500,000.22yuan.

**15. Investment held-to-maturity**

Naught

**16. Long-term accounts receivable**

Naught

**17. Long-term equity investment**

Unit: RMB

Investee	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment provision
		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											
Qinghai FSL Lithium Energy Exploitation Co., Ltd.	29,836,246.62			1,286,376.00						31,122,622.62	
Shenzhen Primatron	180,558,686.07			257,589.79			2,080,390.50			178,735,885.36	

ix (Nanho) Electronic s Ltd.											
Subtotal	210,394,9 32.69			1,543,965 .79			2,080,390 .50			209,858,5 07.98	
Total	210,394,9 32.69			1,543,965 .79			2,080,390 .50			209,858,5 07.98	

## 18. Investment property

### (1) Investment property adopting cost measurement mode

☐ Applicable ☒ Not applicable

### (2) Investment property adopting fair value measurement mode

☐ Applicable ☒ Not applicable

### (3) List of the investment property failed to completed the property certificate

Naught

## 19. Fixed assets

### (1) List of fixed assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Total
I. Original book value:					
1. Opening balance	643,574,297.79	810,592,982.55	22,120,160.45	23,976,160.84	1,500,263,601.63
2. Increased amount of the period	4,589,391.32	28,207,291.04	992,312.85	994,921.51	34,783,916.72
(1) Purchase	1,296,522.30	20,846,321.47	992,312.85	994,921.51	24,130,078.13
(2) Transfer of project under construction	3,292,869.02	7,360,969.57			10,653,838.59
(3) Enterprises combination increase					

3. Decreased amount of the period	1,970,199.57	67,346,113.02	406,278.29	68,214.56	69,790,805.44
(1) Disposal or scrap	1,970,199.57	61,308,043.53	406,278.29	68,214.56	63,752,735.95
(2) Equipment transformation		6,038,069.49			6,038,069.49
4. Closing balance	646,193,489.54	771,454,160.57	22,706,195.01	24,902,867.79	1,465,256,712.91
II. Accumulated desperation					
1. Opening balance	385,133,462.44	597,616,093.63	15,094,925.78	16,342,970.63	1,014,187,452.48
2. Increased amount of the period	12,231,418.42	21,710,315.76	702,193.40	1,755,214.89	36,399,142.47
(1) Withdrawal	12,231,418.42	21,710,315.76	702,193.40	1,755,214.89	36,399,142.47
3. Decreased amount of the period	412,154.52	57,224,217.64	385,964.37	60,042.55	58,082,379.08
(1) Disposal or scrap	412,154.52	53,078,764.67	385,964.37	60,042.55	53,936,926.11
(2) Equipment transformation		4,145,452.97			4,145,452.97
4. Closing balance	396,952,726.34	562,102,191.75	15,411,154.81	18,038,142.97	992,504,215.87
III. Depreciation reserves					
1. Opening balance		40,068,791.46		428.03	40,069,219.49
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period		4,214,033.78			4,214,033.78
(1) Disposal or scrap		4,165,026.73			4,165,026.73
(2) Equipment transformation		49,007.05			49,007.05
4. Closing balance		35,854,757.68		428.03	35,855,185.71

IV. Book value					
1. Closing book value	249,240,763.20	173,497,211.14	7,295,040.20	6,864,296.79	436,897,311.33
2. Opening book value	258,440,835.35	172,908,097.46	7,025,234.67	7,632,762.18	446,006,929.66

**(2) List of temporarily idle fixed assets**

Unit: RMB

Item	Original book value	Accumulated depreciation	Depreciation reserves	Book value	Remark
T5, T8, energy-saving lamp production line	95,099,861.20	60,999,110.87	33,801,743.65	299,006.68	Name of the announcement: Announcement on Withdrawing the Preparation for the Assets Impairment on the Idle Equipments and Construction in Progress; the Announcement No.: 2015-030; disclosure website: www.cninfo.com.cn

**(3) Fixed assets leased in from financing lease**

Naught

**(4) Fixed assets leased out from operation lease**

Naught

**(5) Details of fixed assets failed to accomplish certification of property**

Naught

**20. Construction in progress****(1) List of construction in progress**

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Construction in progress	147,360,531.44		147,360,531.44	71,479,325.91		71,479,325.91
Total	147,360,531.44		147,360,531.44	71,479,325.91		71,479,325.91

**(2) Changes of significant construction in progress**

Unit: RMB

Name of item	Estimated number	Opening balance	Increase d amount	Amount that transferr ed to fixed assets of the period	Other decrease d amount of the period	Closing balance	Proporti on estimate d of the project accumul ative input	Project progress	Accumul ative amount of capitaliz ed interests	Of which: the amount of the capitaliz ed interests of the period	Capitaliz ation rate of the interests of the period	Capital resources
Fuwan intelligent workshop H	49,000,000.00		12,977,741.38			12,977,741.38	26.49%	30.00%				Other
D project of Gaoming standard workshop	30,000,000.00	18,949,619.56	2,753,745.95			21,703,365.51	72.34%	95.00%				Other
Fuwan standard workshop E	30,000,000.00	16,567,314.48	6,656,843.69			23,224,158.17	77.41%	95.00%				Other
Fuwan standard workshop K2	26,400,000.00		7,786,230.10			7,786,230.10	29.49%	35.00%				Other
Fuwan standard	26,400,000.00		7,949,147.56			7,949,147.56	30.11%	35.00%				Other

workshop K3												
Fuwan standard workshop J1	22,400,000.00		6,941,593.11			6,941,593.11	30.99%	32.00%				Other
Fuwan standard workshop J2	22,400,000.00		6,803,032.32			6,803,032.32	30.37%	32.00%				Other
Automation equipment system of intelligent workshop (workshop H)	22,000,000.00		5,533,333.21			5,533,333.21	25.15%	30.00%				Other
9 assembly lines of LED (16005)	11,000,000.00	7,981,044.20	2,019,648.42			10,000,692.62	90.92%	95.00%				Other
LED8 automatic line transformation (16033)	6,500,000.00	2,907,398.19	3,110,437.44			6,017,835.63	92.58%	99.00%				Other
Total	246,100,000.00	46,405,376.43	62,531,753.18			108,937,129.61	--	--				--

### (3) List of the withdrawal of the impairment provision of the construction in progress

Naught

### 21. Engineering material

Naught



**22. Liquidation of fixed assets**

Naught

**23. Productive biological assets****(1) Productive biological assets adopting cost measurement mode**☐ Applicable ☒ Not applicable**(2) Productive biological assets adopting fair value measurement mode**☐ Applicable ☒ Not applicable**24. Oil and gas assets**☐ Applicable ☒ Not applicable**25. Intangible assets****(1) Information**

Unit: RMB

Item	Land use right	Patent	Non-patents	Software use right	Total
I. Original book value					
1. Opening balance	211,719,938.60	200,000.00		2,773,651.87	214,693,590.47
2. Increased amount of the period					
(1) Purchase					
(2) Internal R &D					
(3) Increase from enterprise combination					
3. Decrease in the Reporting Period					
(1) Disposal					
4. Closing	211,719,938.60	200,000.00		2,773,651.87	214,693,590.47

balance					
II. Total accrued amortization					
1. Opening balance	53,104,711.50	200,000.00		1,058,483.84	54,363,195.34
2. Increased amount of the period	1,937,293.01			220,515.84	2,157,808.85
(1) Withdrawal	1,937,293.01			220,515.84	2,157,808.85
3. Decrease in the Reporting Period					
(1) Disposal					
4. Closing balance	55,042,004.51	200,000.00		1,278,999.68	56,521,004.19
III. Depreciation reserves					
1. Opening balance					
2. Increased amount of the period					
(1) Withdrawal					
3. Decrease in the Reporting Period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Book value of the period-end	156,677,934.09			1,494,652.19	158,172,586.28
2. Book value of the period-begin	158,615,227.10			1,715,168.03	160,330,395.13

The proportion the intangible assets formed from the internal R&D through the Company amount the balance of the intangible assets at the period-end was 0.00%.

**(2) Details of fixed assets failed to accomplish certification of land use right**

Naught

**26. R&D expenses**

Naught

**27. Goodwill****(1) Original book value of goodwill**

Naught

**(2) Impairment provision of goodwill**

Naught

**28. Long-term unamortized expenses**

Unit: RMB

Item	Opening balance	Increased amount	Amortization amount	Decrease	Closing balance
Maintenance and decoration expenses	6,897,119.78	1,683,365.04	1,647,573.52		6,932,911.30
Total	6,897,119.78	1,683,365.04	1,647,573.52		6,932,911.30

**29. Deferred income tax assets/deferred income tax liabilities****(1) Deferred income tax assets had not been off-set**

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	136,128,598.22	20,625,526.93	128,070,435.31	19,448,040.38
Unrealized profits of internal transactions	476,596.87	71,489.53	1,356,293.17	203,443.98
Deductible losses	16,382,698.72	4,095,674.68	16,435,405.51	4,108,851.38
Depreciation of fixed assets	67,654,979.71	10,479,436.86	65,682,019.37	10,183,492.79

Payroll payable	36,389,097.70	5,458,364.66	63,987,177.61	9,604,089.91
Total	257,031,971.22	40,730,492.66	275,531,330.97	43,547,918.44

**(2) Deferred income tax liabilities had not been off-set**

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Changes of the fair value of the available-for-sale financial assets	1,335,488,158.79	200,323,223.82	1,308,399,369.22	196,259,905.39
Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method	25,684,598.14	3,852,689.72	25,684,598.14	3,852,689.72
Total	1,361,172,756.93	204,175,913.54	1,334,083,967.36	200,112,595.11

**(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		40,730,492.66		43,547,918.44
Deferred income tax liabilities		204,175,913.54		200,112,595.11

**(4) List of unrecognized deferred income tax assets**

Naught

**(5) Deductible losses of unrecognized deferred income tax assets will due the following years**

Naught

**30. Other non-current assets**

Unit: RMB

Item	Closing balance	Opening balance
Land purchase and the ownership implicit of relevant items	41,755,700.00	41,755,700.00
Prepayments for business facilities	2,444,434.60	3,369,640.00
Total	44,200,134.60	45,125,340.00

**31. Short-term loans**

Naught

**32. Financial liabilities measured by fair value and the changes included in the current gains and losses**

Naught

**33. Derivative financial liabilities**☐ Applicable ☒ Not applicable**34. Notes payable**

The total unpaid notes payable due at the period end was RMB 0.00.

**35. Accounts payable****(1) List of accounts payable**

Unit: RMB

Item	Closing balance	Opening balance
Accounts payable	673,397,021.27	552,255,512.33
Total	673,397,021.27	552,255,512.33

**(2) Notes of the accounts payable aging over one year**

Naught

**36. Advance from customers****(1) List of advance from customers**

Unit: RMB

Item	Closing balance	Opening balance
Prepayments	32,657,976.85	41,180,818.13
Total	32,657,976.85	41,180,818.13

**(2) Significant advance from customers aging over one year**

Naught

**(3) Particulars of settled but unfinished projects formed by construction contract at period-end**

Naught

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

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term salary	96,021,156.06	319,106,399.00	346,744,195.73	68,383,359.33
II. Welfare after demission - defined contribution plans		25,197,964.53	25,197,964.53	
Total	96,021,156.06	344,304,363.53	371,942,160.26	68,383,359.33

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

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, subsidy	95,595,393.49	282,014,781.96	309,691,654.41	67,918,521.04
2. Employee welfare		12,695,704.13	12,695,704.13	
3. Social insurance		15,681,813.55	15,681,813.55	
Including: Medical insurance premiums		12,905,594.63	12,905,594.63	
Work-related injury insurance		1,561,453.07	1,561,453.07	
Maternity insurance		1,214,765.85	1,214,765.85	
4. Housing fund		5,987,908.00	5,987,908.00	
5. Labor union budget and employee education budget	425,762.57	2,726,191.36	2,687,115.64	464,838.29

Total	96,021,156.06	319,106,399.00	346,744,195.73	68,383,359.33
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**(3) List of Drawing Scheme**

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension benefits		24,306,411.37	24,306,411.37	
2. Unemployment insurance		891,553.16	891,553.16	
Total		25,197,964.53	25,197,964.53	

**38. Taxes Payable**

Unit: RMB

Item	Closing balance	Opening balance
VAT	18,160,385.85	9,504,368.23
Corporate income tax	-171,758.70	121,469,524.92
Personal income tax	610,225.20	452,181.32
Urban maintenance and construction tax	1,262,089.71	947,172.36
Education Surcharge	904,746.30	680,460.70
Property tax	1,104,316.04	4,259,219.31
Land use tax	2,334,756.55	804,737.31
Other taxes	166,446.47	164,980.57
Total	24,371,207.42	138,282,644.72

Other notes:

The closing balance of taxes payable drops 82.38%, RMB113,911,437.30yuan. compared to that of the beginning of the period, which is from the payment of increase of corporate income tax caused by revenues generated from sales of shares of Guoxuan High-tech Co., Ltd. in the fourth quarter of the same period of last year.

**39. Interest Payable**

Naught

**40. Dividends Payable**

Unit: RMB

Item	Closing balance	Opening balance
Common stock dividends		6,287,923.09

Total		6,287,923.09
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Other notes: including the significant dividends payable unpaid for more than one year, the reason for unpayment shall be disclosed:

The subsidiary Foshan Taimei Times Lamps and Lanterns Co., Ltd. has distributed and paid in the reporting period the profits of 2013 and 2014 allocated at the beginning of the year.

#### 41. Other Accounts Payable

##### (1) Other Accounts Payable Listed by Nature of the Account

Unit: RMB

Item	Closing balance	Opening balance
Compensation for lawsuit	1,762,533.43	1,762,533.43
performance bond	18,404,130.82	20,564,161.28
Relevant fees of sale	1,327,650.91	15,634,331.32
Escrow of housing provident fund, damages, default money and down payment	8,076,410.52	8,076,410.52
Others	2,614,851.86	4,066,902.26
Total	32,185,577.54	50,104,338.81

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

Unit: RMB

Item	Closing balance	Unpaid/ Un-carry-over reason
Escrow of housing provident fund, damages, default money and down payment	8,076,410.52	
Total	8,076,410.52	--

#### 42. Liabilities Classified as Holding for Sale

Naught

#### 43. Non-current Liabilities Due within 1 Year

Naught

#### 44. Other Current Liabilities

Naught



**45. Long-term Loan**

Naught

**46. Bonds Payable**

Naught

**47. Long-term Payable**

Naught

**48. Long-term Payroll Payable**

Naught

**49. Special Payable**

Naught

**50. Accrued Liabilities**

Naught

**51. Deferred Revenue**

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Reason
Government subsidies	10,449,768.49	1,500,000.00	77,499.96	11,872,268.53	Government subsidies related to assets/revenues
Total	10,449,768.49	1,500,000.00	77,499.96	11,872,268.53	--

Item involving government subsidies:

Unit: RMB

Item	Opening balance	Amount of newly subsidy	Amount recorded into non-operating income in report period	Other changes	Closing balance	Related to assets/related income
LED production technical transformation project	9,852,274.95				9,852,274.95	Related to the assets

Production line of 50 million energy-saving fluorescent lamp	465,000.15		77,499.96		387,500.19	Related to the assets
New type of low cost silicon substrate LED light source module technology	29,668.32				29,668.32	Related to the income
Standard optical components testing laboratory capacity construction and products quality guarantee engineering	102,825.07				102,825.07	Related to the income
Suggestion from the Electro-optical Institute of Foshan Electrical and Lighting Co., Ltd.		1,000,000.00			1,000,000.00	Related to the income
Overseas protection plan of intellectual property of FSL		500,000.00			500,000.00	Related to the income
Total	10,449,768.49	1,500,000.00	77,499.96		11,872,268.53	--

## 52. Other Non-current Liabilities

Naught

## 53. Share Capital

Unit: RMB

	Opening balance	Increase/decrease (+/-)					Closing balance
		New shares issued	Bonus shares	Capitalized Capital	Others	Subtotal	

				reserves			
The sum of shares	1,272,132,868.00						1,272,132,868.00

Other notes:

**54. Other Equity Instruments**

Naught

**55. Capital Surplus**

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	278,575,487.53			278,575,487.53
Other capital reserves	7,245,971.54			7,245,971.54
Total	285,821,459.07			285,821,459.07

**56. Treasury Stock**

Naught

**57. Other Comprehensive Income**

Unit: RMB

Item	Opening balance	Reporting period					Closing balance
		Amount before income tax in current period	Less: recorded in other comprehensive income in prior period and transferred to profit or loss in current period	Less: Income tax expense	Attributable to owners of the Company after tax	Attributable to minority shareholders after tax	
II. Other comprehensive income reclassify into profits and losses	1,133,971,372.25	27,088,789.57		4,063,318.43	23,025,471.14		1,156,996,843.39
Including: shares enjoyed in the other comprehensive income reclassified into profits and losses under the equity method	21,831,908.42						21,831,908.42

Profits or losses from the change of fair value of available for sale financial assets	1,112,139.46 3.83	27,088,789. 57		4,063,318.4 3	23,025,471. 14		1,135,164 ,934.97
Total of other comprehensive income	1,133,971.37 2.25	27,088,789. 57		4,063,318.4 3	23,025,471. 14		1,156,996 ,843.39

## 58. Special Reserves

Naught

## 59. Surplus Reserves

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	597,038,383.45			597,038,383.45
Discretionary surplus reserves	136,886,568.36			136,886,568.36
Total	733,924,951.81			733,924,951.81

## 60. Retained Earnings

Unit: RMB

Item	Reporting Period	Last period
Opening balance of retained profits before adjustments	1,564,615,925.99	613,661,381.40
Opening balance of retained profits after adjustments	1,564,615,925.99	613,661,381.40
Add: Net profit attributable to owners of the Company	228,494,660.57	206,925,812.72
Dividend of common stock payable	534,295,804.56	15,901,660.85
Closing retained profits	1,258,814,782.00	804,685,533.27

List of adjustment of opening retained profits:

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

**61. Revenues and Operating Costs**

Unit: RMB

Item	Reporting Period		Same period of last year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Main operations	2,010,535,149.65	1,537,416,165.51	1,743,092,467.69	1,315,261,790.95
Other operations	13,390,433.19	9,515,614.34	12,578,459.75	7,720,769.75
Total	2,023,925,582.84	1,546,931,779.85	1,755,670,927.44	1,322,982,560.70

**62. Business Tax and Surcharges**

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	7,980,261.34	7,002,504.08
Education Surcharge	5,707,899.61	5,015,667.87
Property tax	3,045,704.60	
Land use tax	2,621,884.53	
Vehicles and vessels use tax	13,909.92	
Stamp duty	1,016,936.24	
Business tax		233,406.51
Embankment-protection fees	6.09	
Total	20,386,602.33	12,251,578.46

Other notes: the five increased tax items are reclassified from administration expenses in accordance with the No. 22 stipulation of Finance & Accounting [2016].

**63. Sale Expenses**

Unit: RMB

Item	Reporting Period	Same period of last year
Transport fees	31,103,632.14	26,988,943.15
Salary	30,517,319.21	23,124,058.32
Business propagandize fee	3,408,430.38	5,771,832.24
Business travel charges	5,183,499.37	3,730,926.88
Sales promotion fee& dealer meeting expense	7,656,851.44	8,919,049.44
Street light project maintenance fee		40,600.00
Others	3,782,261.15	4,676,397.38

Total	81,651,993.69	73,251,807.41
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#### 64. Administration Expenses

Unit: RMB

Item	Reporting Period	Same period of last year
Employee's remuneration	41,767,426.90	25,133,604.07
Depreciation charge	9,552,900.65	9,506,297.68
Tax expenses		7,387,142.35
Office expenses	5,129,871.30	4,466,075.16
Amortization of intangible assets	2,157,808.85	2,100,959.51
R&D expenses	5,467,714.83	3,198,358.61
Testing expense	1,046,717.25	680,292.67
Others	33,668,381.82	29,645,097.89
Total	98,790,821.60	82,117,827.94

#### 65. Financial Expenses

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expenses		
Less: interest income	15,609,163.27	6,489,563.72
Exchange gains and losses	6,502,463.05	-556,267.25
Others	1,990,792.86	600,077.93
Total	-7,115,907.36	-6,445,753.04

Other notes:

#### 66. Asset Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
I. Bad debt loss	10,677,806.99	14,692,768.91
II. Inventory falling price loss	13,381,912.36	21,160,604.92
Total	24,059,719.35	35,853,373.83

#### 67. Gains and Losses from Changes in Fair Value

Naught

**68. Investment Income**

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	1,543,965.79	-19,640.12
Investment income received from disposal of financial assets measured by fair value and the changes be included in the current profits and losses during holding period		261,818.10
Investment income received from holding of available-for-sale financial assets	6,560,422.50	10,950,922.50
Investment income received from financial products	6,404,893.95	2,659,136.99
Others	-500,000.22	-131,489.70
Total	14,009,282.02	13,720,747.77

**69. Other Income**

Naught

**70. Non-operating Gains**

Unit: RMB

Item	Reporting Period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Total gains from disposal of non-current assets		20,253.97	
Including: Gains from disposal of fixed assets		20,253.97	
Government subsidies	3,869,949.96	505,099.96	3,869,949.96
Others	2,152,445.92	1,049,662.65	2,152,445.92
Total	6,022,395.88	1,575,016.58	6,022,395.88

Government subsidies recorded into current profits and losses

Unit: RMB

Item	Distribution entity	Distribution reason	Nature	Whether subsidies influence the current profits and	Special subsidy or not	Reporting Period	Same period of last year	Related to assets/related income
------	---------------------	---------------------	--------	---	------------------------	------------------	--------------------------	----------------------------------

				losses or not				
Production line of 50 million energy-saving fluorescent lamp		Subsidy	Due to engaged in special industry that the state encouraged and supported, gained subsidy (obtaining in line with the law and the regulations of national policy)	No	No	77,499.96	77,499.96	Related to assets
Special funds for export enterprises exploiting the international market		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	26,000.00	69,000.00	Related to income
Award for adopting international standard products		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No		150,000.00	Related to income
Chancheng District Economy and Science Promotion Bureau Talent Subsidy		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	300,000.00	66,000.00	Related to income
Support fund for import and export		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	3,249,240.00		Related to income



Project grants from National Spark Program		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	10,000.00		Related to income
Governmental reward fund		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	20,000.00		Related to income
The development of science and technology plan project funds		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No		93,600.00	Related to income
Other odd government subsidies		Award	Subsidy from R&D Technical updating and transformation, etc.	No	No	187,210.00	49,000.00	Related to income
Total	--	--	--	--	--	3,869,949.96	505,099.96	--

## 71. Non-operating Expenses

Unit: RMB

Item	Reporting Period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Loss on disposal of non-current assets	4,255,164.43	223,092.25	4,255,164.43
Including: Loss on disposal of fixed assets	4,255,164.43	223,092.25	4,255,164.43
Outward donation	2,000.00		2,000.00
The inventory scrap loss		3,403,353.00	
Lawsuit compensation		100,000.00	
Others	512,609.26	1,190,611.69	512,609.26

Total	4,769,773.69	4,917,056.94	4,769,773.69
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## 72. Income Tax Expense

### (1) Lists of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	39,780,075.57	44,968,418.65
Deferred income tax expense	2,817,425.78	-5,542,441.36
Total	42,597,501.35	39,425,977.29

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

Unit: RMB

Item	Reporting Period
Total profits	274,482,477.59
Current income tax expense accounted by tax and relevant regulations	41,055,651.79
Influence of different tax rate suitable to subsidiary	3,120,459.39
Influence of income tax before adjustment	-362,951.59
Influence of non taxable income	-1,215,658.24
Income tax expense	42,597,501.35

## 73. Other Comprehensive Income

For details, please refer to Notes on major items in consolidated financial statements of the Company, 57.

## 74. Information of Cash Flow Statement

### (1) Other Cash Received Relevant to Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Deposit interest	17,037,947.97	5,465,229.02
Income from insurance compensation	132,451.15	2,217,602.70
Guaranteed income	-3,637,333.34	2,428,184.00
Property and rental income	1,737,139.33	1,058,343.21
Income from subsidy	5,010,204.36	939,625.32

Income from waste	5,756,171.75	1,910,274.50
Others	2,857,134.88	1,038,449.92
Total	28,893,716.10	15,057,708.67

**(2) Other Cash Paid Relevant to Operating Activities**

Unit: RMB

Item	Reporting Period	Same period of last year
Transport fees	50,931,038.88	32,535,287.92
Donations, punishment, lawsuit compensation	63,859.62	12,680,691.76
Advertising expense	10,719,132.28	9,850,522.41
Audit fees, attorney fees, appraisal cost and detect cost	7,686,184.18	6,382,707.08
Business office expenses	7,272,319.87	4,324,091.36
The spare parts, maintenance, and service charge	6,530,959.82	1,076,002.69
Margin	2,955,498.60	864,301.00
Business travel charges	7,085,185.69	4,541,469.24
Energy-saving promotion fee		368,987.65
Street light project construction and maintenance	1,378,623.48	1,677,736.31
Land rent and management fee	3,301,887.73	3,311,454.39
Trademark fee& patent fee	1,396,336.23	442,693.00
Others	8,568,952.86	4,121,304.08
Total	107,889,979.24	82,177,248.89

**(3) Other Cash Received Relevant to Investment Activities**

Naught

**(4) Other Cash Paid Relevant to Investment Activity**

Unit: RMB

Item	Reporting Period	Same period of last year
Others		39,878.12
The future foreign exchange settlement guarantee deposit		7,500,000.00

Total		7,539,878.12
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### (5) Other Cash Received Relevant to Financing Activities

Naught

### (6) Other Cash Paid Relevant to Financing Activities

Naught

## 75. 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	231,884,976.24	206,612,262.26
Add: Provision for impairment of assets	24,059,719.35	35,853,373.83
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	36,399,142.47	37,519,048.12
Amortization of intangible assets	2,157,808.85	2,100,959.51
Long-term unamortized expenses	1,647,573.52	84,671.95
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	166,326.42	-20,253.97
Loss on retirement of fixed assets (gains: negative)	4,088,838.01	223,092.25
Financial cost (gains: negative)		-956,368.36
Investment loss (gains: negative)	-14,009,282.02	-13,720,747.77
Decrease in deferred income tax assets (gains: negative)	2,817,425.78	-5,535,752.11
Increase in deferred income tax liabilities ("—" means decrease)		-6,689.25
Decrease in inventory (gains: negative)	17,780,154.35	84,829,939.85
Decrease in accounts receivable from operating activities (gains: negative)	-214,104,001.05	-161,829,594.02
Increase in payables from operating	-123,951,869.14	106,474,364.77

activities (decrease: negative)		
Net cash flows generated from operating activities	-31,063,187.22	291,628,307.06
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Change of cash and cash equivalent:	--	--
Closing balance of cash	815,038,019.29	780,593,190.58
Less: Opening balance of cash	1,479,283,642.54	933,546,108.37
Net increase in cash and cash equivalents	-664,245,623.25	-152,952,917.79

## (2) Net Cash Paid of Obtaining the Subsidiary

Naught

## (3) Net Cash Receive from Disposal of the Subsidiary

Naught

## (4) Cash and Cash Equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	815,038,019.29	1,479,283,642.54
Including: Cash on hand	53,479.90	13,058.91
Bank deposit on demand	806,670,784.99	1,477,005,924.93
Other monetary funds on demand	8,313,754.40	2,264,658.70
III. Closing balance of cash and cash equivalents	815,038,019.29	1,479,283,642.54

## 76. Note to Items in the Statement of Change in Equity

Note to name of "other" item adjusted closing balance and the adjustment amount:

Not applicable

## 77. Assets with Restricted Ownership and Right to Use

Naught

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

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary capital	--	--	18,611,366.01
Including: USD	2,735,685.92	6.7744	18,532,630.69
EUR	10,159.92	7.7496	78,735.32
Account receivable	--	--	279,015,390.10
Including: USD	41,186,730.94	6.7744	279,015,390.10
Prepayments			1,416,270.15
Including: USD	209,062.08	6.7744	1,416,270.15
Deposit received			12,497,338.74
Including: USD	1,844,789.01	6.7744	12,497,338.74

Other notes:

**(2) Note to Oversea Entities Including: for Significant Oversea Entities, Shall Disclose Main Operating Place, Recording Currency and Selection Basis, if there Are Changes into Recording Currency, Shall Also Disclose the Reason.**

☐ Applicable ☒ Not applicable

**79. Arbitrage**

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

Not applicable

**80. Other**

Not applicable

**VIII. Change of Consolidation Scope****1. Business Combination Not under the Same Control****(1) Business Combination Not under the Same Control during the Reporting Period**

Naught

**(2) Combination Cost and Goodwill**

Naught

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

Naught

**(4) The Profit or Loss from Equity Held by the Date before Acquisition in Accordance with the Fair Value Measured Again**

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

☐ Yes ☒ No

**(5) The Explanations on the Situation in which the Merger Price Cannot Be determined Rationally at the Date of Acquisition or the End of the Period of Merger and Explanations on the Fair Value of the Acquiree's Recognizable Assets and Liabilities**

Naught

**(6) Other Notes**

Naught

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

Naught

**(2) Combination Cost**

Naught

**(3) The Book Value of the Assets and Liabilities of the Combined Party at Combining Date**

Naught

**3. Counter Purchase**

Naught

#### 4. The Disposal of Subsidiary

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

☐ Yes ☒ No

Whether there are multiple transactions step by step dispose the investment to subsidiary and lost control in Reporting Period

☐ Yes ☒ No

#### 5. Other Reasons for the Changes in Combination Scope

Note to reasons for the changes in combination scope (Newly established subsidiary and subsidiary of liquidation) and relevant information:

Naught

#### 6. Other

Naught

### IX. Equity in Other Entities

#### 1. Equity in Subsidiary

##### (1) The Structure of the Enterprise Group

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		Way of gaining
				Directly	Indirectly	
Foshan Chansheng Electronic Ballast Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
Foshan Lighting Lamps & Components Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
Guangdong Fozhao New Light Sources Technology Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
Foshan Chanchang Electric Appliance	Foshan	Foshan	Production and sales	100.00%		Newly established



(Gaoming) Co., Ltd.						
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
Guangdong Fozhao Leasing Co., Ltd.	Foshan	Foshan	Finance lease	100.00%		Newly established
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	Nanjing	Nanjing	Production and sales	100.00%		Purchase
FSL Zhida Electric Technology Co., Ltd.	Foshan	Foshan	Production and sales	51.00%		Newly established

## (2) Significant Not Wholly Owned Subsidiary

Unit: RMB

Name	Shareholding proportion of minority shareholder	The profits and losses arbitrate to the minority shareholders	Declaring dividends distribute to minority shareholder	Balance of minority shareholder at closing period
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	30.00%	602,673.03		5,630,109.21
FSL Zhida Electric Technology Co., Ltd.	49.00%	2,787,642.64		12,768,272.90

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

Unit: RMB

Name	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities

Foshan Taimei Times Lamps and Lanterns Co., Ltd.	67,603,322.46	9,341,044.99	76,944,367.45	58,177,336.75		58,177,336.75	66,911,911.61	7,126,979.81	74,038,971.42	57,280,850.82		57,280,850.82
FSL Zhida Electric Technology Co., Ltd.	93,769,706.82	7,765,835.11	101,535,541.93	60,386,005.40		60,386,005.40	38,927,748.34	13,176.70	38,940,925.04	3,480,455.13		3,480,455.13

Unit: RMB

Name	Reporting period				The same period of last year			
	Operation revenue	Net profit	Total consolidated income	Cash flow from operating activities	Operation revenue	Net profit	Total consolidated income	Cash flow from operating activities
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	82,641,917.32	2,008,910.10	2,008,910.10	23,327,544.49	51,763,010.94	1,570,356.09	1,570,356.09	301,174.27
FSL Zhida Electric Technology Co., Ltd.	66,773,802.15	5,689,066.62	5,689,066.62	-3,415,460.17				

#### (4) Significant Restrictions of Using Enterprise Group Assets and Paying Off Enterprise Group Debt

Naught

#### (5) Provide Financial Support or Other Support for Structure Entities Incorporate 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) Explanations on Changes of Owner's Equity in the Subsidiary

Naught

## (2) The Effects of Transactions on Minority Equity and Owner's Equity Attributable to the Parent Company

Naught

## 3. Equity in Joint Venture Arrangement or Associated Enterprise

### (1) List of Significant Joint Ventures or Associated Enterprises

Naught

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

Naught

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

Naught

### (4) The Summarized Financial Information of Unimportant Joint Ventures and Associated Enterprises

Unit: RMB

	Closing balance/amount incurred in the current period	Opening balance/amount incurred in last period
Joint venture:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprise:	--	--
The total of following items according to the shareholding proportions	--	--
Total investment book value	209,858,507.98	210,394,932.69
The total of following items according to the shareholding proportions	--	--
--Net profits	1,543,965.79	432,767.03
--Other comprehensive income		21,831,908.42
--Total comprehensive income	1,543,965.79	26,159,605.45

### (5) Explanations on Great Limitation of the Ability to Transfer Funds to the Company by Joint Ventures or Associated Enterprises

Naught

**(6) Excess Loss Incurred in Joint Ventures or Associated Enterprises**

Naught

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

Naught

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

Naught

**4. Significant Joint Operation**

Naught

**5. Equity of Structure Entity Not Including in the Scope of Consolidated Financial Statements**

Naught

**6. Other**

Naught

**X. The Risk Related Financial Instruments**

The financial instruments of the Company included: equity investment, 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, Each financial liability of the Company was estimated due within 1 year.

### III. Market Risk

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

#### 1. Exchange Rate Risk

Exchange rate risk was referred to the possible loss due to changes of exchange rate in the financial activities that economic agents held or used the foreign exchange. The Company's export business was settled by USD which avoided exchange risk the Company faced in transaction.

#### 2. Interest Rate Risk

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

#### 3. Other Price Risk

N/A

## XI. The Disclosure of the Fair Value

### 1. Closing Fair Value of Assets and Liabilities Calculated by Fair Value

Unit: RMB

Item	Fair value at the end of the reporting period			
	First level Fair value measurement	Second level Fair value measurement	Third level Fair value measurement	Total
I. Consistent fair value measurement	--	--	--	--
(II) Available-for-sale financial assets	1,454,989,886.20			1,454,989,886.20
(1) Equity tool investment	1,454,989,886.20			1,454,989,886.20
Total assets of consistent fair value measurement	1,454,989,886.20			1,454,989,886.20
II. Inconsistent fair value measurement	--	--	--	--

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

The recognition judgment of the fair value measurement items at level 1 was the stock price on the balance sheet date

## 3. Consistent and Inconsistent Fair value Measurement Items at Level 2, Valuation Techniques Adopted, the Qualitative and Quantitative Information of Important Parameters

Naught

## 4. Consistent and Inconsistent Fair Value Measurement Items at Level 3, Valuation Techniques Adopted, the Qualitative and Quantitative Information of Important Parameters

Naught

## 5. Consistent Fair Value Measurement Items at Level 3, the Adjustment Information of the Opening and Closing Book Value, and the Sensitivity Analysis of Unobservable Parameters

Naught

## 6. Consistent Fair Value Measurement Items, Conversion between All Levels during the Reporting Period, the Reasons for Conversion and Policies at the Time of Determination of Conversion

Naught

## 7. Change and Change Reason of Valuation Techniques in the Reporting Period

Naught

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

Naught

## 9. Other

Naught

## XII. Related Party and Related Transaction

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

Name of parent company	Registration place	Nature of business	Registered capital	Proportion of share held by parent company against the	Proportion of voting rights owned by parent company
------------------------	--------------------	--------------------	--------------------	--	---

				Company (%)	against the Company (%)
Hong Kong Wah Shing Holding Company Limited	Hong Kong	/	/	13.47%	13.47%
Shenzhen Rising Investment Development Co., Ltd.	Shenzhen	Investment	RMB120,000,000	5.12%	5.12%
Guangdong Electronics Information Industry Group Ltd.	Guangzhou	Sales & Production	RMB462,000,000	4.74%	4.74%
Rising Investment Development Co., Ltd.	Hong Kong	/	/	1.82%	1.82%
Guangdong Rising Finance Holding Co., Ltd.	Zhuhai	Investment	RMB1,393,000,000	0.54%	0.54%
				25.70%	25.70%

Notes: Information on the parent company:

September 9, 2015, the Company's original first majority shareholder OSRAM Holding Company Limited signed Equity Transfer Agreement with Guangdong Electronics Information Industry Group Co., Ltd. (Hereinafter referred to as "Electronics Group") Germany OSRAM Company Limited transfer its 100% share equity to Electronics Group. The relevant transaction was completed on December 4, 2015. Electronics Group became only controlling shareholder of OSRAM Holding (Renamed as Hong Kong Wah Shing Holding Company Limited (hereinafter referred to as "Hong Kong Wah Shing Holding") and indirectly became the first majority shareholder of the Company.

The first majority shareholder of the Company, Hong Kong Wah Shing Holding Co., Ltd. was the wholly owned subsidiary of Electronics Group, and Electronics Group, Shenzhen Rising Investment Development Co., Ltd. ( Hereinafter referred to as " Shenzhen Rising " ), Guangdong Rising Finance Holding Co., Ltd. ( Hereinafter referred to as GD Rising Finance) and Rising Investment Development Co., Ltd. ( Hereinafter referred to as " Rising Investment" ) were the wholly owned subsidiaries of Guangdong Rising Assets Management Co., Ltd. In line with the relevant stipulation of Corporation Law and Rules on Listed Companies Acquisition, Electronics Group, Shenzhen Rising and Rising Investment were persons acting in concert. As of June 30, 2017, the aforesaid persons acting in concert holding total A, B share of the Company 000 shares, 000 % of total share equity of the Company. Guangdong Rising Assets Management Co., Ltd. became the actual controller of the Company.

The final controller of the Company is Guangdong Rising Assets Management Co., Ltd. (GRAM)

## 2. Subsidiaries of the Company

For more details, please refer to Notes IX. Equity in other entities 1. Equity in subsidiary.

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

The details of significant joint venture and associated enterprise of the Company, please refer to Notes IX. Equity in other entities 3. Equity in the joint venture arrangement or associated enterprise

#### 4. Information on Other Related Parties of the Company

Name	Relationship
PROSPERITY LAMPS & COMPONENTS LTD	Shareholder owning over 5% shares
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Company controlled by related natural person
Hangzhou Times Lighting and Electrical Co., Ltd.	Company controlled by related natural person
Prosperity Electrical (China) Co., Ltd.	Company controlled by related natural person
Prosperity (Xinxiang) Electro-optic Machinery Co., Ltd.	Company controlled by related natural person
Prosperity (Xinxiang) Lighting Machinery Co., Ltd.	Company controlled by related natural person
Foshan Nation Star Optoelectronics Co. Ltd.	Under same actual controller
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Under same actual controller
Henan Rising High-Tech Investment Co., Ltd.	Under same actual controller
Guangdong Rising Finance Co., Ltd.	Under same actual controller
MTM Semiconductor Equipment Co., Ltd.	Under same actual controller
Guangdong HYB New Energy Co., Ltd.	Under same actual controller

#### 5. List of Related-party Transactions

##### (1) Information on Acquisition of Goods and Reception of Labor Service (Unit: Ten Thousand Yuan)

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
Prosperity Lamps and Components Ltd.	Purchase of materials	670,457.93	2,000,000.00	No	1,205,832.30
Prosperity Electrical (China) Co., Ltd.	Purchase of materials	-32,104.28	6,000,000.00	No	4,670,025.04
Hangzhou Times Lighting and Electrical Co., Ltd.	Purchase of materials	1,138,676.40	3,000,000.00	No	978,074.43
Foshan Nation Star Optoelectronics Co., Ltd.	Purchase of materials	38,972,909.25	200,000,000.00	No	50,935,351.13
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Purchase of materials	4,100,354.77	9,000,000.00	No	2,950,368.03



Guangdong HYB New Energy Co., Ltd.	Purchase of materials	933,432.24		No	
MTM Semiconductor Equipment Co., Ltd.	Purchase of equipment	164,400.00	2,000,000.00	No	

Information of sales of goods and provision of labor service

Unit: RMB

Related-party	Content	Reporting Period	Same period of last year
Prosperity Lamps and Components Ltd.	Sale of products	14,820,551.42	13,828,671.26
Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Sale of products	38,649.58	63,364.11
Prosperity Electrical (China) Co., Ltd.	Sale of products	177,652.13	127,799.81
Foshan Nation Star Optoelectronics Co., Ltd.	Sale of products	3,353.85	139,981.43
Hangzhou Times Lighting and Electrical Co., Ltd.	Sale of products	25,852.99	

## (2) Relating Commissioned Management/Contract and Entrusted Management/Outsourcing

Naught

## (3) Information of Related Lease

The Company serves as the lessor:

Unit: RMB

Name of leasee	Type of leased assets	Rental income confirmed in the Report period	Rental income confirmed in the same period of last year
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The Company serves as the lessee:

Unit: RMB

Name of lessor	Type of leased assets	Rental expense confirmed in the report period	Rental expense confirmed in the same period of last year
Guangdong Electronics Information Industry Group Ltd.	Vehicles		24,500.00

**(4) Related-party Guarantee**

Naught

**(5) Borrowing and Lending of Related Parties**

Naught

**(6) Related Party Asset Transfer and Debt Restructuring**

Naught

**(7) Rewards for the Key Management Personnel**

Unit: RMB

Item	Reporting period	Same period of last year
Chairman of the Board	0.00	0.00
Director & GM	700,000.00	496,125.00
Chairman of the Supervisor	0.00	0.00
Secretary of the Board	400,000.00	358,314.00
CFO	400,000.00	298,595.00
Others	2,671,500.00	2,099,970.00
Total	4,171,500.00	3,253,004.00

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

Naught

**6. Receivables and Payables of Related Parties****(1) Receivables**

Unit: RMB

Name of item	Related-party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts receivable	Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	86,367.27	43,110.18	86,367.27	25,910.18
Accounts receivable	Prosperity Electrical (China) Co., Ltd.	104,626.70	3,138.80	26,156.80	784.70

Accounts receivable	Prosperity Lamps and Components Ltd.	5,987,859.76	179,635.79	4,121,642.27	123,649.27
Other accounts receivable	Henan Rising High-tech Investment Co., Ltd.	117,000.00	117,000.00	117,000.00	93,600.00
Other accounts receivable	Guangdong Electronics Information Industry Group Ltd.	5,000.00	500.00	5,000.00	150.00
Prepayment	MTM Semiconductor Equipment Co., Ltd.	164,400.00			
Prepayment	Prosperity Electrical (China) Co., Ltd.	7,521.37		92,424.45	
Interest receivable	Guangdong Rising Finance Co., Ltd.			42,222.22	

**(2) Payables**

Unit: RMB

Name of item	Related-party	Closing book balance	Opening book balance
Accounts payable	Prosperity Lamps and Components Ltd.	608,772.61	331,774.70
Accounts payable	Prosperity Electrical (China) Co., Ltd.	366,125.94	1,286,052.41
Accounts payable	Foshan Nation Star Optoelectronics Co., Ltd.	18,377,867.72	19,840,379.88
Accounts payable	Hangzhou Times Lighting and Electrical Co., Ltd.	879,884.85	243,897.33
Accounts payable	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	2,038,015.43	2,492,269.85
Accounts payable	Guangdong HYB New Energy Co., Ltd.		1,391,666.63
Other accounts payable	Prosperity Lamps and Components Ltd.	448,258.77	
Other accounts payable	Prosperity Electrical (China) Co., Ltd.	100,000.00	100,000.00
Other accounts payable	MTM Semiconductor Equipment Co., Ltd.	47,860.00	47,860.00

## 7. Related Party Commitment

(1)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

Type of commitment: About avoidance of horizontal competition

Content: Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made a commitment that the business of Foshan Nation Star Optoelectronics Co., Ltd. that is in competition with the business of the Company takes up only a small part in Nation Star's total business, they shall gradually reduce or eliminate the horizontal competition as planned through business integration or other ways or arrangements within the coming 24 months.

Date of commitment making: 2015-12-04

Term of commitment: 24 months

Fulfillment: In execution

(2)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

Type of commitment: About avoidance of horizontal competition

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

Date of commitment making: 2015-12-04

Term of commitment: Long-standing

Fulfillment: In execution

(3)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

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

Content: Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made a commitment that during their direct or indirect holding of the Company's shares, they shall 1. Strictly abide by the regulatory documents of the CSRC and the SZSE, the Company's Articles of

Association, etc. and not harm the interests of the Company or other shareholders of the Company in their production and operation activities by taking advantage of their position as the controlling shareholder and actual controller; 2. make sure that they or their other controlled subsidiaries, branch offices, jointly-run or associated companies (the “Relevant Enterprises” for short) will try their best to avoid or reduce related-party transactions with the Company or the Company’s subsidiaries; 3. strictly follow the market principle of justness, fairness and equal value exchange for necessary and unavoidable related-party transactions between them and their Relevant Enterprises and the Company, and withdraw from voting when a related-party transaction with them or their Relevant Enterprises is being voted on at a general meeting or a board meeting, and execute the relevant approval procedure and information disclosure duties pursuant to the applicable laws, regulations and regulatory documents. Where the aforesaid commitments are broken and a loss is thus caused for the Company, its subsidiaries or the Company’s other shareholders, they shall be obliged to compensate.

Date of commitment making: 2015-12-04

Term of commitment: Long-standing

Fulfillment: In execution

(4)

Commitment: commitments made in acquisition documents or shareholding alteration documents

Commitment maker: Controlling shareholder

Type of commitment: About independence

In order to ensure the independence of the Company in business, personnel, asset, organization and finance, Electronics Group and its acting-in-concert parties Shenzhen Rising Investment and Hong Kong Rising Investment have made the following commitments: 1. They will ensure the independence of the Company in business: (1) They promise that the Company will have the assets, personnel, qualifications and capabilities for it to operate independently as well as the ability of independent, sustainable operation in the market. (2) They promise not to intervene in the Company’s business activities other than the execution of their rights as the Company’s shareholders. (3) They promise that they and their related parties will not be engaged in business that is substantially in competition with the Company’s business. And (4) They promise that they and their related parties will try their best to reduce related-party transactions between them and the Company; for necessary and unavoidable related-party transactions, they promise to operate fairly following the market-oriented principle and at fair prices, and execute the transaction procedure and the duty of information disclosure pursuant to the applicable laws, regulations and regulatory documents. 2. They will ensure the independence of the Company in personnel: (1) They promise that the Company’s GM, deputy GMs, CFO, Company Secretary and other senior management personnel will work only for and receive remuneration from the Company, not holding any positions in them or their other controlled subsidiaries other than director and supervisor. (2) They promise the Company’s absolute independence from their related parties in labor, human resource and salary management. And (3) They promise to follow the legal procedure in their recommendation of directors, supervisors and senior management personnel to the Company and not to hire or dismiss employees beyond the Company’s Board of Directors and General Meeting. 3. They will ensure the independence and completeness of the Company in asset: (1) They promise that the Company will have a production system, a auxiliary production system and supporting facilities for its operation; legally have the ownership or use rights of the land, plants, machines, trademarks, patents and non-patented technology in relation to its production and operation; and have independent systems for the procurement of raw materials and the sale of its products. (2) They promise that the Company will have independent and complete assets all under the Company’s control and independently owned and operated by the Company. And (3) They promise that they and their other controlled subsidiaries will not illegally occupy the

Company's funds and assets in any way, or use the Company's assets to provide guarantees for the debts of themselves or their other controlled subsidiaries with. 4. They will ensure the independence of the Company in organization: (1) They promise that the Company has a sound corporate governance structure as a joint-stock company with an independent and complete organization structure. (2) They promise that the operational and management organs within the Company will independently execute their functions according to laws, regulations and the Company's Articles of Association. 5. They will ensure the independence of the Company in finance: (1) They promise that the Company will have an independent financial department and financial accounting system with normative, independent financial accounting rules. (2) They promise that the Company will have independent bank accounts and not share bank accounts with its related parties. (3) They promise that the Company's financial personnel do not hold concurrent positions in its related parties. (4) They promise that the Company will independently pay its tax according to law. And (5) They promise that the Company can make financial decisions independently and that they will not illegally intervene in the Company's use of its funds.

Date of commitment making: 2015-12-04

Term of commitment: Long-standing

Fulfillment: In execution

## 8. Other

Naught

## XIII. Share-based Payment

### 1. General Share-based Payment

☐ Applicable ☒ Not applicable

### 2. Shared-based Payment Settled by Equity

☐ Applicable ☒ Not applicable

### 3. Shared-based Payment Settled by Cash

☐ Applicable ☒ Not applicable

### 4. Modification and Termination on Share-based Payment

Naught

## 5. Other

Naught

## **XIV. Commitments and Contingencies**

### **1. Significant Commitments**

Significant commitments at balance sheet date

Naught

### **2. Contingencies**

#### **(1) Significant Contingencies at Balance Sheet Date**

Naught

#### **(2) If the Company Has No Significant Contingency to Disclose, Relevant Explanations Should Also Be Given**

The company has no significant contingency to disclose.

### **3. Other**

Naught

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

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

Naught

### **2. Profit Distribution**

Naught

### **3. Sales Return**

Naught

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

Naught

## **XVI. Other Significant Events**

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

Naught

**2. Debt Restructuring**

Naught

**3. Assets Replacement**

Naught

**4. Annuity Plan**

Naught

**5. Discontinued Operation**

Naught

**6. Segment Information**

Naught

**7. Other Important Transactions and Events that Have an Impact on Investors' Decision-making**

Naught

**8. Other**

Naught

**XVII. Notes of Main Items in the Financial Statements of the Company****1. Accounts Receivable****(1) Accounts Receivable Classified by Category**

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable with significant single amount for	10,062,378.10	1.10%	10,062,378.10	100.00%		10,064,664.92	1.55%	10,064,664.92	100.00%	



which bad debt provision separately accrued										
Accounts receivable withdrawal of bad debt provision of by credit risks characteristics:	902,068,469.45	98.90%	36,131,943.21	4.01%	865,936,526.24	640,256,170.33	98.45%	28,400,673.43	4.44%	611,855,496.90
Total	912,130,847.55	100.00%	46,194,321.31	5.06%	865,936,526.24	650,320,835.25	100.00%	38,465,338.35	5.91%	611,855,496.90

Accounts receivable with single significant amount and withdrawal bad debt provision separately at end of period

☒ Applicable ☐ Not applicable

Unit: RMB

Accounts receivable (Unit)	Closing balance			
	Accounts receivable	Bad-debt provision	Withdrawal proportion	Reason for withdrawal
Suzhou Mont Lighting Co., Ltd.	10,062,378.10	10,062,378.10	100.00%	The debtor is not qualified to continuously produce for the time being for continuing losses caused by the scale and market.
Total	10,062,378.10	10,062,378.10	--	--

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

☒ Applicable ☐ Not applicable

Unit: RMB

Aging	Closing balance		
	Accounts receivable	Bad-debt provision	Withdrawal proportion
Subentry within 1 year			
Within 1 year	838,284,736.17	25,148,542.09	3.00%
Subtotal of within 1 year	838,284,736.17	25,148,542.09	3.00%
1 to 2 years	16,064,941.39	1,606,494.14	10.00%
2 to 3 years	1,845,107.85	553,532.36	30.00%
Over 3 years	15,318,633.22	8,823,374.62	57.60%
3 to 4 years	11,531,150.17	5,765,575.08	50.00%
4 to 5 years	3,648,417.57	2,918,734.06	80.00%
Over 5 years	139,065.48	139,065.48	100.00%
Total	871,513,418.63	36,131,943.21	4.15%

Notes:

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision:

☐ Applicable ☒ Not applicable

In the groups, accounts receivable adopting other methods to withdraw bad debt provision:

Naught

## (2) Accounts Receivable Withdraw, Reversed or Collected during the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB8,820,467.25yuan; the amount of the reversed or collected part during the Reporting Period was of RMB0.00.

## (3) Particulars about Other Accounts Receivable Actually Verified during the Reporting Period

Unit: RMB

Item	Amount of verification
Beijing Senjiyuan Electronic Components Sales Center	339,032.24
Nanjing Weiyiming Photoelectric Technology Co., Ltd.	303,567.17
TEERA-MONGKOL INDUSTRY PUBLIC	213,202.93
Chenzhou Wangshengda Materials Co., Ltd.	99,999.82
Panjin Panfeng Hardware & Electric Materials Sales Co., Ltd.	17,018.73
2013 Finance Bureau	14,703.90
Other dribblet small amount	103,959.50
Total	1,091,484.29

## (4) Accounts Receivable of the Top 5 of the Closing Balance Collected According to the Arrears Party

Unit: RMB

Name of the entity	Nature	Closing balance	Aging
No. 1	Loan	86,950,173.28	Within 1 year
No. 2	Loan	27,597,102.14	Within 1 year
No. 3	Loan	25,078,424.52	Within 1 year
No. 4	Loan	17,190,715.74	Within 1 year
No. 5	Loan	14,046,026.43	1 to 2 years
Total		172,862,442.11	

## (5) Accounts Receivable Derecognized for the Transfer of Financial Assets

Naught

## (6) Amount of Assets and Liabilities Generated from the Transfer of Accounts Receivable and Continued Involvement

Naught

### 2. Other Accounts Receivable

#### (1) Other Accounts Receivable Classified by Category

Unit: RMB

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	66,104,323.42	99.56%	2,373,674.97	3.59%	63,730,648.45	58,237,702.22	99.50%	1,522,852.38	2.61%	56,714,849.84
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	295,120.00	0.44%	295,120.00	100.00%		295,120.00	0.50%	295,120.00	100.00%	
Total	66,399,443.42	100.00%	2,668,794.97	4.02%	63,730,648.45	58,532,822.22	100.00%	1,817,972.38	3.11%	56,714,849.84

Other receivable with single significant amount and withdrawal bad debt provision separately at end of period:

☐ Applicable ☒ Not applicable

In the groups, other accounts receivable adopting aging analysis method to withdraw bad debt provision:

☒ Applicable ☐ Not applicable

Unit: RMB

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Subentry within 1 year			
Within 1 year	31,298,666.50	938,959.99	3.00%
Subtotal of within 1 year	31,298,666.50	938,959.99	3.00%
1 to 2 years	1,916,881.38	191,688.14	10.00%

2 to 3 years	3,107,684.06	932,305.22	30.00%
Over 3 years	313,238.90	310,721.62	99.20%
3 to 4 years	2,233.32	1,116.66	50.00%
4 to 5 years	7,003.10	5,602.48	80.00%
Over 5 years	304,002.48	304,002.48	100.00%
Total	36,636,470.84	2,373,674.97	6.48%

Notes:

In the groups, other accounts receivable adopting balance percentage method to withdraw bad debt provision

☐ Applicable ☒ Not applicable

In the groups, other accounts receivable adopting other methods to withdraw bad debt provision:

☐ Applicable ☒ Not applicable

## (2) The Bad-debt Provision Withdrew, Reversed or Collected during the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB850,828.94yuan; the amount of the reversed or collected part during the Reporting Period was of RMB0.00.

## (3) Other Accounts Receivable Actually Verified during the Reporting Period

Unit: RMB

Item	Amount of verification
Other dribble small amount	6.35

## (4) Other Accounts Receivable Classified by Account Nature

Unit: RMB

Nature of accounts	Closing book balance	Opening book balance
Internal business group	29,762,972.58	45,581,148.85
VAT export tax refunds	15,120,172.36	
Performance bond	2,805,428.94	1,959,752.60
Staff borrow and deposit	10,792,685.93	5,587,226.25
Water & electricity fees	870,716.06	936,834.08
Advance money for street light construction	3,777,672.16	2,523,547.23
Other	3,269,795.39	1,944,313.21
Total	66,399,443.42	58,532,822.22

## (5) The Top Five Other Account Receivable Classified by Debtor at Period-end

Unit: RMB

Name of unit	Nature of accounts	Closing balance	Account-age at the end of the period	Proportion to the total of closing balance of other accounts receivable	Closing balance of bad-debt provision
No. 1	VAT export tax refunds	15,120,172.36	Within 1 year	22.77%	453,605.17
No. 2	Internal business group	10,852,345.81	Within 1 year	16.34%	
No. 3	Internal business group	6,125,510.62	1 to 2 years	9.23%	
No. 4	Internal business group	4,395,981.86	2 to 3 years	6.62%	
No. 5	Internal business group	4,026,908.74	Within 1 year	6.06%	
Total	--	40,520,919.39	--	61.03%	453,605.17

#### (6) Account Receivable Involving Government Subsidies

Naught

#### (7) Other Account Receivable Derecognized Due To the Transfer of Financial Assets

Naught

#### (8) Amount of Assets and Liabilities Generated from the Transfer of Other Accounts Receivable and Continued Involvement

Naught

### 3. Long-term Equity Investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Investment to the subsidiary	507,957,289.76	24,360,000.00	483,597,289.76	507,957,289.76	24,360,000.00	483,597,289.76
Investment to joint ventures and associated enterprises	209,858,507.98		209,858,507.98	210,394,932.69		210,394,932.69

Total	717,815,797.74	24,360,000.00	693,455,797.74	718,352,222.45	24,360,000.00	693,992,222.45
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**(1) Investment to the Subsidiary**

Unit: RMB

Investee	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in the Reporting Period	Closing balance of impairment provision
Foshan Chansheng Electronic Ballast Co., Ltd.	2,744,500.00			2,744,500.00		
Foshan Chanchang Electric Appliance (Gaoming) Co., Ltd.	82,507,350.00			82,507,350.00		
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	350,000.00			350,000.00		
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	72,000,000.00			72,000,000.00		
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	35,418,439.76			35,418,439.76		
Guangdong Fozhao New Light Sources Technology Co., Ltd.	50,077,000.00			50,077,000.00		
Guangdong Fozhao Leasing Co., Ltd.	200,000,000.00			200,000,000.00		
Foshan Lighting Lamps & Components Co., Ltd.	15,000,000.00			15,000,000.00		
FSL Zhida Electric	25,500,000.00			25,500,000.00		

Technology Co., Ltd.						
Suzhou Mont Lighting Co., Ltd.	24,360,000.00			24,360,000.00		24,360,000.00
Total	507,957,289.76			507,957,289.76		24,360,000.00

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

Unit: RMB

The investor	Opening balance	Increase/decrease								Closing balance	Closing balance for impairment provision
		Additional investments	Reduced investments	Profit and loss on investments confirmed according to equity law	Adjustment of other comprehensive income	Changes in other equity	Cash, dividends and profits declared to issue	Impairment provisions	Others		
I. Joint ventures											
II. Associated enterprises											
Qinghai FSL Lithium Development Co., Ltd.	29,836,246.62			1,286,376.00						31,122,622.62	
Primatronic (Nanhu) Electronics Ltd.	180,558,686.07			257,589.79			2,080,390.50			178,735,885.36	
Subtotal	210,394,932.69			1,543,965.79			2,080,390.50			209,858,507.98	
Total	210,394,932.69			1,543,965.79			2,080,390.50			209,858,507.98	

**(3) Other Notes**

Naught

#### 4. Revenues and Operating Costs

Unit: RMB

Item	Reporting Period		Same period of last year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Main operations	1,932,419,061.23	1,513,940,853.47	1,734,702,749.77	1,312,995,991.44
Other operations	47,777,343.06	36,016,802.63	47,754,466.37	42,711,518.50
Total	1,980,196,404.29	1,549,957,656.10	1,782,457,216.14	1,355,707,509.94

#### 5. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	1,543,965.79	-19,640.12
Investment income received from disposal of financial assets measured by fair value and the changes be included in the current profits and losses during holding period		261,818.10
Investment income received from holding of available-for-sale financial assets	6,560,422.50	10,950,922.50
Investment income received from bank financial products	5,299,088.41	2,659,136.99
Others	-500,000.22	-131,489.70
Total	12,903,476.48	13,720,747.77

#### 6. Other

Nought

### XVIII. Supplementary Materials

#### 1. Items and Amounts of Extraordinary Gains and Losses

√ Applicable □ Not applicable

Unit: RMB

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets	-4,255,164.43	
Government subsidies recorded into the	3,869,949.96	



current gains and losses (excluding the government subsidies that are closely relative to business and enjoyed in normed way or quantitatively in accordance with the national standards)		
Other non-operating income and expenses other than the above	1,637,836.66	
Less: amount affected of income tax	-57,390.05	
Amount affected of minority equity	-414.63	
Total	1,310,426.87	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item.

☐ Applicable ☒ Not applicable

## 2. Return on Net Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to common shareholders of the Company	4.99%	0.1796	0.1796
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	4.96%	0.1786	0.1786

## 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 Audit Data Adjusting Differences Had Been Foreign Audited, Should Indicate the Name of the Foreign Institutions**

Naught

**4. Other**

Naught

## Section XI Documents Available for Reference

Investors and relevant departments may refer to the following materials placed in the Board Secretariat in the office building of the Company:

1. Financial statements signed and sealed by the legal representative, the accounting head for the Report and the manager of the finance department; and
2. All originals of the Company's documents and announcements disclosed on China Securities Journal, Securities Times, and Ta Kung Pao in the Reporting Period.

The Board of Directors  
Foshan Electrical and Lighting Co., Ltd  
August 23, 2017