



FOSHAN ELECTRICAL AND LIGHTING CO., LTD.
ANNUAL REPORT 2021

March 2022

Part I Important Notes, Table of Contents and Definitions

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

Wu Shenghui, the Company’s legal representative, Tang Qionglan, the Company’s Chief Financial Officer (CFO), and Liang Yuefei, the person-in-charge of the Company’s accounting organ (equivalent to accounting manager) hereby guarantee that the Financial Statements carried in this Report are factual, accurate and complete.

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

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

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

The Board has approved a final dividend plan as follows: based on the share capital of 1,348,994,647 shares (the total share capital of 1,361,994,647 shares minus the remaining 13,000,000 A-shares repurchased in the share repurchase account at the disclosure date of the 2021 Annual Report, a cash dividend of RMB1 (tax inclusive) per 10 shares is to be distributed to the shareholders, with no bonus issue from either profit or capital reserves. Where any change occurs to the total shares entitled to the final dividend due to any new issue, grant of equity incentives, etc. when the final dividend plan is implemented, the dividend per share shall remain the same while the total payout amount shall be adjusted accordingly.

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

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Documents Available for Reference

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

1. The financial statements signed and stamped by the Company's legal representative, Chief Financial Officer, and the person-in-charge of the Company's accounting organ.
2. The original copy of the Independent Auditor's Report signed and stamped by the certified public accountants and stamped by the CPA firm.
3. The originals of all the Company's announcements and documents disclosed to the public during the Reporting Period on the media designated by the CSRC for information disclosure.

Definitions

Term	Definition
The “Company”, “listed company”, “FSL” or “we”	Foshan Electrical and Lighting Co., Ltd. and its consolidated subsidiaries, except where the context otherwise requires
Rising Group	Guangdong Rising Holdings Group Co., Ltd.
Electronics Group	Guangdong Electronics Information Industry Group Ltd.
Rising Capital	Guangdong Rising Capital Investment Co., Ltd. (formerly known as “Guangdong Rising Finance Holding Co., Ltd.”)
Shenzhen Rising Investment	Shenzhen Rising Investment Development Co., Ltd.
Hong Kong Rising Investment	Rising Investment Development Limited
Hongkong Wah Shing	Hongkong Wah Shing Holding Company Limited
NationStar Optoelectronics	Foshan NationStar Optoelectronics Co., Ltd.
Sigma	Foshan Sigma Venture Capital Co., Ltd.
Nanning Liaowang	Nanning Liaowang Auto Lamp Co., Ltd.
CSRC	China Securities Regulatory Commission
SZSE	Shenzhen Stock Exchange
General meeting	General meeting of Foshan Electrical and Lighting Co., Ltd.
Board of Directors	The board of directors of Foshan Electrical and Lighting Co., Ltd.
Supervisory Committee	The supervisory committee of Foshan Electrical and Lighting Co., Ltd.
Annual report auditor	Zhongzheng Tiantong Certified Public Accountants LLP
RMB, RMB’0,000, RMB’00,000,000	Expressed in the Chinese currency of Renminbi, expressed in tens of thousands of Renminbi, expressed in hundreds of millions of Renminbi

Part II Corporate Information and Key Financial Information

I Corporate Information

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

II Contact Information

	Board Secretary	Securities Representative
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III Media for Information Disclosure and Place where this Report Is Lodged

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

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

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

V Other Information

The independent audit firm hired by the Company:

Name	Zhongzheng Tiantong Certified Public Accountants LLP
Office address	13/F, Tower B, Jinyun Building, A43 Xizhimen Avenue North, Haidian District, Beijing
Accountants writing signatures	Feng Wei and Li Qiongqian

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

Applicable Not applicable

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

Applicable Not applicable

VI Key Financial Information

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

Yes No

	2021	2020	2021-over-2020 change (%)	2019
Operating revenue (RMB)	4,772,690,469.14	3,744,914,452.72	27.44%	3,337,576,747.66
Net profit attributable to the listed company's shareholders (RMB)	250,091,965.87	316,914,185.34	-21.09%	296,077,926.11
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	150,010,381.60	276,795,046.07	-45.80%	283,753,154.31
Net cash generated from/used in operating activities (RMB)	-277,025,085.26	394,828,331.90	-170.16%	509,889,792.05
Basic earnings per share (RMB/share)	0.1854	0.2349	-21.07%	0.2195
Diluted earnings per share (RMB/share)	0.1836	0.2327	-21.10%	0.2174
Weighted average return on equity (%)	4.23%	5.82%	-1.59%	6.18%
	31 December 2021	31 December 2020	Change of 31 December 2021 over 31 December 2020 (%)	31 December 2019
Total assets (RMB)	9,699,592,528.61	8,519,336,914.11	13.85%	6,477,955,373.32
Equity attributable to the listed company's shareholders (RMB)	5,800,558,588.34	6,263,921,304.54	-7.40%	4,944,201,236.25

Note: The Company repurchased some shares during 2021. For details, see "2. Share repurchase" under "XVI Other Significant Events" of Part VI of this Report. According to Preparation Rule 9 on Information Disclosure for Companies Offering Their Securities to the Public—Calculation and Disclosure of ROE and EPS (2010 Revision), EPS of comparative periods have been recalculated based on the adjusted shares.

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

Yes No

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

Yes No

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

1. Net Profit and Equity under CAS and IFRS

Applicable Not applicable

No difference for the Reporting Period.

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

Applicable Not applicable

No difference for the Reporting Period.

VIII Key Financial Information by Quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	825,678,013.99	1,129,664,102.21	1,291,797,822.97	1,525,550,529.97
Net profit attributable to the listed company's shareholders	42,203,399.57	68,352,143.36	81,457,735.74	58,078,687.20
Net profit attributable to the listed company's shareholders before exceptional gains and losses	39,266,019.69	59,684,487.82	49,859,285.46	1,200,588.63
Net cash generated from/used in operating activities	48,558,082.07	-2,778,441.55	-99,365,759.87	-223,438,965.91

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

Yes No

IX Exceptional Gains and Losses

√ Applicable □ Not applicable

Unit: RMB

Item	2021	2020	2019	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	82,233,742.26	7,466,798.65	-413,275.62	
Government subsidies charged to current profit or loss (exclusive of government subsidies consistently given in the Company's ordinary course of business at fixed quotas or amounts as per government policies or standards)	15,971,903.24	25,372,941.13	6,485,365.31	
Capital occupation charges on non-financial enterprises that are recognized in profit or loss	881,704.19	1,337,410.12		
Current profit or loss on subsidiaries obtained in business combinations involving entities under common control from the period-beginning to combination dates, net		-5,613,743.03	-5,104,980.13	
Gain or loss on fair-value changes on held-for-trading financial assets and liabilities & income from disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets (exclusive of the effective portion of hedges that arise in the Company's ordinary course of business)	10,663,119.44	8,463,850.00	15,574,400.00	
Reversed portions of impairment allowances for receivables which are tested individually for impairment		9,156,396.52		
Non-operating income and expense other than the above	10,640,975.11	-123,367.66	-2,543,083.02	
Less: Income tax effects	17,224,178.81	5,643,715.91	2,635,263.29	
Non-controlling interests effects (net of tax)	3,085,681.16	297,430.55	-961,608.55	
Total	100,081,584.27	40,119,139.27	12,324,771.80	--

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

□ Applicable √ Not applicable

No such cases for the Reporting Period.

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

Applicable Not applicable

No such cases for the Reporting Period.

Part III Management Discussion and Analysis

I Industry Overview for the Reporting Period

At present, the lighting industry is experiencing a gradual growth slowdown and significant structural overcapacity. With rigidly increasing operating costs, the profit margins of lighting enterprises have been squeezed to a certain extent. From the perspective of the global market, with the fluctuations in the RMB-to-USD exchange rate and the Covid-19 pandemic not entirely under control across the world, the lighting industry is facing many uncertainties in export, and many export-oriented enterprises are turning to the domestic market, exacerbating the competition in the domestic market. Under the dual pressures from market demand and fierce competition, the lighting industry, dominated by micro-, small- and medium-sized enterprises, will see deep shuffling and accelerated industrial chain integration. Enterprises with advantages in capital and manufacturing will have the opportunity to expand their market share by integrating high-quality targets with channels, technologies and prospects, and quickly enhance their scales.

Generally speaking, China's lighting industry is insufficiently centralized with no overwhelmingly superior enterprises despite an enlarging market share of competitive brands. Upon years of development, we have become a leading and quite competitive lighting enterprise with strong competitiveness in brand, production scale, channel, R&D, etc.

II Principal Activity of the Company in the Reporting Period

1. The Company's Principal Activities or Products

We design, manufacture and market high-quality, green and energy-efficient lighting products, auto lamps, and electrical products, as well as provide complete lighting, electrical, and auto lamp solutions. Our products mainly include LED, traditional lighting products, auto lamps, switches and sockets. Our "FSL" and "Fenjiang" brands have been certified as "Famous China Brands".

2. Main business models

(1) Procurement model

We mainly procure raw materials such as LED lamp beads, electronic components, aluminum substrate, plastic parts, metal materials by way of tendering and bidding. A tendering and bidding supervisory committee consisting

of personnel from key departments has been put in place. 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, predict future market demand and take into account the safe inventory line 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

In terms of domestic sale, the Company adopts the sale mode of dealer distribution and direct supply for engineering projects. In terms of channels, the Company boasts hardware store, home decoration, engineering, industrial lighting, e-commerce & retail sales channels. In the factory-installed market, auto lamp products are provided directly to automobile manufacturers; and in the aftermarket, products are mainly sold by dealers.

For overseas markets, we adopt OEM and OBM models and also sell under our own brands (through agents).

3. Main driving forces for growth

During the Reporting Period, the Covid-19 pandemic was not entirely under control across the world, and the downward pressure on the economy kept mounting. However, China's policies of "Carbon Emission Peak and Carbon Neutrality", new infrastructure, new urbanization, major construction projects, new energy vehicles, etc. have brought new development opportunities for the country's lighting industry and auto lamp segment. Upholding the overall idea of "stabilizing the fundamentals and expanding new businesses", the Company continuously strengthened the innovation driver and promoted the change of the marketing model. It tackled problems of capital operation, optimized the industrial layout, intensified management and improvement, and vigorously explored the segmented market. In 2021, the Company acquired Nanning Liaowang, which provided strong support for the Company to rapidly enter the OEM market and make the automobile vehicle lamp business of the Company stronger and bigger. Meanwhile, with the evolution of the industrial competition model, consumers are getting increasingly concerned with product quality and brand. As a result, companies with weak competitiveness will be gradually elbowed out of the market while large enterprises or enterprises with core competitiveness will have more market opportunities. By virtue of its advantages in technology, brand, channel and scale, the Company has continued to promote the technical upgrading of main products, improve product quality, beef up market expansion and optimize the business portfolio through sustained spending on R&D and technical innovation. Meanwhile, it has gained an advantageous position in the process of enhancing market concentration by increasing the level of production automation, effectively controlling purchase costs and ramping up production efficiency.

III Core Competitiveness Analysis

The Company's core competitiveness is mainly reflected in the following four aspects:

Channel advantage

The Company has been sticking to the market strategy of deeply cultivating and refining channels. Over years of development and experience, the Company has been equipped with five major sales channels in domestic market (hardware distribution, home, e-commerce & retail sales, engineering, and industrial lighting channels), forming a marketing network covering the whole country; in foreign market, the Company has made active steps to develop international market business, sold products to more than 120 countries and regions in North America, Europe, Southeast Asia, Africa and Oceania, and kept improving overseas sales channel. By virtue of its powerful and

comprehensive sales channels, the Company has enabled its products to enter market rapidly, substantially enhancing its market development abilities and competitiveness.

Brand advantage

The Company has accumulated more than 60 years' experience in the lighting industry and enjoyed continuously increasing influence and brand value for its "FSL". For 16 consecutive years, the Company has been included in the list of "China's 500 Most Valuable Brands". In 2021, the value of FSL brand reached RMB22,865 million. In recent years, with the enhancement of its development positioning, product design and user experience, the Company has initiated the strategy of brand upgrading and carried out promotion by centering around the new "Professional, Healthy, Fashionable and Intelligent". In addition, it has accelerated brand building through high-end mainstream media platform, Internet emerging media and offline terminal advertising respectively, maximized the brand and product communication effect, formed a comprehensive and diversified publicity position, and driven the transition of "FSL" from an industrial brand to a popular brand to maintain the brand vitality and competitiveness. The brand "FSL" has become one of the most influential and popular industrial brands in China, and the powerful brand influence has played a key role in driving the sustained growth of the Company's sales.

R&D technical advantage

The Company values the R&D of new products and the development of innovation and R&D teams, and has established a systematic and scientifically independent science and technology innovation system, and a team of well-structured, collaborative and efficient talents. It has further increased spending on technology and independent product innovation and introduced first-class R&D equipment and facilities from home and abroad to provide high-quality conditions for scientific and technological innovation. The Company is a national high-tech company, and its testing center has the CNAS-approved qualification. In addition, the Company has built innovative platforms such as "Guangdong Engineering Technology Development Center", "Guangdong Industrial Design Center", "Guangdong Enterprise Technology Center", and "Lighting Research Institute". Besides, the Company has won the titles of "National IP Advantaged Enterprise" and "Guangdong IP Demonstration Enterprise". The Company has built a "Guangdong Province Doctor Workstation" to explore and intensify efforts in the cutting-edge technology of LEDs, strengthen key technology research and basic research, and form technical barriers with proprietary intellectual property rights in lighting, spectroscopic, electrical, IoT, AI and many other fields. and has been cumulatively granted 922 valid patents. Also, it has led or participated in the

revision of 66 standards at all levels. The Company actively integrates internal and external resources and collaborates with Tsinghua University, Fudan University, Sun Yat-sen University, South China University of Technology, Institute of Deep-Sea Science and Engineering, CAS and other scientific research institutes to establish in-depth industrial and research cooperation, so as to promote key technological breakthroughs and transformation of scientific and technological achievements. Meanwhile, the Company has formed a smooth R&D talent cultivation channel to provide a strong guarantee for the Company to maintain technological leadership and continuous product innovation.

Scale advantage

As one of the enterprises to first step into the industry of producing and selling lighting products, the Company forms a capability of mass manufacturing by years of experience accumulation. After years of continuous investment, the Company has greatly improved its production automation level. The large-scale and centralized production brings obvious economic benefits to the Company, which not only shows in manufacture cost of products, but also shows in aspects such as raw material procurement and product pricing.

Advantage of a vertical and integrated LED industrial chain

In February 2022, the Company completed the acquisition of NATIONSTAR, held 21.48% shares of NATIONSTAR, and became a shareholder of NATIONSTAR. The business of NATIONSTAR covers the upstream LED chip manufacturing and midstream LED packaging in the LED industrial chain. Through this resource integration, the Company has a complete and refined LED industrial chain covering upstream LED chip manufacturing, midstream LED packaging and downstream LED application products, thus strengthening the competitiveness and presence of the Company in the industry.

IV Core Business Analysis

1. Overview

Faced with the complicated and severe situation such as the rising prices of raw materials, the sharp rise of export logistics cost, the appreciation of RMB and the shortage of key supplies in 2021, the Company, upholding the overall idea of "stabilizing the fundamentals and expanding new businesses", forged ahead and intensified efforts in production and operation by continuously strengthening innovation drive, promoting marketing model reform, optimizing the business portfolio, and promoting management improvement. As a result, the Company achieved a

record high in operating revenue. During the Reporting Period, the Company recorded operating revenue of RMB4772.6905 million, up by 27.44 % year-on-year (YoY) and a net profit attributable to shareholders of the listed company of RMB250.092 million, down by 21.09% YoY.

In 2021, the Company mainly focused on the following tasks:

1. Enhanced innovation of R&D technology.

The Company adhered to innovation-driven development, and vigorously enhanced R&D and innovation. Also, it continued to increase investment in R&D, and invested RMB233 million in R&D in the year, accounting for 4.88% of operating revenue. Throughout the year, the Company has developed a total of 425 new products, creating sales of about RMB700 million and applied for 283 patents, 207 of which were authorized. Also, four products were awarded international bid acceptance certificates, and 21 international, industry and group standards were formulated. Meanwhile, the Company has vigorously promoted the construction of innovation platforms, and built provincial platforms such as the "Doctor Workstation" and "Corporate Technology Center". Additionally, its Testing Center was accredited by US Energy Star, and the innovation platform has played an increasing important supporting role. The Company also deepened industrial and university research cooperation, strengthened cooperation with universities and research institutes such as the Institute of Deep-Sea Science and Engineering of Chinese Academy of Sciences, Tsinghua University and Fudan University, and jointly carried out research on new materials, new technologies, intelligent control and other topics, promoted the breakthrough and reserve of key technologies, and constantly enhanced research and development and innovation capabilities. The Research and Development Center of the Company won the "National Worker Pioneer" in 2021, and was shortlisted into the top 50 divisions of the Guangdong-Hong Kong-Macao Greater Bay Area High Value Patent Cultivation Layout Competition.

2. Improved industrial optimization layout.

The Company focused on market demand, vigorously optimized the industrial layout, and actively explored new businesses. In terms of marine lighting, the Company has developed a series of products for deep-sea lighting, fish-collecting lighting and aquaculture lighting with the Institute of Deep-Sea Science and Engineering of Chinese Academy of Sciences and Dalian Ocean University. The Company established a subsidiary in Hainan, set up and deployed marine lighting and other related business teams to conduct market development and channel layout. In terms of intelligent lighting, the Company introduced smart office, smart education, smart home system, 5G smart lamppost solutions in light of different application scenarios, and launched a batch of intelligent

products together with notable platform companies. In terms of health lighting, the Company, taking the construction of light health laboratory as an opportunity, focused on the fields of vision protection, rhythm health, disinfection and sterilization, and introduced a range of new health lighting products. The reading and writing desk lamp obtained the five-star evaluation of Chinese audio-visual health products and human comfort evaluation issued by China Association for Medical Devices Industry and the clinical report issued by Zhongshan Ophthalmic Center, Sun Yat-sen University. In terms of animal and plant lighting, the Company has introduced programs for animal and plant lighting and disinfection solution in various application scenarios, developed basic products such as culture fill light lamp, plant growth flying saucer lamp and lamp tube, and Chinese herbal medicine spectrum programme. In terms of lighting electronic FMCG, the Company has developed 112 products with intelligent sensing, portable mobile and entertainment functions. In terms of airport lighting, the Company has continuously advanced the research and development of lighting products in the terminal area and airport ground transportation area, and developed products of 37 specification under nine major categories. These six segments have laid a solid foundation for the sustainable development of the Company in the future.

3. Strengthened market development.

The Company adopted a target-oriented approach, made great efforts to promote the development of large customer projects and independent brands, and increased market volume. Also, it intensified efforts to complete large customer projects, set up special teams to focus on large customer projects in the fields of animal and plant lighting, educational lighting, rail transit, etc., with multiple major projects being implemented one after another. The Company has enhanced cooperation with overseas major customers, exploring more business opportunities. It vigorously explored overseas markets, opened up many influential new customers, and successfully entered a number of mainstream supermarkets in Europe and the largest building materials supermarket chain in South America. Also, the own-branded lighting, electrical and auto lamp products of the Company realized sales in Southeast Asia, Middle East and Oceania respectively. The Company continued to promote the reform of marketing model, strictly regulated regional market price system, and solved the problems of development and bad competition in regional market. It continuously promoted the construction of provincial service centers and enhanced the market service and development capacities of service centers. Also, the Company promoted the reform of domestic provincial marketing management system.

4. Intensified operation.

First, the Company made efforts to reduce costs. It accelerated the automation of production and promoted

automatic production and process flow management, minor changes of process technology and other measures through automated transformation of lamps, lamp tubes and other assembly lines and application of product line for intelligent bulb manufacturing, so as to reduce personnel, cut intermediate links, and greatly improve efficiency production. The Company also reduced material cost by purchasing large quantity for lower price, bidding for lower price and new material replacement through centralized purchasing. Second, the Company sought to reduce inventory. It built an inventory management and control mechanism, clarified inventory management and control tasks, followed up and supervised the inventory each month to reduce inventory. Third, the Company took measures to control risks. It strengthened contract management, conducted strict credit review for each amount, and implemented customer asset pledge and established accounts receivable early warning mechanisms to enhance accounts receivable collection and prevent fund risks.

5. Fortified capital operation.

During the Reporting Period, the Company successfully completed the merger and acquisition of Nanning Liaowang, which provided strong support for the Company to enter the OEM industrial chain, build up automotive lighting sector and further expand its business overseas. With the help of the Company, Nanning Liaowang actively explored new customers, successfully became a new supplier of certain major OEMs, and accelerated the introduction of medium- and high-end R&D and sale talents. Besides, Nanning Liaowang has made breakthroughs in the integration of display and luminaire technology, assembly size chain CAE analysis and other technologies, and constantly strengthened its R&D strength, laying a solid foundation for itself to become a supplier of more medium- and high-end OEMs more quickly and better. During the Reporting Period, the Company went through the decision-making process for the major asset restructuring project of acquisition of equity of NATIONSTAR.

2. Revenue and Cost Analysis

(1) Breakdown of Operating Revenue

Unit: RMB

	2021		2020		Change (%)
	Operating revenue	As % of total operating revenue (%)	Operating revenue	As % of total operating revenue (%)	
Total	4,772,690,469.14	100%	3,744,914,452.72	100%	27.44%

By operating division					
Lighting products and luminaries	4,772,690,469.14	100.00%	3,744,914,452.72	100.00%	27.44%
By product category					
LED products	2,988,460,170.89	62.62%	2,826,795,772.25	75.48%	5.72%
Traditional lighting products	597,103,329.41	12.51%	581,481,348.04	15.53%	2.69%
Auto lamps	899,064,914.20	18.84%	185,907,625.69	4.96%	383.61%
Electrical products	122,634,832.36	2.57%	105,652,219.59	2.82%	16.07%
Other	165,427,222.28	3.47%	45,077,487.15	1.20%	266.98%
By operating segment					
Domestic	3,273,811,238.64	68.59%	2,264,373,046.87	60.47%	44.58%
Overseas	1,498,879,230.50	31.41%	1,480,541,405.85	39.53%	1.24%
By distribution model					
Direct sales	43,652,588.73	0.91%	48,371,189.85	1.29%	-9.75%
Distribution	4,563,610,658.13	95.62%	3,651,465,775.72	97.50%	24.98%
other	165,427,222.28	3.47%	45,077,487.15	1.20%	266.98%

(2) Operating Division, Product Category, Operating Segment and Distribution Model Contributing over 10% of Operating Revenue or Operating Profit

√ Applicable □ Not applicable

Unit: RMB

	Operating revenue	Cost of sales	Gross profit margin	YoY change in operating revenue (%)	YoY change in cost of sales (%)	YoY change in gross profit margin (%)
By operating division						
Lighting products and luminaries	4,772,690,469.14	3,962,183,323.47	16.98%	27.44%	32.24%	-3.01%
By product category						
LED products	2,988,460,170.89	2,524,850,293.04	15.51%	5.72%	9.01%	-2.55%
Traditional lighting products	597,103,329.41	474,386,396.24	20.55%	2.69%	11.74%	-6.44%
Auto lamps	899,064,914.20	747,331,339.98	16.88%	383.61%	404.26%	-3.40%
Electrical products	122,634,832.36	89,772,637.68	26.80%	16.07%	30.45%	-8.07%
Other	165,427,222.28	125,842,656.53	23.93%	266.98%	225.89%	9.59%

By operating segment						
Domestic	3,273,811,238.64	2,639,556,650.24	19.37%	44.58%	51.57%	-3.72%
Overseas	1,498,879,230.50	1,322,626,673.23	11.76%	1.24%	5.41%	-3.49%
By distribution model						
Direct sales	43,652,588.73	29,629,037.23	32.13%	-9.75%	-17.71%	6.56%
Distribution	4,563,610,658.13	3,806,711,629.71	16.59%	24.98%	30.29%	-3.40%
other	165,427,222.28	125,842,656.53	23.93%	266.98%	225.89%	9.59%

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

Applicable Not applicable

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

Yes No

Operating division	Item	Unit	2021	2020	Change (%)
Lighting products and luminaries	Unit sales	Piece	673,457,301	716,506,189	-6.01%
	Output	Piece	687,092,615	714,484,762	-3.83%
	Inventory	Piece	112,960,123	99,324,809	13.73%

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

Applicable Not applicable

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

Applicable Not applicable

(5) Breakdown of Cost of Sales

By operating division and product category

Unit: RMB

Operating division	Item	2021		2020		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
Lighting products and luminaries		3,962,183,323.47	100.00%	2,996,273,910.80	100.00%	32.24%
Lighting products and luminaries	Raw materials	3,001,186,699.23	75.75%	2,230,736,822.88	74.45%	34.54%
Lighting products and luminaries	Labor cost	476,659,230.59	12.03%	447,002,407.48	14.92%	6.63%

Lighting products and luminaries	Depreciation and other	358,494,737.12	9.05%	279,919,016.68	9.34%	28.07%
Lighting products and luminaries	Other	125,842,656.53	3.18%	38,615,663.76	1.29%	225.89%

Unit: RMB

Product category	Item	2021		2020		Change (%)
		Cost of sales	As % of total cost of sales (%)	Cost of sales	As % of total cost of sales (%)	
LED lighting products	Raw materials	2,067,044,284.57	52.17%	1,790,215,086.03	59.75%	15.46%
LED lighting products	Labor cost	278,057,829.97	7.02%	326,408,017.07	10.89%	-14.81%
LED lighting products	Depreciation and other	179,748,178.50	4.54%	199,466,678.95	6.66%	-9.89%
LED lighting products	Subtotal	2,524,850,293.04	63.72%	2,316,089,782.05	77.30%	9.01%
Traditional lighting products	Raw materials	326,913,472.47	8.25%	276,836,739.94	9.24%	18.09%
Traditional lighting products	Labor cost	98,778,080.95	2.49%	84,211,159.40	2.81%	17.30%
Traditional lighting products	Depreciation and other	48,694,842.82	1.23%	63,501,003.52	2.12%	-23.32%
Traditional lighting products	Subtotal	474,386,396.24	11.97%	424,548,902.86	14.17%	11.74%
Auto lamps	Raw materials	535,110,159.03	13.51%	108,505,008.56	3.62%	393.17%
Auto lamps	Labor cost	89,481,090.61	2.26%	28,617,438.10	0.96%	212.68%
Auto lamps	Depreciation and other	122,740,090.34	3.10%	11,079,929.95	0.37%	1,007.77%
Auto lamps	Subtotal	747,331,339.98	18.86%	148,202,376.61	4.95%	404.26%
Electrical products	Raw materials	72,118,783.16	1.82%	55,179,988.35	1.84%	30.70%
Electrical products	Labor cost	10,342,229.06	0.26%	7,765,792.91	0.26%	33.18%
Electrical products	Depreciation and other	7,311,625.46	0.18%	5,871,404.26	0.20%	24.53%
Electrical products	Subtotal	89,772,637.68	2.27%	68,817,185.52	2.30%	30.45%
Other products	Other	125,842,656.53	3.18%	38,615,663.76	1.29%	225.89%

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

Yes No

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

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

Applicable Not applicable

(8) Major Customers and Suppliers

Major customers:

Total sales to top five customers (RMB)	1,032,503,083.81
Total sales to top five customers as % of total sales of the Reporting Period (%)	21.64%
Total sales to related parties among top five customers as % of total sales of the Reporting Period (%)	0.00%

Information about top five customers:

No.	Customer	Sales revenue contributed for the Reporting Period (RMB)	As % of total sales revenue (%)
1	Customer A	442,978,447.77	9.28%
2	Customer B	278,031,461.29	5.83%
3	Customer C	131,200,529.71	2.75%
4	Customer D	96,974,946.12	2.03%
5	Customer E	83,317,698.92	1.75%
Total	--	1,032,503,083.81	21.64%

Other information about major customers:

Applicable Not applicable

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

Major suppliers:

Total purchases from top five suppliers (RMB)	220,364,648.80
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Total purchases from top five suppliers as % of total purchases of the Reporting Period (%)	6.67%
Total purchases from related parties among top five suppliers as % of total purchases of the Reporting Period (%)	1.29%

Information about top five suppliers:

No.	Supplier	Purchase in the Reporting Period (RMB)	As % of total purchases (%)
1	Supplier A	49,647,217.33	1.50%
2	Supplier B	45,804,291.12	1.39%
3	Supplier C	42,644,701.72	1.29%
4	Supplier D	42,333,486.34	1.28%
5	Supplier E	39,934,952.29	1.21%
Total	--	220,364,648.80	6.67%

Other information about major suppliers:

Applicable Not applicable

Except for supplier B, none of the other suppliers is a related party of the Company.

3. Expense

Unit: RMB

	2021	2020	Change (%)	Reason for any significant change
Selling expense	170,281,041.34	145,219,700.35	17.26%	
Administrative expense	206,336,111.81	155,365,373.75	32.81%	Acquisition in the current period of Nanning Liaowang, which was not under common control with the Company
Finance costs	3,120,029.73	-5,623,285.45	155.48%	Lower interest income from bank deposits in the current period
R&D expense	203,681,619.16	108,885,296.71	87.06%	It is mainly due to the continuous increase in investment in research and development by the Company, the expansion of the R&D team, the increase in R&D projects compared with the previous period, and the combination of subsidiary Nanning Liaowang not under the same control in the current period.

4. R&D Investments

√ Applicable □ Not applicable

Names of main R&D projects	Project objectives	Project progress	Objectives to be achieved	Expected impact on the future development of the Company
Research on key technologies of smart home controller and application of LED luminaries	Smart home is based on the Internet of Things system, which changes the system from the original single control to the two-way intelligent dialogue between people and things, things and things, and realizes an intelligent ecosystem.	R&D completed	It has the functions of intelligent lighting control, intelligent electrical appliance control, security monitoring system and home theater system. Improve the safety, convenience, comfort and artistry of the home, and realize an environmentally friendly and energy-saving living environment.	Accelerate the layout of smart lighting sub-sectors, make every effort to break through differentiation and functional product innovation, empower business channels such as smart home, smart FSL, smart education, smart business and smart road as a whole, and foster new business growth points.
Research and application of key technologies of high reliability LED luminaries for marine lighting	The lamps used for fishing boats are mainly traditional metal halide lamps, which feature high energy consumption, low light utilization rate and short service life, and are difficult to realize intelligent operation;	Ongoing	Achieve the advantages of high light efficiency, low energy consumption, high reliability, long life and easy maintenance, and lay a solid foundation for the subsequent intelligent fishing lamp and lamp system.	actively integrate into the field of health lighting, continuously speed up the rapid transformation of innovation achievements from demand to products, from theory to market, and cultivate new business growth points.
Research on disinfection technology of visible photocatalyst	use LED lamps as light sources to realize the functions of purification, antibacterial and antiviral in light environment space.	Ongoing	achieve safe and healthy disinfection effect.	expand the product line in the field of health disinfection lighting, and enhance the brand influence.
Research and development of key technologies and industrialization of intelligent LED automobile lamps	Develop intelligent, safe and reliable LED automobile lamps for the market.	To be accepted	Improve the high temperature resistance, high reliability and intelligent control technology of LED automobile headlamps, realize the integration of driving, communication and parameter acquisition technologies, and form LED automobile headlamps and their intelligent control systems to realize industrialization and successfully push to the	Establish and reform an LED automobile headlamp and its intelligent control system production line through the application of the project products, and upgrade LED headlamp modules, LED headlamp plastic parts, painting and distribution production lines to enhance the Company's market competitiveness.

			market.	
24-Pixel intelligent ADB high beam module	Develop an intelligent high beam module, which can effectively use the high beam mode by switching the high beam mode under different driving modes, and improve the driving safety of automobiles. Make driving more comfortable.	Ongoing	Improve the intelligent development ability of the Company through the design and development regarding electronic software, system and optics.	improve the technical ability of the Company to equip intelligent ADB high beam in the middle and high-end models, and enable the Company to better occupy the middle and high-end market. After the completion of the 24-pixel ADB functional sample, the Company has an ADB framework that can be equipped with major OEMs to develop and mass-produce ADB modules.

Details about R&D personnel:

	2021	2020	Change (%)
Number of R&D personnel	1226	856	43.22%
R&D personnel as % of total employees	13.20%	10.81%	2.39%
Educational background	—	—	—
Bachelor	609	373	63.27%
Master	28	12	133.33%
Doctor	4	0	
Junior college and below	589	471	25.05%
Age structure	—	—	—
Below 30	521	423	23.17%
30~40	447	266	68.05%
Over 40	258	167	54.49%

Details about R&D investments:

	2021	2020	Change (%)
R&D investments (RMB)	232,707,972.02	161,198,331.61	44.36%
R&D investments as % of operating revenue	4.88%	4.30%	0.58%
Capitalized R&D investments (RMB)	0.00	0.00	

Capitalized R&D investments as % of total R&D investments	0.00%	0.00%	
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R&D investment calculated in accordance with the *Administrative Measures for the Determination of High and New Tech Enterprises* and other relevant provisions, including R&D investment included in cost of sales and expensed R&D spending in accordance with accounting standards. In 2021, the Company's R&D investment was RMB232,707,972.02, accounting for 4.88% of the operating revenue, of which the revenue formed after the external sales of the Company's medium- and small-scale trial production products was included in the main business revenue, the expenditure of RMB29,026,400 was included in the main cost of sales, and the expenditure of RMB203,681,600 was included in the R&D expense item.

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

5. Cash Flows

Unit: RMB

Item	2021	2020	Change (%)
Subtotal of cash generated from operating activities	4,544,248,307.83	3,574,410,231.32	27.13%
Subtotal of cash used in operating activities	4,821,273,393.09	3,179,581,899.42	51.63%
Net cash generated from/used in operating activities	-277,025,085.26	394,828,331.90	-170.16%
Subtotal of cash generated from investing activities	1,914,743,798.27	467,212,335.49	309.82%
Subtotal of cash used in investing activities	941,892,466.14	544,306,623.11	73.04%
Net cash generated from/used in investing activities	972,851,332.13	-77,094,287.62	1,361.90%
Subtotal of cash generated from financing activities	127,386,000.00	48,300,000.00	163.74%
Subtotal of cash used in financing activities	554,227,366.75	536,686,783.37	3.27%
Net cash generated from/used in financing activities	-426,841,366.75	-488,386,783.37	12.60%

Net increase in cash and cash equivalents	263,360,932.74	-175,350,823.84	250.19%
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Explanation of why any of the data above varies significantly:

Applicable Not applicable

1. Net cash generated from operating activities decreased by 170.16% year on year, mainly due to the increase in cash payments due to the increase in raw material prices and the increase in taxes and levies paid due to the sale of some shareholdings in the current period.
2. Net cash generated from investing activities increased 1,361.90% year on year, primarily driven by an increase in disinvestment as a result of the sale of some shareholdings in the current period.
3. Net cash generated from financing activities increased 12.60% year on year, primarily due to increased borrowings obtained in the current period.

Explanation of why net cash generated from/used in operating activities varies significantly from net profit for the Reporting Period:

Applicable Not applicable

There is a gap of RMB544,322,520.56 between net cash generated from operating activities of RMB-277,025,085.26 and net profit of RMB267,297,435.30 in the year, mainly due to the increase in cash payments due to the increase in raw material prices and the increase in taxes and levies paid due to the sale of some shareholdings in the current period.

V Analysis of Non-Core Businesses

Applicable Not applicable

Unit: RMB

	Amount	As % of gross profit	Main source/Reason	Recurrent or not
Return on investment	36,121,053.68	12.36%	Dividend income from other equity investments held during the period, and gains on forward forex settlement contracts	Not
Gain/loss on changes in fair value	4,649,669.44	1.59%	Gain/loss on changes in fair value of derivative financial instruments	Not
Asset impairments	-30,891,621.47	-10.57%	Inventory valuation allowances	Not
Non-operating income	13,186,956.38	4.51%	Income from counter-party default	Not

Non-operating expense	1,188,471.54	0.41%	Loss on retirement of non-current assets	Not
Other income	16,311,903.24	5.58%	Receipt of continuing government grants	Not
Credit impairment loss	-4,657,215.52	-1.59%	Allowances for doubtful accounts	Not
Asset disposal income	77,713,637.77	26.58%	Disposal of immovable properties	Not

VI Analysis of Assets and Liabilities

1. Significant Changes in Asset Composition

Unit: RMB

	31 December 2021		1 January 2021		Change in percentage (%)	Reason for any significant change
	Amount	As % of total assets	Amount	As % of total assets		
Monetary assets	1,384,218,544.27	14.27%	981,249,699.49	11.51%	2.76%	Sale of some shareholdings in the current period
Accounts receivable	1,452,728,276.48	14.98%	1,134,233,235.70	13.31%	1.67%	Acquisition of subsidiary Nanning Liaowang in the current period which was not under common control with the Company
Contract assets	8,561,303.10	0.09%		0.00%	0.09%	
Inventory	1,063,489,341.00	10.96%	735,685,116.91	8.63%	2.33%	Acquisition of subsidiary Nanning Liaowang in the current period which was not under common control with the Company
Investment property	43,347,824.34	0.45%		0.00%	0.45%	Change of some of the self-used properties to investment properties in the current period
Long-term equity investments	181,545,123.09	1.87%	181,365,016.32	2.13%	-0.26%	
Fixed assets	1,323,076,326.60	13.64%	685,707,548.55	8.05%	5.59%	Acquisition of subsidiary Nanning Liaowang in the current period which was not under common control with the Company
Construction in progress	730,595,319.42	7.53%	503,941,120.31	5.91%	1.62%	Increase in infrastructure investment projects in the current period
Right-of-use assets	13,497,139.00	0.14%	3,943,088.30	0.05%	0.09%	

Short-term borrowings	226,779,997.01	2.34%		0.00%	2.34%	Receipt of bank loan and acquisition of subsidiary Nanning Liaowang in the current period which was not under common control with the Company
Contract liabilities	84,818,285.22	0.87%	65,777,726.45	0.77%	0.10%	
Lease liabilities	7,862,803.22	0.08%	2,192,806.19	0.03%	0.05%	

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

Applicable Not applicable

2. Assets and Liabilities at Fair Value

Applicable Not applicable

Unit: RMB

Item	Beginning amount	Gain/loss on fair-value changes in the Reporting Period	Cumulative fair-value changes charged to equity	Impairment allowance for the Reporting Period	Purchased in the Reporting Period	Sold in the Reporting Period	Other changes	Ending amount
Financial assets								
2. Derivative financial assets	6,332,900.00	-1,683,230.56					1,176,008.74	5,825,678.18
4. Investments in other equity instruments	3,305,501,030.06	-322,793,550.14	1,158,465,606.86		9,402,110.68	1,517,248,805.45		1,474,860,785.15
Subtotal of financial assets	3,311,833,930.06	-324,476,780.70	1,158,465,606.86		9,402,110.68	1,517,248,805.45	1,176,008.74	1,480,686,463.33
Total of the above	3,311,833,930.06	-324,476,780.70	1,158,465,606.86		9,402,110.68	1,517,248,805.45	1,176,008.74	1,480,686,463.33
Financial liabilities	0.00							0.00

Contents of other changes:

The increase is mainly due to the acquisition in the current period of Nanning Liaowang, which was not under common control with the Company.

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

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

Yes No

3. Restricted Asset Rights as at the Period-End

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary assets	245,575,069.72	Security deposits for notes and performance bonds
Notes receivable	275,626,604.28	In pledge for notes pool
Fixed assets	277,849,723.49	As mortgage and guarantee for related party, see XIV (III) "Guarantees" in Part X
Intangible assets	11,274,770.33	
Long-term prepaid expense	2,773,669.04	
Total	813,099,836.86	

VII Investments Made

1. Total Investment Amount

Applicable Not applicable

Investment amount in the Reporting Period (RMB)	Investment amount in the same period of last year (RMB)	Change (%)
693,880,163.76	328,313,442.49	111.35%

2. Major Equity Investments Made in the Reporting Period

Applicable Not applicable

Unit: RMB

Name of investee enterprise	Main businesses	Investment methods	Invested amount	Shareholding percentage	Funding Resources	Partners	Investment Duration	Product type	Status as on the date of the balance sheet	Predicted return	Investment return in the current period	Whether involved in any legal actions	Date of disclosure (if any)	Disclosure index (if any)
Fozhao (Hainan) Technology	Manufacturing and marketi	Newly established	200,000,000.00	100.00%	Self-funded	None	Long-term	Wholly-owned subsidiary	Incorporated	13,141.64	13,141.64	No		N/A

ogy Co., Ltd.	ng of luminaries, lighting devices, household electrical appliances, hardware, sanitary ware, electric wires, electric cables, and distribution switches control devices													
Nanning Liaowang Auto Lamp Co., Ltd.	Auto lamps, auto subassembly, automotive electronics products research and development product	Acquired	493,880,163.76	53.79%	Self-funded	None	Long-term	Majority-owned subsidiary	Ownership transferred, together with related creditor's rights and liabilities	14,590,127.06	14,590,127.06	No	24 June 2021	Announcement No. 2021-038 on Acquisition of Nanning Liaowang Auto Lamp Co., Ltd. disclosed on http://w

	ion sale; mold design and manufaturing; plastic parts processing; import and export business of general business project commodity and technology under self-operation and agency modes													ww.cn nfo.co m.cn
Total	--	--	693,880,163.76	--	--	--	--	--	--	14,603,268.70	14,603,268.70	--	--	--

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

Applicable Not applicable

4. Financial Investments

(1) Securities Investments

Applicable Not applicable

Unit: RMB

Security type	Security code	Security name	Initial investment cost	Measurement method	Beginning carrying value	Gain/Loss on fair-value changes in Reporting Period	Accumulated fair-value changes charged to equity	Purchased in Reporting Period	Sold in Reporting Period	Gain/losses in Reporting Period	Ending carrying value	Accounting title	Funding source
Domestically/Overseas listed stock	002074	Gotion High-tech	83,899,118.12	Fair value method	1,778,218,182.00	367,881,685.17	803,565,100.63		1,258,635,648.42		887,464,218.75	Investments in other equity instruments	Self-funded
Domestically/Overseas listed stock	601818	China Everbright Bank		Fair value method	74,001,548.46	-10,221,957.98			63,779,590.48	3,894,818.34		Investments in other equity instruments	Self-funded
Domestically/Overseas listed stock	601187	Xiamen Bank	222,593,949.49	Fair value method	1,448,227,123.20	-692,398,112.25	353,361,994.91		179,873,066.55	19,748,551.68	575,955,944.40	Investments in other equity instruments	Self-funded
Domestically/Overseas listed stock	002449	Nationstar Optoelectronics	9,402,110.68	Fair value method	0.00	1,538,511.32	1,538,511.32	9,402,110.68			10,940,622.00	Investments in other equity instruments	Self-funded
Domestically/Overseas listed stock	N/A	Foshan branch of Guangdong Development Bank	500,000.00	Fair value method	500,000.00						500,000.00	Investments in other equity instruments	Self-funded

Domestically/Overseas listed stock	601777	Lifan Technology	1,176,08.74	Fair value method	1,176,08.74	382,769.44						1,558,778.18	Held-for-trading financial assets	Other
Total			317,571,187.03	--	3,302,122,862.40	-332,817,104.30	1,158,465,606.86	9,402,110.68	1,502,288,305.45	23,643,370.02	1,476,419,563.33	--	--	
Disclosure date of announcement on Board's consent for securities investments														
Disclosure date of announcement on general meeting's consent for securities investments (if any)														

Note: The increase is mainly due to the acquisition of subsidiary Nanning Liaowang in the current period which was not under common control with the Company.

(2) Investments in Derivative Financial Instruments

√ Applicable □ Not applicable

Unit: USD'0,000

Operating party	Relationship with the Company	Related-party transaction or not	Type of derivative	Initial investment amount	Beginning date	Ending date	Beginning investment	Purchased in Reporting Period	Sold in Reporting Period	Impairment allowance (if any)	Ending investment	Ending investment as % of the Company's ending net assets	Actual gain/loss in Reporting Period
Foshan branch of the Agricultural Bank of China	Not related	Not	General forward	600	25 August 2020	29 March 2021	600		600				48.59
Foshan branch	Not related	Not	General forward	300	28 October	29 January	300		300				10.40

of the Industrial and Commercial Bank of China					2020	2021							
Foshan branch of the Industrial and Commercial Bank of China	Not related	Not	General forward	200	3 December 2020	29 January 2021	200		200				1.45
Foshan branch of the Industrial and Commercial Bank of China	Not related	Not	General forward	300	30 September 2020	23 February 2021	300		300				19.61
Foshan branch of the Industrial and Commercial Bank of China	Not related	Not	General forward	600	20 October 2020	23 April 2021	600		600				22.24
Foshan branch of Bank of Communications	Not related	Not	General forward	300	15 January 2021	25 February 2021		300	300				1.10
Foshan branch	Not related	Not	General forward	200	21 January	25 February		200	200				0.49

of the Industrial and Commercial Bank of China					2021	y 2021							
Foshan branch of the Agricultural Bank of China	Not related	Not	General forward	400	8 March 2021	29 April 2021		400	400				-1.18
Foshan branch of the Industrial and Commercial Bank of China	Not related	Not	General forward	300	25 March 2021	29 April 2021		300	300				-0.38
Foshan branch of Bank of China	Not related	Not	General forward	400	23 April 2021	27 May 2021		400	400				1.57
Foshan branch of the Industrial and Commercial Bank of China	Not related	Not	General forward	800	4 June 2021	8 December 2021		800	800				15.34
Foshan branch of the Industrial and Commercial	Not related	Not	General forward	800	11 June 2021	16 November 2021		800	800				6.06

Bank of China													
Foshan branch of Bank of China	Not related	Not	General forward	2,000	30 June 2021	22 December 2021		2,000	2,000				54.07
Foshan branch of the Agricultural Bank of China	Not related	Not	General forward	600	19 August 2021	23 November 2021		600	600				12.27
Foshan branch of the Agricultural Bank of China	Not related	Not	General forward	180	16 September 2021	22 March 2022		180			180		
Foshan branch of the Agricultural Bank of China	Not related	Not	General forward	280	22 September 2021	24 March 2022		280			280		
Foshan branch of the Industrial and Commercial Bank of China	Not related	Not	General forward	350	28 September 2021	1 April 2022		350			350		
Foshan branch of the Agricultural Bank of	Not related	Not	General forward	360	12 October 2021	14 April 2022		360			360		

China													
Foshan branch of the Industrial and Commercial Bank of China	Not related	Not	General forward	700	20 October 2021	1 June 2022		700			700		
Foshan branch of the Industrial and Commercial Bank of China	Not related	Not	General forward	260	3 November 2021	7 June 2022		260			260		
Foshan branch of the Industrial and Commercial Bank of China	Not related	Not	General forward	1,000	29 December 2021	5 July 2022		1,000			1,000		
Total				10,930	--	--	2,000	8,930	7,800	0	3,130	0.00%	191.63
Funding source	All self-funded												
Legal matters involved (if applicable)	N/A												
Disclosure date of board announcement approving derivative investment (if any)	28 January 2021 27 August 2021												
Disclosure date of general meeting announcement approving derivative investment (if any)													
Analysis of risks and control measures associated with derivative investments held in Reporting Period (including but not limited to market	Risk Analysis of Forward Exchange Settlement Business: 1. Risk of exchange rate fluctuations. In the case of large fluctuations in the exchange rate, the quoted price of the bank's forward exchange rate may be lower than the Company's quoted exchange rate to the customer, which will make the Company unable to lock the quoted exchange rate to the												

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

and specific accounting principles adopted for derivative investments in Reporting Period compared to last reporting period	
Opinion of independent directors on derivative investments and risk control	Opinions of the Independent Directors: The forward foreign exchange settlement transactions conducted by the Company are based on normal production and operation, are supported by specific businesses, aim to avoid and prevent foreign exchange risks associated with export businesses, do not involve speculative operations and are consistent with the needs of the Company's operation and development. The Company has established relevant business management policies and risk control and prevention measures. The risk is controllable. The proposal was passed following a lawful, valid decision-making procedure, has no negative impact on the Company's normal operation and business development and does not undermine the interest of the Company and its shareholders. Therefore, the Company's conducting forward foreign exchange settlement transactions is approved.

5. Use of Funds Raised

Applicable Not applicable

No such cases in the Reporting Period

VIII Sale of Major Assets and Equity Interests

1. Sale of Major Assets

Applicable Not applicable

Transaction party	Asset sold	Date of sale	Transaction price (RMB', 0,000)	Net profit contributed to the Company from the period-begin to the date of sale (RMB', 0,000)	Effect on the Company (see note 3)	Ratio of the net profit contributed by the sale of the asset to the Company's total profit (%)	Pricing principle	Related-party transaction or not	Relationship between the transaction party and the Company (applicable for related-party transactions)	Ownership of the asset involved has been all transferred or not	Creditors' rights and liabilities involved have been all transferred or not	Executed as scheduled or not; if not, give reasons and measures taken	Disclosure date	Index to disclosed information
Centralized	Part of the	2021	150,228.83	2,364.34	The sale	0.00%	Market prices	Not	N/A	Yes	Yes	N/A	27 August	Announcement

bidding on the secondary market	Company's shareholdings in Gotion High-tech Co., Ltd., China Everbright Bank, and Xiamen Bank				would not affect the Company's business continuity or management stability.		of the stocks when reducing the shareholdings						2021	No. 2021-056 on Board Resolutions Regarding the Interim Report disclosed on http://www.cninfo.com.cn
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Note: In conformity with the new financial instrument standards effective on 1 January 2019, the Company recorded the investment in Gotion High-tech, Everbright Bank, and Xiamen Bank as non-trading equity instrument investment at fair value through other comprehensive income. The decrease did not affect the Company's profit in the current period. The net profit contributed by the asset to the Company from the period-begin to the date of sale was dividends received in the current period.

2. Sale of Major Equity Interests

Applicable Not applicable

IX Major Subsidiaries

Applicable Not applicable

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

Unit: RMB

Name	Relationship with the Company	Principal activity	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
FSL Chanchang Optoelectronics Co., Ltd.	Subsidiary	Manufacturing	72,782,944.00	295,908,457.61	167,282,654.33	315,044,707.95	22,624,286.12	18,959,568.49
Foshan Taimei Times	Subsidiary	Manufacturing	500,000.00	153,402,445.	38,168,506.6	147,525,074.	3,258,273.89	2,474,926.17

Lamps Co., Ltd.				48	0	10		
FSL (Xinxiang) Lighting Co., Ltd.	Subsidiary	Manufacturing	35,418,439.76	64,956,562.49	54,550,766.90	42,482,443.88	1,053,970.31	804,842.87
FSL Lighting Equipment Co., Ltd.	Subsidiary	Manufacturing	15,000,000.00	20,430,403.80	19,425,794.38	20,296,271.64	657,076.08	131,862.68
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	Subsidiary	Manufacturing	41,683,200.00	147,620,249.37	76,488,172.22	34,233,638.04	10,491,331.85	7,515,946.18
FSL Zhida Electric Technology Co., Ltd.	Subsidiary	Manufacturing	50,000,000.00	139,272,155.63	62,592,379.33	164,800,910.54	6,120,518.94	5,129,689.55
FSL Lighting GmbH	Subsidiary	Manufacturing	195,812.50	803,224.12	-71,781.13	1,899,067.72	-79,031.34	-79,031.34
Foshan Hortilite Optoelectronics Co., Ltd.	Subsidiary	Manufacturing	17,158,000.00	73,778,585.28	34,394,375.83	81,332,587.18	3,899,949.94	2,888,499.38
Fozhao (Hainan) Technology Co., Ltd.	Subsidiary	Manufacturing	200,000,000.00	153,422,521.40	150,013,141.60	3,383,898.90	20,401.12	13,141.64
Foshan Kelian New Energy Technology Co., Ltd.	Subsidiary	Investment and technology development	170,000,000.00	657,056,361.77	155,388,149.77	20,006,978.03	723,879.33	530,180.08
Nanning Liaowang Auto Lamp Co., Ltd.	Subsidiary	Manufacturing	35,055,700.00	2,164,227,577.12	835,748,803.15	707,022,757.31	28,145,655.61	28,862,888.63

Note: the operating income, operating profit and net profit of Nanning Liaowang lamp Co., Ltd. are the annual amount, which is the amount after it is included in the scope of consolidated financial statements

Subsidiaries obtained or disposed in the Reporting Period:

√Applicable □ Not applicable

Name	How the subsidiary was obtained or disposed of in the Reporting Period	Impact on overall operations and performance
Fozhao (Hainan) Technology Co., Ltd.	Newly established	No significant impact during the Reporting Period
Nanning Liaowang Auto Lamp Co., Ltd.	Acquired	Provides the Company with fast access to the industrial chains of automobile manufacturers, gives a strong boost to the Company's auto lighting division, and contributed RMB707.0228 million and RMB14.5901 million to the Company's operating revenue and net profit respectively during the Reporting Period
FSL New Light Source Technology Co., Ltd.	De-registered	No significant impact
Hunan Keda New Energy Investment and Development Co., Ltd.	Consolidated	No significant impact

Information about major majority- and minority-owned subsidiaries:

—FSL Chanchang Optoelectronics Co., Ltd. (renamed on 19 June 2018 from “Foshan Chanchang Electric Appliances (Gaoming) Co., Ltd.”), which is a Sino-foreign joint venture invested and established by the Company and Prosperity Lamps and Components Ltd, had obtained license for business corporation on 23 August 2005 through approval by Foreign Trade and Economic Cooperation Bureau of Gaoming District, Foshan with document “MWJMY Zi [2005] No. 79”. The Company holds 70% equities of the said company; therefore the said subsidiary was included into the scope of the consolidated financial statements since the date of foundation.

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

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

therefore the said subsidiary was included into the scope of the consolidated financial statements since the date of foundation.

—FSL (Xinxiang) Lighting Co., Ltd. is a limited liability company which is invested and established by the Company, obtaining its license for Business Corporation on 17 April 2009. The Company holds 100% equities of the said company, therefore the said subsidiary was included into the scope of the consolidated financial statements since date of foundation.

On 27 August 2013, the 3rd Meeting of the 7th Board of Directors reviewed and approved to invest another RMB2 million (land in an industrial park in Xinxiang, Henan Province and monetary funds) in FSL (Xinxiang) Lighting, increasing the registered capital of FSL (Xinxiang) Lighting to RMB35,418,439.76.

—Foshan Lighting Lamps and Lanterns Co., Ltd. is a limited liability company invested and established by the Company with the registered capital of RMB15 million, which had obtained its license for Business Corporation on 8 May 2013. And the Company holds 100% equities of this company. Therefore the said subsidiary was included into the scope of the consolidated financial statements since the date of foundation.

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

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

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

—Foshan Haolaite was incorporated by the Company and Foshan NationStar, with a registered capital of RMB17,158,000 contributed by the Company and Foshan NationStar and the corporate business license granted

on 30 July 2020. The Company owns 51 percent of the equity of Foshan Haolaite, which has been included in the scope of the consolidated financial statements of the Company since its day of incorporation.

—The 100 percent of the equity of Hunan Keda was transferred from Guangdong Huajian to the Company under an equity transfer agreement between the Company and Guangdong Huajian signed on 21 December 2020, whereby Hunan Keda has become a wholly owned subsidiary of the Company. Hunan Keda has been included in the scope of the consolidated financial statements of the Company since the day the Company assumed actual control over Hunan Keda. The Company held the 15th meeting of the 9th Board of Directors on 16 August 2021, where the proposal for Merger of Hunan Keda New Energy Investment and Development Co., Ltd., a Wholly-owned Subsidiary, by Absorption, was deliberated and adopted. In November 2021, the industrial and commercial cancellation of Hunan Keda involved in the merger by absorption has been completed. After the merger by absorption, Foshan Kelian New Energy Technology Co., Ltd. was changed from sub-subsidiary to a wholly-owned subsidiary of the Company.

—Nanning Liaowang Auto Lamp Co., Ltd. signed an equity agreement with its existing shareholders in July 2021, and acquired Nanning Liaowang through equity acquisition and capital increase and share expansion. After the transaction is completed, the Company eventually held 53.79% of the shares of Nanning Liaowang, and Nanning Liaowang became the controlling subsidiary of the Company. The Company shall include Nanning Liaowang in the scope of consolidated financial statements from the date when the Company obtains its actual control right.

X Structured Bodies Controlled by the Company

Applicable Not applicable

XI Prospects

(I) Development trend of the Industry

1. Competitive landscape in the industry

The lighting industry saw a slowdown in growth and increasingly fierce market competition in recent years following the fast development of the previous years. In addition, the increasing raw material and labor costs have brought a big pressure on the rapid development and profitability of enterprises. However, as lighting products are developing in the direction of being more smart, individualized and customized, enterprises with competitive technology, brand, financial resources and capabilities will survive and prevail through the survival-of-the-fittest mechanism of market competition, and the industry is expected to experience accelerated mergers, acquisitions

and restructuring. Mergers and acquisitions enable enterprises to expand their business space, increase their existing market share or create a larger market space in specific market segments, thereby increasing the degree of concentration of the industry. The lighting industry will have a competitive landscape in which "the big becomes bigger, the strong becomes stronger."

2. Development trend of the industry

(1) Intelligent lighting market embraces faster development

With the development of communication, control and sensor technologies, the popularization of intelligent lighting related concepts, and the improvement of consumers' pursuit of quality of life, intelligent lighting will usher in a period of rapid development. According to the forecast of Qianzhan Industry Research Institute, the market size of China's intelligent lighting industry will reach RMB43.1 billion in 2022, with an annual growth rate of about 23%. Intelligent lighting has brought a new experience to people's life and work. Besides saving energy, it can also adjust people's mood and relieve people's mood. As household appliances enter the era of interconnection, intelligent lighting solutions will become a new development direction of the industry.

(2) The industry has entered the mature stage and innovation is key to development

After the decade-plus of fast development, the LED industry, under the impact of both internal and external environment, is experiencing a slow growth in overall market size. The technologies for all links of the industry chain have gradually become mature. And the industry has entered the mature stage. Enterprises cannot maintain their competitive advantages and increase their market share simply through the means of price and economy of scale. They must keep developing new application and new products through innovation so as to expand the market. The scaling-up and commercialization of new technologies will drive the LED industry to a new stage of development.

(3) Market segments boast broad development prospects

With the continuous deepening of carbon peaking and carbon neutrality in China, efforts are made to encourage infrastructure construction and rural revitalization. Besides, the acceleration of smart cities and the maturity of related technologies will facilitate the development of intelligent lighting, health lighting, marine lighting, 5G smart lampposts, animal and plant lighting and other fields, and the new business segmentation will bring new growth opportunities to the industry.

(II) The Company's strategies for future development

The Company will take technology and services as two top-priority fronts, focus on brand and value and center its

efforts on upgrading to medium- to high-end smart manufacturing, transitioning to a provider of products and integrated solutions and transcending to "smart, healthy, green and human-oriented lighting." The Company will step up efforts on the application end, further exploit the Internet-of-Things (IoT) ecosphere and niche markets, develop more new application scenarios and products, continuously improve our core competitiveness and accelerate the new round of development.

(III) Work Plan for 2022

1. Promote product innovation

(1) The Company will strengthen cooperation with authoritative R&D institutions, universities and leading enterprises in sub-sectors in the industry, and unswervingly make breakthroughs in product innovation in two directions: Differentiation and functionality.

(2) The Company will optimize the product structure, comprehensively sort out existing products, focus on the research and development and production of high-end intelligent products of lamps and lanterns and products in the new business segmentation, increase the proportion of high value-added products, and accelerate the transformation from selling products to selling overall solutions and services.

2. Carry out the marketing mode reform

(1) The Company adopts a market-oriented approach and speed up the construction of market-oriented marketing mechanism. Moreover, the Company will deepen the reform of the provincial management system, promote the pre-positioning of management, supervision and coordination functions, and strengthen channel coordination. It will continue to promote the service center model, pay great attention to regional control and price system reconstruction, and realize the pre-market of service functions.

(2) The Company will tackle difficulties in winning major customers and projects and expand incremental markets.

(3) The Company will strengthen the publicity and channel construction of overseas independent brands, and increase the overseas proportion of independent brands.

3. Implement cost control

(1) Through the bidding and price comparison of Sunshine Procurement Platform, the Company conducts procurement in an intensive, informationized and standardized fashion, improves the screening, access and exit mechanism of core suppliers, formulates differentiated supplier management strategy, implements new material substitution, and take multiple measures to reduce the procurement cost.

(2) The Company focuses on improving the intelligent rate of production equipment, labor productivity and excellent rate of products. With intelligent manufacturing and intelligent logistics as the core, the Company improves the serialization, standardization and modularization of core components and materials of products, plans production lines and introduces automation equipment, so as to continuously promote the construction of intelligent manufacturing and digital workshop in high-lighting parks and realize intensive and flexible large-scale production.

(3) The Company strengthens inventory management, establishes a dynamic rolling sales forecasting mechanism according to market demand and actual production, reasonably formulates peak-shifting production plans, and minimizes inventory backlog.

(IV) Potential risks

1. Risks associated with the uncertainties of the macroeconomy

At present, the global Covid-19 pandemic has not been effectively controlled, global economic growth is still under great pressure and uncertainty, which may have an adverse impact on the development of the industry.

2. Risk of intensified market competition

The lighting industry is an industry with global competition. In particular, domestic enterprises in the downstream lighting application sector face not only the competition from international lighting companies with well-known brands but also the competition from home appliances enterprises, electronics enterprises and IC enterprises in the midstream and upstream of the LED industry as these enterprises keep expanding into the lighting application sector. The Company will be facing a market environment with increasingly fierce competition.

3. Risk of fluctuations in raw material prices

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

4. Risk of exchange rate fluctuation

Overseas sales account for around 30% of the Company's total sales, which are mainly settled in USD. Exchange rate fluctuations could lead to higher exchange loss, which will have an adverse impact on the Company's net

profit. A significant appreciation of the RMB will negatively impact the Company's performance.

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

Applicable Not applicable

No such cases for the Reporting Period.

Part IV Corporate Governance

I General Information of Corporate Governance

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

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

Yes No

No such cases in the Reporting Period.

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

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

1. As for the business, the Company is independent of the controlling shareholders and the subordinate enterprises and owns the independent business departments and management system as well as possesses of independent and entire business and self-dependent operating ability.
2. As for the personnel, the Company formulates the independent management system such as the labor, personnel and the salary, possesses the independent personnel department and the operating management team. The Senior Executives of the Company are serving at the Company in full time and receiving the salary from the Company.
3. As for the assets, the assets of the Company are independent and entire with clear ownership, and possesses the independent production system, BOP system and the supporting facilities, as well as possesses the legal ownership of the land, factories, equipments related to the production and operating and the assets such as the trademark, patent and the non-patent technology, and possesses the entire control and govern power of all the assets of the Company without any behavior such as any controlling shareholder occupies the assets of the Company.
4. As for the institutions, the Company set up the independent and entire organizations and institutions, and the construction as well as the operating of the corporate governance institutions is executed strictly executed according to the Articles of Association, and the production and operating as well as the offices are entirely independent from the controlling shareholders with any situation of working under one roof with the controlling shareholders.
5. As for the finance, the Company set up the independent finance department and builds up the independent and normative accounting and financial control system according to the requirements of the ASBE, set up the independent bank account and pays the taxes legally and independently and the Company could make the financial decisions independently without any situation of the shareholding intervenes the capital usage.

III Horizontal Competition

Applicable Not applicable

IV Annual and Special General Meetings Convened during the Reporting Period

1. General Meeting Convened during the Reporting Period

Meeting	Type	Investor	Convened date	Disclosure date	Resolutions of the
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		participation ratio			meeting
The 2020 Annual General Meeting	Annual General Meeting	44.37%	21 May 2021	22 May 2021	Resolutions of the 2020 Annual General Meeting
The 1 st Extraordinary General Meeting of 2021	Extraordinary General Meeting	43.09%	13 September 2021	14 September 2021	Resolutions of the 1 st Extraordinary General Meeting of 2021
The 2 nd Extraordinary General Meeting of 2021	Extraordinary General Meeting	42.72%	24 November 2021	25 November 2021	Resolutions of the 2 nd Extraordinary General Meeting of 2021
The 3 rd Extraordinary General Meeting of 2021	Extraordinary General Meeting	45.40%	31 December 2021	1 January 2022	Resolutions of the 3 rd Extraordinary General Meeting of 2021

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

Applicable Not applicable

V Directors, Supervisors and Senior Management

1. General Information

Name	Office title	Incumbent/Former	Gender	Age	Start of tenure	End of tenure	Beginning shareholding (share)	Share options	Restricted shares granted (share)	Increase in the Reporting Period (share)	Decrease in the Reporting Period (share)	Other increase/decrease (share)	Ending shareholding (share)	Reason for share changes
Wu Shenghui	Board Chairman	Incumbent	Male	51	24 August 2020	23 August 2023	0	0	0	0	0	0	0	
Zhuang Jianyi	Vice Board Chairman	Incumbent	Male	70	24 August 2020	23 August 2023	11,903,509	0	0	0	0	0	11,903,509	
Lei Zihe	Director & GM	Incumbent	Male	54	24 August 2020	23 August 2023	0	0	0	0	0	0	0	

Zhang Xianfeng	Director	Incumbent	Male	51	24 August 2020	23 August 2023	0	0	0	0	0	0	0
Cheng Ke	Director	Incumbent	Male	47	24 August 2020	23 August 2023	11,550	0	0	0	0	0	11,550
Huang Zhiyong	Director	Incumbent	Male	52	24 August 2020	23 August 2023	0	0	0	0	0	0	0
Dou Linping	Independent Director	Incumbent	Male	62	24 August 2020	23 August 2023	0	0	0	0	0	0	0
Li Xiyuan	Independent Director	Incumbent	Male	60	13 September 2021	23 August 2023	0	0	0	0	0	0	0
Zhang Renshou	Independent Director	Incumbent	Male	56	13 September 2021	23 August 2023	0	0	0	0	0	0	0
Li Yizhi	Supervisor	Incumbent	Male	34	24 August 2020	23 August 2023	0	0	0	0	0	0	0
Zhuang Junjie	Supervisor	Incumbent	Male	36	24 August 2020	23 August 2023	0	0	0	0	0	0	0
Ye Zhenghong	Supervisor	Incumbent	Male	48	24 August 2020	23 August 2023	77,561	0	0	0	0	0	77,561
Lin Qing	Supervisor	Incumbent	Male	52	24 August 2020	23 August 2023	22,583	0	0	0	0	0	22,583
Zhang Xuequan	Executive Vice GM	Incumbent	Male	44	24 August 2020	23 August 2023	73,052	0	0	0	0	0	73,052
Tang Qionglan	CFO	Incumbent	Female	51	24 August 2020	23 August 2023	75,940	0	0	0	0	0	75,940
Wei	Vice	Incumbent	Male	52	24 August	23 August	105,220	0	0	0	0	0	105,220

Bin	GM	ent			2020	2023	6						6	
Jiao Zhigan	Vice GM	Incumbent	Male	49	24 August 2020	23 August 2023	90,399	0	0	0	0	0	90,399	
Chen Yu	Vice GM	Incumbent	Male	49	24 August 2020	23 August 2023	66,066	0	0	0	0	0	66,066	
Zhang Yong	Vice GM	Incumbent	Male	47	24 August 2020	23 August 2023	77,596	0	0	0	0	0	77,596	
Xu Xiaoping	Vice GM	Incumbent	Male	51	24 August 2020	23 August 2023	37,270	0	0	0	0	0	37,270	
Huang Zhenhuan	Board Secretary	Incumbent	Male	34	19 May 2021	23 August 2023	0	0	0	0	0	0	0	
Zhang Nan	Independent Director	Former	Female	72	24 August 2020	13 September 2021	0	0	0	0	0	0	0	
Lu Rui	Independent Director	Former	Male	46	24 August 2020	13 September 2021	0	0	0	0	0	0	0	
Li Huashan	Chairman of the Supervisory Committee	Former	Male	58	24 August 2020	27 December 2021	0	0	0	0	0	0	0	
Total	--	--	--	--	--	--	12,540,752	0	0	0	0	0	12,540,752	--

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

Yes No

In July 2021, independent directors Ms. Zhang Nan and Mr. Lu Rui resigned for personal reasons. In December 2021, Chairman of the Supervisory Committee Mr. Li Huashan resigned for reasons of job adjustment.

Change of directors, supervisors and senior management:

√Applicable □ Not applicable

Name	Office title	Type of change	Date of change	Reason for change
Huang Zhenhuan	Board Secretary	Appointed	19 May 2021	Appointed by the Board of Directors
Li Xiyuan	Independent Director	Elected	13 September 2021	Elected by general meeting
Zhang Renshou	Independent Director	Elected	13 September 2021	Elected by general meeting
Zhang Nan	Independent Director	Resigned	13 September 2021	Personal reasons
Lu Rui	Independent Director	Resigned	13 September 2021	Personal reasons
Li Huashan	Chairman of the Supervisory Committee	Resigned	27 December 2021	Job adjustment

2. Biographical Information

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

1. Working Experience of the Directors

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

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

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

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

Mr. Cheng Ke: Han nationality, born in February 1974, a member of the Communist Party of China and an auditor with the bachelor's degree. He once acted as the Vice-Minister and the Minister of the Financing Plan Department and Vice Minister of Audit Department in Guangdong Rising Holdings Group Co., Ltd., Vice GM of Hubei Ashennan Expressway Development Co., Ltd., the Executive Deputy GM of Hubei Gdrising Han-E Expressway Co., Ltd. and Hubei Han-Cai Expressway Co., Ltd., the Director of Guangdong Rising Finance Co., Ltd and Rising Investment Development Limited. And now acts as the Full-time Director accredited to the Company by Capital Operation Department of Guangdong Rising Holdings Group Co., Ltd., Director of

Guangdong Fenghua Advanced Technology Holding Co., Ltd and Foshan NationStar Optoelectronics Co., Ltd. He serves as a Director of the Company since December 2015.

Mr. Huang Zhiyong: Han nationality, born in August 1969, a member of the Communist Party of China and an engineer. He graduated from Xidian University with a bachelor's degree of Electronic Devices Structures. He once acted as the Vice GM of Shenzhen Primatronix (Nanhu) Electronics Ltd., the Minister of Enterprise Development Department, the GM Assistant and Vice GM in Guangdong Electronics Information Industry Group Ltd. He now acts as a member of CPC, Deputy Secretary of CPC and Chairman of Labor Union in Guangdong Electronics Information Industry Group Ltd. And he serves as a Director of the Company since December 2015.

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

Zhang Renshou: Male, born in May 1965, Ph.D., professor, doctoral supervisor, no permanent residence abroad, doctoral degree. He has served as lecturer and associate professor of Guangzhou Foreign Language Training Center of Ministry of Petroleum Industry and China University of Petroleum, Editor of Development Research Center of People's Government of Guangdong Province, Professor of Accounting Department of School of Management of Guangzhou University and independent director of Jiangmen Rural Commercial Bank Company Limited. He also serves as: Member of the Expert Group of the Budget Committee of Guangzhou Municipal People's Congress, Member of the Expert Group of the Economic Committee of Guangzhou Municipal People's Congress, Member of the 8th Committee of Guangdong Social Sciences Association, Member of the Academic Committee of Research Center for Guangdong Local Public Finance, Professional Advisory Committee Member of Guangdong Statistics Bureau, Member of the Academic Committee of Guangdong Coastal Economic Belt

Development Research Center, President of Guangdong South China Economic Development Research Association, Major Administrative Decision Demonstration Expert and Innovation and Entrepreneurship Development Expert of Shaoguan Municipal People's Government of Guangdong Province, and Special Researcher of Guangzhou Taxation Bureau of State Taxation Administration of the People's Republic of China. He has been an independent director of the Company since September 2021.

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

2. Working Experience of the Supervisors

Mr. Li Yizhi: Han nationality, was born in March 1987. He is a member of the CPC. He received a bachelor's degree , intermediate accountant and is an Association of Chartered Certified Accountants (ACCA) certified accountant. Previously, he has worked at the Guangzhou Office of WUYIGE Certified Public Accountants LLP (special general partnership) as an Audit Assistant, at the Guangdong Office of Pan-China Certified Public Accountants LLP (special general partnership) as a Project Manager, at the Shenzhen Office of PricewaterhouseCoopers Zhong Tian LLP (special general partnership) as an auditor, and at the Guangdong Office of China Central Public Accounting Firm (special general partnership) as a Project Manager. At present, he serves as Supervisor of the Finance Department (Settlement Center) of Guangdong Rising Holdings Group Co., Ltd.. He serves as a supervisor of the Company since August 2020.

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

Mr. Ye Zhenghong: Born in June 1973, a member of the Communist Party of China with a college degree. He

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

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

3. Working experience of the Senior Management Staff

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

Member and Deputy Secretary of the Company in April 2020 and became Director and General Manager of the Company in May 2020.

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

Mr. Zhang Yong: Born in June 1974, a member of the Communist Party of China and a senior engineer with a bachelor degree. He joined in the Company in July 1997. and successively acted as Deputy Director and Director of Lamp Filament Appliance Workshop from October 1999 to June 2008; acted as Factory Director of Gaoming Fluorescent Lamp Factory and Factory Director of Gaoming Branch Factory from July 2008 to December 2008; respectively acted as Department Director of Product Department, OEM Department, Mechanical Dynamics Department and Infrastructure Department from January 2009 to December 2012; acted as General Manager Assistant from March 2013 to August 2016. He was a supervisor and the Chairman of the Board of Supervisors of the Company from September 2013 to August 2016; served as the chairman of the Labor Union of the Company from September 2013 to May 2019; acted as the Deputy Party Secretary from July 2015 to 27 December 2021; and has been a vice GM of the Company since August 2016.

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

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

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

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

Mr. Xu Xiaoping: born in July 1970, member of the Communist Party of China, postgraduate degree, engineer. Worked as Deputy General Manager and General Manager of Guangdong Fenghua Advanced Technology Holding Co., Ltd. Xin'gu Branch, also as the General Manager of Guangdong Fenghua Semiconductor Technology Co., Ltd., and Deputy Director of Headquarters Operations Center; as the General Manager of Guangdong Fenghua Advanced Technology Holding Co., Ltd. Lihua Branch from March 2015 to January 2016; won the first prize of scientific and technological progress of Zhaoqing in 2008; won the title of the "Ninth Batch of Top Talents of Zhaoqing" in 2010; served as Deputy General Manager of the Company since January 2016.

Huang Zhenhuan: Born in December 1987, he holds a master's degree in finance, is a financial economist, and has obtained the qualification certificate of Secretary of the Board of Directors issued by Shenzhen Stock Exchange. He used to be the sponsor of Assets Department, Assistant General Manager of Investment Department and General Manager of Finance Department of Guangzhou Guangyong State-owned Asset Sales Co., Ltd., General Manager of Guangzhou Guangyong Equity Investment Fund Management Co., Ltd., General Manager of Corporate Finance Department III (Industry Center) of Minsheng Bank Guangzhou Branch, Investment Director

of Guangdong Rising Financial Holding Co., Ltd., and Senior Director of Capital Operation Department of Guangdong Rising Holdings Group Co., Ltd. He has served as Board Secretary of the Company since May 2021.

Offices held concurrently in shareholding entities:

Applicable Not applicable

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

Offices held concurrently in other entities:

Applicable Not applicable

Name	Other entity	Office held in the entity	Start of tenure	End of tenure	Remuneration or allowance from the entity
Zhang Renshou	Guangzhou University	Professor at the Accounting Department			Yes
Dou Linping	CHINA SOLED STATE LIGHTING ALLIANCE	Vice Chairman			Yes

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

Applicable Not applicable

3. Remuneration of Directors, Supervisors and Senior Management

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

The Remuneration & Appraisal Committee under the Board of Directors decided the 2020 remunerations for the leadership team members in accordance with the Measures for Managing the Remuneration of the Leadership Team Members, the particulars on completing current main financial indexes & operating goals, as well as the fulfillment of job responsibilities by them, before submitting the remuneration plan to the Board of Directors for approval.

The total remuneration (before tax) actually paid to the directors, supervisors and senior management staff for 2021 were RMB16.6599 million.

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

Unit: RMB'0,000

Name	Office title	Gender	Age	Incumbent/Former	Total before-tax remuneration from the Company	Any remuneration from related party
Wu Shenghui	Board Chairman	Male	51	Incumbent	150.35	No
Zhuang Jianyi	Vice Board Chairman	Male	70	Incumbent		Yes
Lei Zihe	Director & GM	Male	54	Incumbent	142.51	No
Zhang Xianfeng	Director	Male	51	Incumbent	111.85	No
Cheng Ke	Director	Male	47	Incumbent		Yes
Huang Zhiyong	Director	Male	52	Incumbent		Yes
Li Xiyuan	Independent Director	Male	60	Incumbent		No
Zhang Renshou	Independent Director	Male	56	Incumbent	4.2	No
Dou Linping	Independent	Male	62	Incumbent	14.4	No

	Director					
Li Yizhi	Supervisor	Male	34	Incumbent		Yes
Zhuang Junjie	Supervisor	Male	36	Incumbent		Yes
Ye Zhenghong	Supervisor	Male	48	Incumbent	47.7	No
Lin Qing	Supervisor	Male	52	Incumbent	41.92	No
Zhang Xuequan	Executive Vice GM	Male	44	Incumbent	141.3	No
Zhang Yong	Vice GM	Male	47	Incumbent	139.69	No
Wei Bin	Vice GM	Male	52	Incumbent	133.53	No
Chen Yu	Vice GM	Male	49	Incumbent	140.99	No
Tang Qionglan	CFO	Female	51	Incumbent	130.27	No
Jiao Zhigang	Vice GM	Male	49	Incumbent	131.97	No
Xu Xiaoping	Vice GM	Male	51	Incumbent	151.36	No
Huang Zhenhuan	Board Secretary	Male	34	Incumbent	30.67	No
Zhang Nan	Independent Director	Female	72	Former	10.2	No
Lu Rui	Independent Director	Male	46	Former	10.2	No
Li Huashan	Chairman of the Supervisory Committee	Male	58	Former	132.88	No
Total	--	--	--	--	1,665.99	--

VI Performance of Duty by Directors in the Reporting Period

1. Board Meetings Convened during the Reporting Period

Meeting	Convened date	Disclosure date	Resolution
The 8 th Meeting of the 9 th Board of Directors	27 January 2021	28 January 2021	Announcement on Resolutions of the 8 th Meeting of the 9 th Board of Directors
The 9 th Meeting of the 9 th Board of Directors	7 April 2021	9 April 2021	Announcement on Resolutions of the 9 th Meeting of the 9 th Board of Directors
The 10 th Meeting of the 9 th Board of Directors	14 April 2021	15 April 2021	Announcement on Resolutions of the 10 th Meeting of the 9 th Board of Directors
The 11 th Meeting of the 9 th	23 April 2021	26 April 2021	Announcement on Resolutions

Board of Directors			of the 11 th Meeting of the 9 th Board of Directors
The 12 th Meeting of the 9 th Board of Directors	19 May 2021	20 May 2021	Announcement on Resolutions of the 12 th Meeting of the 9 th Board of Directors
The 13 th Meeting of the 9 th Board of Directors	21 May 2021	22 May 2021	Announcement on Resolutions of the 13 th Meeting of the 9 th Board of Directors
The 14 th Meeting of the 9 th Board of Directors	23 June 2021	24 June 2021	Announcement on Resolutions of the 14 th Meeting of the 9 th Board of Directors
The 15 th Meeting of the 9 th Board of Directors	16 August 2021	17 August 2021	Announcement on Resolutions of the 15 th Meeting of the 9 th Board of Directors
The 16 th Meeting of the 9 th Board of Directors	25 August 2021	27 August 2021	Announcement on Resolutions of the 16 th Meeting of the 9 th Board of Directors
The 17 th Meeting of the 9 th Board of Directors	28 September 2021	30 September 2021	Announcement on Resolutions of the 17 th Meeting of the 9 th Board of Directors
The 18 th Meeting of the 9 th Board of Directors	13 October 2021	14 October 2021	Announcement on Resolutions of the 18 th Meeting of the 9 th Board of Directors
The 19 th Meeting of the 9 th Board of Directors	27 October 2021	28 October 2021	Announcement on Resolutions of the 19 th Meeting of the 9 th Board of Directors
The 20 th Meeting of the 9 th Board of Directors	29 October 2021	30 October 2021	Announcement on Resolutions of the 20 th Meeting of the 9 th Board of Directors
The 21 st Meeting of the 9 th Board of Directors	8 November 2021	9 November 2021	Announcement on Resolutions of the 21 st Meeting of the 9 th Board of Directors
The 22 nd Meeting of the 9 th Board of Directors	16 November 2021	17 November 2021	Announcement on Resolutions of the 22 nd Meeting of the 9 th Board of Directors
The 23 rd Meeting of the 9 th Board of Directors	23 November 2021	24 November 2021	Announcement on Resolutions of the 23 rd Meeting of the 9 th Board of Directors
The 24 th Meeting of the 9 th Board of Directors	15 December 2021	16 December 2021	Announcement on Resolutions of the 24 th Meeting of the 9 th Board of Directors

			Board of Directors
The 25 th Meeting of the 9 th Board of Directors	29 December 2021	30 December 2021	Announcement on Resolutions of the 25 th Meeting of the 9 th Board of Directors

2. Attendance of Directors at Board Meetings and General Meetings

Attendance of directors at board meetings and general meetings							
Director	Total number of board meetings the director was eligible to attend	Board meetings attended on site	Board meetings attended by way of telecommunication	Board meetings attended through a proxy	Board meetings the director failed to attend	The director failed to attend two consecutive board meetings (yes/no)	General meetings attended
Wu Shenghui	18	3	15	0	0	No	4
Zhuang Jianyi	18	0	18	0	0	No	4
Lei Zihe	18	3	15	0	0	No	4
Zhang Xianfeng	18	3	15	0	0	No	4
Cheng Ke	18	3	15	0	0	No	4
Huang Zhiyong	18	3	15	0	0	No	1
Dou Linping	18	2	16	0	0	No	4
Li Xiyuan	9	1	8	0	0	No	2
Zhang Renshou	9	1	8	0	0	No	1

3. Objections Raised by Directors on Matters of the Company

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

Yes No

No such cases in the Reporting Period.

4. Other Information about the Performance of Duty by Directors

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

Yes No

Suggestions from directors adopted or not adopted by the Company:

During the Reporting Period, the directors of the Company worked to fulfill their functions and duties, actively

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

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

Committee	Members	Meetings convened	Convened date	Contents reviewed	Opinion and advice	Other activities	Objection (if any)
The Audit Committee	Zhang Renshou, Li Xiyuan, Dou Linping, Cheng Ke, and Huang Zhiyong	3	23 March 2021	2020 Financial Audit and Internal Control Audit Report; 2021 Financial Budget Report; and 2020 Annual Work Report and 2021 Work Plan of the Audit Department	Approved		
			16 August 2021	Work Report of the Audit Department for Q1 2021; Proposal on Formulating	Approved		

				the Internal Audit System			
			5 November 2021	Work Report of the Audit Department for H1 2021; and Proposal on Renewing the Engagement of Auditing Agency for 2021	Approved		
The Remuneration and Appraisal Committee	Zhang Renshou, Li Xiyuan, Dou Linping, Zhang Xianfeng, and Cheng Ke	2	12 November 2021	Proposal on Appraisal Plan for 2020 Remunerations for Leadership Team Members	Approved		
			24 December 2021	Proposal on Adjustment to Allowances for Independent Directors; and Proposal on Termination of the Establishment of Equity Incentive System for Middle and Senior Management	Approved		
The Nomination Committee	Li Xiyuan, Zhang Renshou, Dou Linping, Lei Zihe, and Zhang Xianfeng	2	13 May 2021	Proposal on Appointment of Board Secretary	Approved		
			16 August 2021	Proposal on Nomination of Li Xiyuan and Zhang Renshou as Candidate Independent	Approved		

				Directors			
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VIII Performance of Duty by the Supervisory Committee

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

Yes No

The Supervisory Committee raised no objections in the Reporting Period.

IX Employees

1. Number, Functions and Educational Backgrounds of Employees

Number of in-service employees of the Company at the period-end	5,740
Number of in-service employees of main subsidiaries at the period-end	3,547
Total number of in-service employees at the period-end	9,287
Total number of employees with remuneration in this Reporting Period	9,287
Number of retirees to whom the Company or its main subsidiaries need to pay retirement pension	242
Functions	
Function	Number of employees
Production	6,618
Sales	861
Technical	940
Financial	74
Administrative	794
Total	9,287
Educational backgrounds	
Educational background	Number of employees
Master and above	65
Bachelor	1,134
Junior college	1,357
Technical secondary school and high school	1,717

Below high school	5,014
Total	9,287

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

2. Employee Remuneration Policy

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

3. Employee Training Plans

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

4. Labor Outsourcing

Applicable Not applicable

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

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

Applicable Not applicable

According to the CSRC Notice on Further Implementing Matters Related to Cash Dividend Distribution of Listed

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

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

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

Applicable Not applicable

Final dividend plan for the Reporting Period:

Applicable Not applicable

Bonus shares for every 10 shares (share)	0
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Dividend for every 10 shares (RMB) (tax inclusive)	1.00
Additional shares to be converted from capital reserve for every 10 shares (share)	0
Total shares as the basis for the profit distribution proposal (share)	1,348,994,647
Cash dividends (RMB) (tax inclusive)	134,899,464.70
Cash dividends in other forms (such as share repurchase) (RMB)	249,744,793.06
Total cash dividends (including those in other forms) (RMB)	384,644,257.76
Distributable profit (RMB)	2,738,229,003.27
Total cash dividends (including those in other forms) as % of total profit distribution	100%
Cash dividend policy	
Where it is difficult to determine the development stage of the Company but it has plans for considerable spending, in profit distribution, cash dividends shall reach at least 20% in the total profit to be distributed.	
Details about the proposal for profit distribution and converting capital reserve into share capital	
As audited by Zhongzheng Tiantong Certified Public Accountants LLP, the after-tax net profits of RMB241,148,689.36 of the Company as the parent for 2021, plus the beginning retained profits of RMB1,591,884,733.49, minus the distributed profits of RMB135,847,668.70 for 2020, plus RMB1,041,043,249.12 of cumulative fair value changes which had been previously recognized in other comprehensive income but were transferred to retained profits in the current period as a result of the sale of shareholdings in the current period, equal the ending profits distributable to shareholders of RMB2,738,229,003.27 for 2021. The Board of Directors has proposed to allocate profits for 2021 as follows: based on the share capital of 1,348,994,647 shares (the total share capital of 1,361,994,647 shares minus the remaining 13,000,000 A-shares repurchased in the share repurchase account at the disclosure date of the 2021 Annual Report, a cash dividend of RMB1 (tax inclusive and dividends for B-share holders to be paid in the Hong Kong dollars) per 10 shares is to be distributed to the shareholders. The retained profits will be carried forward into the next year. Where any change occurs to the total shares entitled to the final dividend due to any new issue, grant of equity incentives, etc. when the final dividend plan is implemented, the dividend per share shall remain the same while the total payout amount shall be adjusted accordingly.	

Note: “Cash dividends in other forms (such as share repurchase)” in the table above is arrived at based on the funds (exclusive of transaction costs) used to repurchase A- and B-shares during 2021 using the RMB:HKD exchange rate at 17 December 2021, the last trading day of the valid period of the repurchase.

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

Applicable Not applicable

No such cases in the Reporting Period.

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

1. Internal control formulation and implementation

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

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

According to the identification of major defects in the Company's internal control, there were no major defects in the internal control of financial reports and non-financial reports in 2021.

2. Material Internal Control Weaknesses Identified for the Reporting Period

Yes No

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

Name of company	Integration plan	Integration progress	Problems encountered in integration	Solutions taken	Settlement progress	Follow-up settlement plan
Nanning Liaowang Auto Lamp Co., Ltd.	The company empowers Nanning	After the Company empowered Nanning Liaowang in terms of	None	None	None	None

(Nanning Liaowang)	Liaowang in talents, capital, technology, management, informationization and other aspects to help Nanning Liaowang develop faster.	talents, capital, technology, management and informationization, Nanning Liaowang introduced a group of middle and high-end talents, made breakthroughs in some important technology research and development, reduced financial expenses, optimized internal management and improved informationization level.				
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XIV Self-Evaluation Report or Independent Auditor's Report on Internal Control

1. Internal Control Self-Evaluation Report

Disclosure date of the internal control self-evaluation report	1 April 2022	
Index to the disclosed internal control self-evaluation report	See www.cninfo.com.cn for the Internal Control Self-Evaluation Report 2021	
Evaluated entities' combined assets as % of consolidated total assets		100.00%
Evaluated entities' combined operating revenue as % of consolidated operating revenue		100.00%
Identification standards for internal control weaknesses		
Type	Weaknesses in internal control over financial reporting	Weaknesses in internal control not related to financial reporting
Nature standard	Defect with one of the following characteristics should be recognized as a serious defect: 1. the defect involved with the malpractices of the Directors, the Supervisors and the Senior Executives; 2. the controlled environment is invalid; 3. the CPA discovered any significant misstatement from the current financial report while the internal control	Defect with one of the following characteristics should be recognized as a serious defect: 1. being punished for seriously violating the national laws, the administrative laws and regulations and the normative documents; 2. the Company suffers a serious economic loss due to any serious errors made in decision-making

	<p>could not discover the mistake during the operating process; 4. the supervision from the Corporate Audit Committee and the internal audit institution on the internal control. If there met with one of the situation of the following, should be recognized as an important defect: 1. the recognized important defect is not solved during the reasonable period; 2. corrects the published financial report; 3. the function of the internal audit of the Company is invalid; 4. the control of whether execute the selection and the application of the accounting policies according to the Generally Accepted Accounting Principles is invalid.</p>	<p>caused by serious lack of decision-making procedures on significant events or unfair decision-making; 3. the Company's reputation has been unreparably damaged by any conduct in violation of laws and regulations which produces a far-reaching negative impact and draws the public's attention widely; 4. the major business involved with the production and operating of the Company lack of the system control or the system control is invalid; 5. the results of the internal control assessment turn out to include any serious defects and such defects fail to be rectified effectively within 12 months. Defects with the following characteristics should be recognized as important defects: 1. owing to partly lack of the decision-making process on significant events and the undemocratic decision-making process which caused the decision-making mistake that led the Company face with certain economic losses; 2. the negative influences owing to the unlawful acts and the irregularities h involve with wide range and cause public concern among the partial regions which bring certain harms to the reputation of the Company; 3. the system of the major business involved with the production and operating of the Company is incomplete or partially invalid; 4. the results of the internal control assessment turn out to include any serious defects and such defects fail to be rectified effectively within 6 months.</p>
<p>Quantitative standard</p>	<p>Based on the data of the 2020 consolidated statements, the quantitative criterion of confirming the important degree of the misstatement (including the false negatives) from of the consolidated statements of the listed companies is as follows: serious defect: misstatement $\geq 1.0\%$ of the total assets amount; important defects: 0.5% of the total assets amount \leq misstatement $< 1.0\%$ of the total assets amount; common defects:</p>	<p>According to the quantitative criterion of the internal control defects of the financial report, the quantitative criterion of the internal control defects assessment of the non-financial report confirmed by the Company is as follows: serious defect: misstatement $\geq 1.0\%$ of the total assets amount; important defects: 0.5% of the total assets amount \leq misstatement $< 1.0\%$ of the total assets amount; common defects:</p>

	misstatement < 0.5% of the total assets amount.	misstatement < 0.5% of the total assets amount.
Number of material weaknesses in internal control over financial reporting		0
Number of material weaknesses in internal control not related to financial reporting		0
Number of serious weaknesses in internal control over financial reporting		0
Number of serious weaknesses in internal control not related to financial reporting		0

2. Independent Auditor's Report on Internal Control

Applicable Not applicable

Opinion paragraph in the independent auditor's report on internal control	
Zhongzheng Tiantong Certified Public Accountants LLP considered that: Foshan Electrical and Lighting Co., Ltd. maintained effective internal control of the financial report in all significant aspects according to the Basic Standards for Internal Control and relevant regulations.	
Independent auditor's report on internal control disclosed or not	Disclosed
Disclosure date	1 April 2022
Index to such report disclosed	See www.cninfo.com.cn for the Auditor's Report on Internal Control
Type of the auditor's opinion	Unmodified unqualified opinion
Material weaknesses in internal control not related to financial reporting	None

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

Yes No

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

Yes No

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

According to the requirements of the regulatory authorities, the Company carried out special self-examination activities on corporate governance from 2018 to 2020, and conducted self-examination item by item in various aspects according to the Company Law, Securities Law, Stock Listing Rules of the Shenzhen Stock Exchange and other relevant laws and regulations, normative documents and the Articles of Association of the Company. Upon self-examination, it was found that the Board of Directors and the Supervisory Committee did not change in time upon expiration of term of office, and some directors, supervisors and senior management personnel of the Company sometimes did not attend or attend the shareholders' meeting as nonvoting attendees.

Rectification: On 24 August 2020, the Company held the first extraordinary general meeting in 2020 and elected the 9th Board of Directors and Board of Supervisors. The term of office of directors and supervisors was three years until 24 August 2023, and the change of Board of Directors and Board of Supervisors was completed. Subsequently, the Company will strictly implement the Company Law, Securities Law and other laws and regulations and the Articles of Association, continue to enhance shareholder communication before the re-election of the Board of Directors and the Supervisory Committee, and complete the re-election of the Board of Directors and the Supervisory Committee in compliance with applicable regulations. At the same time, when the shareholders' meeting is held, all directors, supervisors and senior management personnel of the Company are required to attend or attend the meeting as non-voting attendees. If the directors, supervisors and senior management personnel cannot attend or attend the meeting as non-voting attendees, they shall submit a written leave report to the Board of Directors.

Part V Environmental and Social Responsibility

I Major Environmental Issues

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

√ Yes □ No

Name of Company or Subsidiary Company	Major and Characteristic Pollutants	Discharge Method	Outlet Quantity	Outlet Distribution	Discharge Concentration	Pollutant Discharge Standards	Total Actual Discharge	Total Discharge Approved	Excessive Discharge
Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	SO ₂	Discharged in an organized manner	1	In the plant	SO ₂ : 289 mg/m ³	Emission Standards for Air Pollutants in Glass Industry (DB44/2159-2019)	SO ₂ : 9.208 t/y	SO ₂ : 39.937 t/y	None
Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Oxynitride	Discharged in an organized manner	1	In the plant	Oxynitride: 550mg/m ³	Emission Standards for Air Pollutants in Glass Industry (DB44/2159-2019)	Oxynitride: 50.576 t/y	Oxynitride: 83.549 t/y	None
Liuzhou Guige Lighting Technology Co., Ltd.	Xylene, SO ₂ , nitrogen oxide, benzene, toluene, particulate matter, volatile organic matter	Discharged in an organized manner	1	In the plant	Discharged upon reaching applicable standards	Integrated Emission Standards of Air Pollutants (GB16297-1996)	No limit	No limit	None
Liuzhou Guige	Volatile organic	Discharged in an	2	In the plant	Discharged upon	Integrated Emission	No limit	No limit	None

Lighting Technology Co., Ltd.	compounds	un-organized manner			reaching applicable standards	Standards of Air Pollutants (GB16297-1996)			
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Construction and operation of pollution control facilities:

No.	Facility	Total Investment (RMB0,000)	Date of Construction (MM/YYYY Y)	Date of Operation (MM/YYYY Y)	Operator	Processes	Design Capacity (m ³ /h)	Actual Capacity (m ³ /h)	Operation Hours (h/d)
1	Desulfurization, denitration, and dust removal system	500	November 2015	December 2015	Independent operations	Semi-dry flue gas desulphurization (SDFGD) + electric precipitation + SCR denitration	60,000	60,000	24
2	RTO oxidation furnace	360	November 2016	March 2017	Independent operations	Dry filter+RTO catalytic combustion	10000	10000	24
3	Activated carbon adsorption device	60	March 2019	November 2019	Independent operations	Filter cotton+ activated carbon adsorption device+22.5m vent	60712	60712	24

Assessment of the environmental impact of construction projects and other administrative licenses of environmental protection:

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

	Branch			
4	Approval for Environmental Impact Report on Energy-saving Lamp Expansion Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Protection Bureau of Gaoming District, Foshan City	30 August 2013	MHGYB [2013] No. 030
5	Letter of Environmental Protection Acceptance Opinions on Energy-saving Lamp Expansion Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Transport and Urban Management Bureau of Gaoming District (Environmental Protection)	19 February 2014	MGY [2014] No. 2
6	Approval from Environmental Protection Bureau of Gaoming District, Foshan City, of Environmental Impact Report on Expansion Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Protection Bureau of Gaoming District, Foshan City	13 February 2015	MHS [2015] No. 14
7	Approval from Environmental Protection Bureau of Gaoming District, Foshan City, of Kiln Expansion and Flue Gas Control and Remediation Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Protection Bureau of Gaoming District, Foshan City	26 November 2015	MHS [2015] No. 157
8	Letter from Environmental Protection Bureau of Gaoming District, Foshan City of Environmental Protection Acceptance Opinions on Kiln Expansion and Flue Gas Control and Remediation Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Protection Bureau of Gaoming District, Foshan City	24 December 2015	MHY [2015] No. 83
9	Approval from Environmental Protection Bureau of Gaoming District, Foshan City, of Environmental Impact Report on New LED Luminaries R&D Production Base Construction Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Protection Bureau of Gaoming District, Foshan City	30 September 2017	MHS [2017] No. 138
10	Approval from Environmental Protection Bureau of Gaoming District, Foshan City, of Environmental Impact Report on Glass Kiln (Change) Construction Project of Foshan Electrical and Lighting Co., Ltd. Gaoming Branch	Environmental Protection Bureau of Gaoming District, Foshan City	14 January 2019	MHS [2019] No. 11
11	Letter from Foshan Municipal Ecology and Environment Bureau of Environmental Protection Acceptance Opinions on Solid Waste	Ecology and Environment Bureau of Foshan City	12 September 2019	FMHY [2019] No. 126

	Pollution Prevention and Control Facility for New LED Luminaries R&D Production Base Construction Project (Phase I) of Foshan Electrical and Lighting Co., Ltd.			
12	Sewage Discharge License	Ecology and Environment Bureau of Foshan City	1 June 2020	91440600784850061B001U
13	Reply on the Environmental Impact Report of Liuzhou Guige Lighting Technology Co., Ltd. with an Annual Output of 1.35 Million Sets of Auto Parts (Motor Vehicle Lamps)	Liuzhou Environmental Protection Bureau	25 September 2015	LHS Zi [2015] No. 134
14	Reply on Completion Acceptance of Environmental Protection Facilities of Liuzhou Guige Lighting Technology Co., Ltd. with an Annual Output of 1.35 Million Sets of Auto Parts (Motor Vehicle Lamps) (Solid Waste)	Liuzhou Liudong New Area Administrative Examination and Approval Bureau	28 October 2019	LDSPHB Zi [2019] No. 70
15	Sewage Discharge License	Liuzhou Liudong New Area Administrative Examination and Approval Bureau	18 July 2020	914502000836092085001V

Contingency plan for environmental emergencies

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

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

In June 2018, Liuzhou Guige Lighting Technology Co., Ltd. completed the preparation of the Emergency Plan for Environmental Emergencies of Liuzhou Guige Lighting Technology Co., Ltd. (including the Risk Assessment Report for Environmental Emergencies and the Investigation Report for Emergency Resources for Environmental Emergencies), which was reviewed by experts and released, and filed with Liudong Branch of Liuzhou Environmental Protection Bureau on 29 August 2018 (No. 450203-2018-022-1). In August 2021, the Emergency Plan for Environmental Emergencies of Liuzhou Guige Lighting Technology Co., Ltd. (including the Risk

Assessment Report for Environmental Emergencies and the Investigation Report for Emergency Resources for Environmental Emergencies) was updated and compiled, passed the expert review and released, and on 27 December 2021, the Emergency Plan was filed with the Ecological Environment Bureau of Liudong New Area, Liuzhou City (No. 450203-2021-0019-L).

Environmental self-monitoring plan

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

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

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

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

Other environment-related information that should be disclosed:

None.

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

Applicable Not applicable

During the Reporting Period, the Company reduced electricity consumption under the same output value by selecting high-efficiency and energy-saving equipment. The Company insists on constantly publicizing environmental protection knowledge to employees, improving their awareness of environmental protection, and

realizing the sustainable development goal of harmonious coexistence between enterprises and the environment through the joint efforts of all employees.

Other relevant information:

None.

II Social Responsibility

We have always attached importance to the accomplishment of our social value. With “provide returns for shareholders, provide a platform for employees, create value for customers and create prosperity for the society” as our mission, we take on the social responsibilities to protect the interests of our creditors, employees, customers, suppliers and community. We have been utilizing resources in a scientific, rational way, effectively protecting the natural environment and safeguarding social safety so as to promote common, harmonious and sustainable development of the Company and the society.

1. Protection of the rights and interests of our shareholders and creditors

We continuously improve our corporate governance structure, regulate our operation and enhance our management on information disclosure and investor relations. We treat all our investors fairly and justly, ensure their rights to know about, participate in and vote on the significant events of the Company, and safeguard the legal rights and interests of all our shareholders, especially our minority shareholders.

2. Protection of the rights and interests of our employees

Considering employees the most valuable resource for our survival and development, we constantly improve our employment system, improve the compensation packages for our employees and attach importance to talent cultivation so as to provide opportunities and space for the sustainable development of our employees as well as realize the common development of the employees and the Company. We also pay attention to the health of our employees, attach importance to production safety and labor protection, and improve the working and living conditions for our employees so as to formulate harmonious and stable labor relations.

3. Protection of the rights and interests of our customers and consumers

We have been upholding the “Customer First” principle in our provision of quality products and services to customers. We operate honestly and disallow any unfair trade practice against commercial ethics, market rules and the fair competition principle. We also improve our product quality and after-sales services

and try to build a win-win relationship with our customers.

4. Protection of the rights and interests of our suppliers

We respect and protect the legal rights and interests of our suppliers, carefully protect their secret and proprietary information, encourage and push them to continuously improve the quality of their products and services through creating an environment for open and fair competition among them so as to realize mutual benefits and mutual development of the suppliers and the Company.

5. Production Safety, Environmental Protection and Sustainable Development

The Company sees production safety, environmental protection and energy conservation as an important part of its strategy of sustainable development. It implements accountability systems in relation environmental protection and production safety in strict accordance with the applicable laws and regulations. In addition, it is ISO9001-(a quality management system), IATF16949-(a quality management system), ISO14001-(an environment management system), ISO45001-(a management system for occupational health and safety) and ISO50001-(an energy management system) certified. In 2018, upon the review and publication by the Ministry of Industry and Information Technology, the Company was certified as one of the second batch of National Demonstration Entity of Green Factory.

6. Public relations and welfare

We attach importance to the realization of our social value and see creating a prosperous society as a commitment that we should take on, trying to boost the local economy through our own development. We have been granted by the local government the title of “Foshan Over-100-Million Tax Payer” for many years due to our contributions in boosting the harmonious development of the Company and the community.

III Efforts in Poverty Alleviation and Rural Revitalization

During the Reporting Period, the Company actively responded to the call to consolidate the achievements of poverty alleviation and revitalize the countryside, and carried out the work of helping farmers with consumption to facilitate rural revitalization. During the Reporting Period, the Company actively purchased characteristic agricultural products from Wuhua County, Meizhou City, with a purchase amount of nearly RMB1 million.

Part VI Significant Events

I Fulfillment of Commitments

1. Commitments of the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and other Entities Fulfilled in the Reporting Period or Ongoing at the Period-end

√ Applicable □ Not applicable

Commitment	Promisor	Type of commitment	Details of commitment	Date of commitment making	Term of commitment	Fulfillment
Commitments made in acquisition documents or shareholding alteration documents	Electronics Group and Hong Kong Rising Investment	About avoidance of horizontal competition	Electronics Group and Hong Kong Rising Investment have made commitments as follows to avoid horizontal competition with the Company: 1. They shall conduct supervision and restraint on the production and operation activities of themselves and their relevant enterprises so that besides the enterprise above that is in horizontal competition with the Company for now, if the products or business of them or their relevant enterprises become the same with or similar to those of the Company or its subsidiaries in the future, they shall take the following measures: (1) If the Company thinks necessary, they and their relevant enterprises shall reduce and wholly transfer their relevant assets and business; and (2) If the Company thinks necessary, it is given the priority to acquire first, by proper means, the relevant assets and business of them and their relevant enterprises. 2. All	4 December 2015	Long-term	Ongoing

			<p>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.</p>			
	Rising Group	About avoidance of horizontal competition	<p>1. Rising Group will take active measures to avoid any business or activity that competes or may compete with the principal business of the Company and its auxiliary enterprises, and urge the Promisor to control enterprises to avoid any business or activity that competes or may compete with the principal business of the Company and its auxiliary enterprises. 2. If Rising Group and its controlled enterprises are given the opportunity to engage in new business that constitutes or may constitute horizontal competition with the principal businesses of the Company and its auxiliary enterprises, Rising Group will make every effort to make the business opportunity first available to the Company or its auxiliary enterprises on reasonable and fair terms and</p>	4 November 2021	Long-term	Ongoing

			conditions on the premise that conditions permit and in the interest of the listed company.			
	Electronics Group and Hong Kong Rising Investment	About reduction and regulation of related-party transactions	<p>Electronics Group and Hong Kong Rising Investment have made a commitment that during their direct or indirect holding of the Company's shares, they shall</p> <ol style="list-style-type: none"> 1. strictly abide by the regulatory documents of the CSRC and the SZSE, the Company's <i>Articles of Association</i>, etc. and not harm the interests of the Company or other shareholders of the Company in their production and operation activities by taking advantage of their position as the controlling shareholder and actual controller; 2. make sure that they or their other controlled subsidiaries, branch offices, jointly-run or associated companies (the "Relevant Enterprises" for short) will try their best to avoid or reduce related-party transactions with the Company or the Company's subsidiaries; 3. strictly follow the market principle of justness, fairness and equal value exchange for necessary and unavoidable related-party transactions between them and their Relevant Enterprises and the Company, and withdraw from voting when a related-party transaction with them or their Relevant Enterprises is being voted on at a general meeting or a board meeting, and execute the relevant approval procedure and information disclosure duties pursuant to the applicable laws, regulations and regulatory documents. Where the aforesaid 	4 December 2015	Long-term	Ongoing

			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.			
	Rising Group		1. strictly abide by the regulatory documents of the CSRC and the SZSE, the Company's <i>Articles of Association</i> , etc. and not harm the interests of the Company or other shareholders of the Company in their production and operation activities by taking advantage of their position as the controlling shareholder and actual controller; 2. make sure that they or their other controlled subsidiaries, branch offices, jointly-run or associated companies (the "Relevant Enterprises" for short) will try their best to avoid or reduce related-party transactions with the Company or the Company's subsidiaries; 3. strictly follow the market principle of justness, fairness and equal value exchange for necessary and unavoidable related-party transactions between them and their Relevant Enterprises and the Company, and withdraw from voting when a related-party transaction with them or their Relevant Enterprises is being voted on at a general meeting or a board meeting, and execute the relevant approval procedure and information disclosure duties pursuant to the applicable laws, regulations and regulatory documents.	4 November 2021	Long-term	Ongoing
	Electronics Group and Hong Kong	About	In order to ensure the independence of the Company in	4 December	Long-term	Ongoing

	Rising Investment	independence	<p>business, personnel, asset, organization and finance, Electronics Group and Hong Kong Rising Investment have made the following commitments:</p> <p>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</p>	2015		
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		<p>receive remuneration from the Company, not holding any positions in them or their other controlled subsidiaries other than director and supervisor. (2) They promise the Company's absolute independence from their related parties in labor, human resource and salary management. And (3) They promise to follow the legal procedure in their recommendation of directors, supervisors and senior management personnel to the Company and not to hire or dismiss employees beyond the Company's Board of Directors and General Meeting. 3. They will ensure the independence and completeness of the Company in asset: (1) They promise that the Company will have a production system, an auxiliary production system and supporting facilities for its operation; legally have the ownership or use rights of the land, plants, machines, trademarks, patents and non-patented technology in relation to its production and operation; and have independent systems for the procurement of raw materials and the sale of its products. (2) They promise that the Company will have independent and complete assets all under the Company's control and independently owned and operated by the Company. And (3) They promise that they and their other controlled subsidiaries will not illegally occupy the Company's funds and assets in any way, or use the Company's</p>			
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		<p>assets to provide guarantees for the debts of themselves or their other controlled subsidiaries with.</p> <p>4. They will ensure the independence of the Company in organization: (1) They promise that the Company has a sound corporate governance structure as a joint-stock company with an independent and complete organization structure. And (2) They promise that the operational and management organs within the Company will independently execute their functions according to laws, regulations and the Company's Articles of Association. And 5. They will ensure the independence of the Company in finance: (1) They promise that the Company will have an independent financial department and financial accounting system with normative, independent financial accounting rules. (2) They promise that the Company will have independent bank accounts and not share bank accounts with its related parties. (3) They promise that the Company's financial personnel do not hold concurrent positions in its related parties. (4) They promise that the Company will independently pay its tax according to law. And (5) They promise that the Company can make financial decisions independently and that they will not illegally intervene in the Company's use of its funds.</p>			
	<p>Rising Group</p>	<p>To maintain the independence of the Company, Rising Group has made the following commitments:</p>	<p>4 November 2021</p>	<p>Long-term</p>	<p>Ongoing</p>

		<p>1. It will ensure the personnel independence of the Company. It promises to ensure personnel independence with the Company, and GM, deputy GMs, CFO, Company Secretary and other senior management personnel of the Company will not hold positions other than directors and supervisors in the enterprises wholly owned, controlled or actually controlled by it and its subsidiaries (hereinafter referred to as "subsidiaries"), and will not receive salaries from it or its subsidiaries. The Company's financial personnel do not hold concurrent positions in it or its subsidiaries.</p> <p>2. It will ensure the asset independence and integrity of the Company: (1) It promises that the Company will have independent and complete assets. And (2) It promises that it and its subsidiaries will not illegally occupy the Company's funds and assets in any way.</p> <p>3. It will ensure the financial independence of the Company: (1) It promises that the Company will have an independent financial department and financial accounting system. (2) It promises that the Company will have a standardized and independent financial accounting system. (3) It promises that the Company will have independent bank accounts and not share bank accounts with it. (4) It promises that the Company's financial personnel do not hold concurrent positions in it or its subsidiaries. And (5) It promises that the Company can make financial</p>			
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			<p>decisions independently and that they will not illegally intervene in the Company’s use of its funds. 4. It will ensure the independence of the Company in organization: (1) It promises that the Company can operate independently with an independent and complete organization structure. (2) It promises that the office and production and business premises of the Company are separated from those of Rising Group. And (3) It promises that the Board of Directors, the Board of Supervisors and various functional departments of the Company operate independently, and there is no subordinate relationship with the functional departments of Rising Group. And 5 It will ensure the independence of the Company in business: (1) It promises that the Company will have independence in business. And (2) It promises 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.</p>			
<p>Commitments made in shareholding alteration documents</p>	FSL	<p>About avoidance of horizontal competition</p>	<p>1. They shall conduct supervision and restraint on the production and operation activities of themselves and their relevant enterprises so that besides the enterprise above that is in horizontal competition with NATIONSTAR for now, if the products or business of them or their relevant enterprises become the same with or similar to those of</p>	<p>27 October 2021</p>	<p>Long-term</p>	<p>Ongoing</p>

			<p>NATIONSTAR or its subsidiaries in the future, they shall take the following measures: (1) If NATIONSTAR thinks necessary, they and their relevant enterprises shall reduce and wholly transfer their relevant assets and business; and (2) If NATIONSTAR thinks necessary, it is given the priority to acquire first, by proper means, the relevant assets and business of them and their relevant enterprises. 2. All the commitments made by them to eliminate or avoid horizontal competition with FSL are also applicable to their directly or indirectly controlled subsidiaries. They are obliged to urge and make sure that other subsidiaries execute what's prescribed in the relevant document and faithfully honor all the relevant commitments. 3. If they or their directly or indirectly controlled subsidiaries break the aforesaid commitments and thus cause a loss for NATIONSTAR, they shall compensate NATIONSTAR on a rational basis.</p>			
<p>Commitments made in shareholding alteration documents</p>	FSL	<p>About reduction and regulation of related-party transactions</p>	<p>1. FSL and enterprises under its control (except NATIONSTAR and its subsidiaries) will reduce and standardize related transactions with NATIONSTAR and its subsidiaries.</p> <p>2. In case of any inevitable or reasonably justified related party transactions, FSL and enterprises under its control (except NATIONSTAR and its</p>	<p>7 October 2021</p>	<p>Long-term</p>	<p>Ongoing</p>

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

			<p>operating assets related to operation;</p> <p>2. FSL promises that the funds, assets and other resources of NATIONSTAR will not be illegally occupied.</p> <p>(III) It will ensure the independence of NATIONSTAR in finance</p> <p>1. It promises that NATIONSTAR will have an independent financial department, and independent financial accounting system and financial accounting rules.</p> <p>2. It promises that NATIONSTAR will have independent bank accounts and not share bank accounts with FSL and other enterprises under its control;</p> <p>3. It promises that the financial personnel of NATIONSTAR do not work part-time and receive salaries in FSL and other enterprises under its control;</p> <p>4. It promises that NATIONSTAR will independently pay its tax according to law;</p> <p>And (5) It promises that NATIONSTAR can make financial decisions independently and that it will not illegally intervene in NATIONSTAR's use of its funds.</p> <p>(IV) It will ensure the independence of NATIONSTAR in organization</p> <p>It promises that the listed company has a sound corporate governance structure as a joint-stock company with an independent and complete organization structure.</p> <p>(V) It will ensure the independence of NATIONSTAR in business</p> <p>It promise that NATIONSTAR remains independent in procurement, production, sales and intellectual property rights, and that NATIONSTAR will have the assets, personnel, qualifications and capabilities for it to operate independently as well as the ability of independent, sustainable</p>			
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			operation in the market.			
Commitments made during asset restructuring	FSL	About absence of insider trading	1. FSL does not disclose the relevant insider information of this trading or make use of the insider information for insider trading; 2. As of the issuance date of the <i>Report on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft)</i> , FSL has not been placed on file for investigation or criminal investigation due to suspected insider trading related to this trading, and has not been subject to administrative punishment by the CSRC or criminal responsibility investigated by judicial organs according to law for insider trading related to any major asset restructuring, and has not been prohibited from engaging in any major asset restructuring of listed companies according to Article 13 of the <i>Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies</i> in the last 36 months.	27 October 2021	From the time when the Company plans the major asset restructuring to the date when the major asset restructuring is completed.	Ongoing
	FSL	About compliance with <i>Several Provisions on the Reduction of Shares by Shareholders, Directors and Supervisors of Listed Companies</i>	1. FSL is not subject to any securities and futures crimes as stipulated in Article 6 of <i>Several Provisions on the Reduction of Shares by Shareholders, Directors and Supervisors of Listed Companies</i> . During the period when the CSRC or the judicial organ filed a case for investigation, and less than six months after the administrative penalty decision and criminal	27 October 2021	To 6 months after the implementation of major asset restructuring	Ongoing

			<p>judgment were made, there was no situation that the shares of NATIONSTAR could not be reduced due to violation of the rules of stock exchanges and public censure by stock exchanges for less than three months. 2. If the commitment maker still holds shares in NATIONSTAR after this transaction, the commitment maker shall be subject to the following regulations:</p> <p>(1) Within the six months following the completion of this transaction, if the commitment maker intends to reduce by way of centralized bidding at the stock exchange the shares obtained in this transaction, the commitment maker shall report to the stock exchange and disclose the shareholding reduction plan (which will be kept for record by the stock exchange) 15 trading days before the first sale.</p> <p>(2) Within the six months following the completion of this transaction, if the commitment maker intends to reduce by way of centralized bidding at the stock exchange within three months the shares obtained in this transaction, the total shares reduced shall not exceed 1% of NATIONSTAR's total shares.</p>			
FSL	About legal compliance	1. As of the date of issuance of the letter of commitment, the listed company has not received any criminal punishment or administrative punishment related to the securities market in the last three years, and has	27 October 2021	Within the three years preceding the date of issuance of the	Expired	

			<p>not been subject to any major civil lawsuit or arbitration related to economic disputes. The listed company has no other major acts of dishonesty publicly condemned by any stock exchange in the last 12 months; the listed company has been in good faith, and has not failed to repay large debts on schedule, failed to fulfill its commitments, been taken administrative supervision measures by the CSRC, or been disciplined by any stock exchange. 2. Up to the date of this Letter of Commitment, the listed company has not been investigated by the judicial organ for suspected crimes or by the CSRC for suspected violations of laws and regulations, nor has it been investigated for suspected involvement in insider trading in relation to major asset restructuring with pending conclusion, in the last three years.</p> <p>3. Up to the date of this Letter of Commitment, the existing directors, supervisors and senior management of the listed company had held offices in the company in a way that is in compliance with the applicable laws, administrative regulations, regulatory documents and the company's Articles of Association. No current or former government officials, party cadres at universities have had full-time or part-time jobs in the</p>		<p>letter of commitment (inclusive)</p>	
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			company in an illegal manner.			
	FSL	About the truthfulness, accuracy and completeness of the information provided during this major asset restructuring	<p>1. FSL has provided relevant information and documents (including but not limited to original written materials, duplicate materials or oral testimony, etc.) related to this trading to the intermediaries providing professional services of auditing, valuation, legal and financial consultancy for this trading. FSL promises that the copies or photocopies of the documents and materials provided are consistent with the originals, and that the signatures and seals of the documents and materials are authentic, and the signatories of the documents have been legally authorized and effectively signed the documents; that the provided information and documents are authentic, accurate and complete and that there are no false records, misleading statements or material omissions. FSL also promises to bear individual and joint and several liability. 2. The commitment maker promises that the information provided is true, accurate and complete. Where any investor suffers a loss as a result of any misrepresentation, misleading statement or material omission in the information provided, the commitment maker shall be liable for compensation according to law.</p>	27 October 2021	Long-term	Ongoing
	Director and senior management	About measures to fill up returns	1. They promise not to transfer benefits to other units or individuals free of charge or	27 October	Long-term	Ongoing

	office of FSL	for risks arising from diluting immediate return in major asset restructuring	under unfair conditions, and not to harm the interests of the Company in any other ways; 2. They promise to restrain position-related consumption behavior; 3. They promise not to use the Company's assets to engage in investment and consumption activities unrelated to the performance of duties; 4. They promise that the future remuneration system formulated by the Board of Directors or the Remuneration and Assessment Committee will be linked to the implementation of the Company's measures to fill up returns; 5. If the Company formulates an equity incentive plan in the future, they will actively promote the exercise conditions of the future equity incentive plan to be linked with the implementation of the Company's measures to fill up returns; 6. From the date of issuance of these commitments to the completion of this major asset restructuring of the Company, if the CSRC makes other new regulatory provisions on measures to fill up returns and the relevant commitments, and these commitments cannot meet these provisions of the CSRC, they promise to issue supplementary commitments in accordance with the latest regulations of the CSRC at that time. 7. They promise to earnestly fulfill the compensation measures formulated by the Company and any commitments it made. If	2021		
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			they violate any of these commitments and cause losses to the Company or investors, they are willing to bear corresponding legal responsibilities to the Company or investors according to law.			
	Director and senior management office of FSL	About non-reduction of FSL shares during major asset restructuring	<p>1. They promise that there will be no share reduction plan from the date of issuance of this Letter of Commitments to the completion of this trading, and they will not reduce its FSL shares (if any) in any other way.</p> <p>2. If FSL implements ex-rights behaviors such as share conversion, share offering and share allotment from the date of issuance of this Letter of Commitments to the completion of this trading, the newly added shares obtained by them will also be subject to the above commitments related to not reducing share holdings.</p> <p>3. Where FSL or any other investor suffers a loss as a result of my violation of the aforesaid commitment, I shall be liable for compensation to FSL and investors according to law.</p> <p>They promise that they have the right to enter into this Letter of Commitments, and once this Letter of Commitments is entered into by them, it will constitute an effective, legal and binding responsibility upon them, and this Letter of Commitments will remain valid and irrevocable. They promise to strictly fulfill all commitments in this Letter of Commitments. In case of</p>	28 September 2021	Until this trading is completed	Ongoing

			violation of this Letter of Commitments, they will bear relevant legal responsibilities.			
Director and senior management of FSL	About absence of insider trading	1. They do not disclose the relevant insider information of this trading or make use of the insider information for insider trading; 2. They have not been placed on file for investigation or criminal investigation due to suspected insider trading related to this trading, and have not been subject to administrative punishment by the CSRC or criminal responsibility investigated by judicial organs according to law for insider trading related to major asset restructuring, and has not been prohibited from engaging in any major asset restructuring of listed companies according to Article 13 of the <i>Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies</i> in the last 36 months. 3. In case of violation of the above commitments, they will bear all losses caused to the listed company and its shareholders.	27 October 2021	From the time when the Company plans the major asset restructuring to the date when the major asset restructuring is completed.	Ongoing	
Directors and senior management of FSL	About legal compliance	1. As of the date of issuance of the Letter of Commitments, they have and abide by the qualifications and obligations stipulated in the <i>Company Law of the People's Republic of China</i> and other laws, regulations, normative documents and the <i>Articles of Association</i> of the Company, and their employments are	28 September 2021	Within three years preceding the date of the issuance of the letter of commitment	Expired	

			<p>made through legal procedures. They do not hold any concurrent positions prohibited by relevant laws, regulations, normative documents, <i>Articles of Association</i>, relevant regulatory authorities and part-time units (if any). 2. As of the date of issuance of the <i>Letter of Commitments</i>, they have not violated the relevant provisions of the <i>Company Law of the People's Republic of China</i>, have not been subject to any criminal punishment in the last 36 months, have not been subject to administrative punishment by the CSRC, have not been subject to any public censure by any stock exchange in the last 12 months and have not been subject to any outstanding or foreseeable major litigation or arbitration cases related to economic disputes in the last 36 months. 3. As of the date of issuance of the <i>Letter of Commitments</i>, they have been in good faith, have no other major acts of dishonesty and have not failed to repay large debts on schedule, failed to fulfill their commitments, been taken administrative supervision measures by the CSRC, or been disciplined by any stock exchange in the last 36 months.</p>		(inclusion)	
	Directors and senior management of FSL	About the truthfulness, accuracy and completeness of the information	1. They have provided relevant information and documents (including but not limited to original written materials, duplicate materials or oral testimony, etc.) related to this	27 October 2021	Long-term	Ongoing

		<p>provided during this major asset restructuring</p>	<p>trading to the intermediaries providing professional services of auditing, assessment, legal and financial consultancy for this trading. They promise that the copies or photocopies of the documents and materials provided are consistent with the originals, and that the signatures and seals of the documents and materials are authentic, and the signatories of the documents have been legally authorized and effectively signed the documents; that the provided information and documents are authentic, accurate and complete and that there are no false records, misleading statements or material omissions. They also promise to bear individual and joint and several liability. 2. They promise that the information provided is true, accurate and complete. In case of any losses caused to investors due to any false presentations, misleading statements or material omissions in the information provided, they will be liable for compensation according to law. 3. Where the information provided or disclosed by them in this trading is suspected of false records, misleading statements or material omissions, and they are filed for investigation by the judicial organ or by the CSRC, the shares with interests in the listed company will not be transferred until the investigation conclusion is</p>			
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			formed.			
	Rising Group, Rising Capital, Electronics Group, Hongkong Wah Shing, Hong Kong Rising Investment and Shenzhen Rising Investment	About effective performance of measures to fill up returns	1. They promise not to interfere in the operation and management activities of the listed company beyond their authority and not to encroach on the interests of the listed company. 2. From the date of issuance of these commitments to the completion of this trading of the listed company, if the CSRC makes new regulatory requirements on measures to fill up returns and commitments of relevant personnel, and the above commitments cannot meet these new regulatory requirements of the CSRC, they promise to issue supplementary commitments according to the latest regulations of the CSRC at that time. 3. They promise to earnestly fulfill the measures to fill up returns formulated by the listed company and any commitments made by them. If they violate these commitments and causes losses to the listed company or investors, they are willing to bear the compensation responsibility for the listed company or investors according to law. As one of the subjects responsible for the measures to fill up returns, if they violate the above commitments or refuses to fulfill the above commitments, they agree that the securities regulatory agencies such as the CSRC and the SZSE will punish them or take relevant regulatory measures in accordance with the relevant	27 October 2021	Long-term	Ongoing

			regulations and rules they formulated or issued.			
Rising Group, Rising Capital, Electronics Group, Hongkong Wah Shing, Hong Kong Rising Investment and Shenzhen Rising Investment	About non-reduction of FSL shares during major asset restructuring	1. They promise that there will be no share reduction plan from the date of issuance of this Letter of Commitments to the completion of this trading, and they will not reduce its FSL shares in any other way (except the transfer or transfer between Rising Group and its wholly-owned subsidiaries). 2. If FSL implements ex-rights behaviors such as share conversion, share offering and share allotment from the date of issuance of this Letter of Commitments to the completion of this trading, the newly added shares obtained by them will also be subject to the above commitments related to not reducing share holdings. 3. Where FSL or any other investor suffers a loss as a result of our violation of the aforesaid commitment, we shall be liable for compensation to FSL and investors according to law.	28 September 2021	Until the completion of this trading	Ongoing	
Rising Group, Rising Capital, and Hongkong Wah Shing	About avoidance of horizontal competition	1. They shall conduct supervision and restraint on the production and operation activities of themselves and their relevant enterprises so that besides the enterprise above that is in horizontal competition with FSL for now, if the products or business of them or their relevant enterprises become the same with or similar to those of FSL or its subsidiaries in the future, they	27 October 2021	Long-term	Ongoing	

			<p>shall take the following measures: (1) If FSL thinks necessary, they and their relevant enterprises shall reduce and wholly transfer their relevant assets and business; and (2) If FSL thinks necessary, it is given the priority to acquire first, by proper means, the relevant assets and business of them and their relevant enterprises. 2. All the commitments made by them to eliminate or avoid horizontal competition with FSL are also applicable to their directly or indirectly controlled subsidiaries. They are obliged to urge and make sure that other subsidiaries execute what's prescribed in the relevant document and faithfully honor all the relevant commitments. 3. If they or their directly or indirectly controlled subsidiaries break the aforesaid commitments and thus cause a loss for FSL, they shall compensate FSL on a rational basis.</p>			
	<p>Rising Group, Rising Capital, and Hongkong Wah Shing</p>	<p>About regulation and reduction of related-party transactions</p>	<p>They have made a commitment that during their direct or indirect holding of FSL's shares, they shall 1. strictly abide by the regulatory documents of the CSRC and the SZSE, FSL's <i>Articles of Association</i>, etc. and not harm the interests of the Company or other shareholders of FSL in their production and operation activities by taking advantage of their position as the controlling shareholder and</p>	<p>27 October 2021</p>	<p>Long-term</p>	<p>Ongoing</p>

			<p>actual controller; 2. make sure that they or their other controlled subsidiaries, branch offices, jointly-run or associated companies (the "Relevant Enterprises" for short) will try their best to avoid or reduce related-party transactions with FSL or FSL's subsidiaries; 3. strictly follow the market principle of justness, fairness and equal value exchange for necessary and unavoidable related-party transactions between them and their Relevant Enterprises and FSL, and withdraw from voting when a related-party transaction with them or their Relevant Enterprises is being voted on at a general meeting or a board meeting, and execute the relevant approval procedure and information disclosure duties pursuant to the applicable laws, regulations and regulatory documents. Where the aforesaid commitments are broken and a loss is thus caused for FSL, its subsidiaries or FSL's other shareholders, they shall be obliged to compensate.</p>			
	<p>Shenzhen Rising Hongkong Wah Shing, and Hongkong Wah Shing</p>	<p>Explanation about not prohibited from participating in of any major asset restructuring of listed companies as stipulated in Article 13 of</p>	<p>As of the issuance date of the <i>Report on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft)</i>, they have not been placed on file for investigation or criminal investigation due to suspected insider trading related to this trading, and has not been subject to administrative punishment by the CSRC or</p>	<p>27 October 2021</p>	<p>Within the three years preceding the date of issuance of the letter of commitment (inclusive)</p>	<p>Expired</p>

		the <i>Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies</i>	criminal responsibility investigated by judicial organs according to law for insider trading related to any major asset restructuring in the last 36 months. The relevant entities of this trading are not prevented from participating in any major asset restructuring of listed companies according to Article 13 of the <i>Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies</i> .			
	Shenzhen Rising Investment, Hong Kong Rising Investment, and Hongkong Wah Shing	About legal compliance	1. They have not been investigated by the judicial organ for suspected crimes or by the CSRC for suspected violations of laws and regulations, and there is no administrative punishment (except those obviously unrelated to the securities market) or criminal punishment in the last three years; 2. They have not failed to repay large debts on schedule, failed to fulfill their commitments, been taken administrative supervision measures by the CSRC, or been disciplined by any stock exchange, have not been publicly condemned by any stock exchange, have no other major acts of dishonesty and have no any other bad record in the last three years.	27 October 2021	Within the three years preceding the date of issuance of the letter of commitment (inclusive)	Expired
	Directors, supervisors and senior management personnel of	Explanation about not prohibited from participating	As of the issuance date of the <i>Report on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft)</i> ,	27 October 2021	Within the three years preceding the date of	Expired

	Shenzhen Rising Investment, Hong Kong Rising Investment, and Hongkong Wah Shing	in of any major asset restructuring of listed companies as stipulated in Article 13 of the <i>Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies</i>	they have not been placed on file for investigation or criminal investigation due to suspected insider trading related to this trading, and has not been subject to administrative punishment by the CSRC or criminal responsibility investigated by judicial organs according to law for insider trading related to any major asset restructuring in the last 36 months. The relevant entities of this trading are not prevented from participating in any major asset restructuring of listed companies according to Article 13 of the <i>Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies</i> .		issuance of the letter of commitment (inclusive)	
	Rising Group, Electronics Group, and Rising Capital	About compensation for possible violations of laws and regulations by NATIONSTAR	If NATIONSTAR is subject to administrative penalties such as accountability and fines by relevant competent departments after the completion of this trading due to the illegal acts of NATIONSTAR before the completion of this acquisition, they promise to fully bear the losses of NATIONSTAR or FSL, as well as the expenses and fees under punishment or recourse, to ensure that NATIONSTAR or FSL will not suffer any economic losses.	27 October 2021	Long-term	Ongoing
	Rising Group, Electronics Group, and Rising Capital	About explanation of confidentiality measures and confidentiality system	1. During the preliminary negotiation between the listed company and the counterparty on this trading, necessary and sufficient confidentiality measures were taken to limit the	27 October 2021	Until the completion of this trading	Ongoing

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

			<p>authenticity, accuracy and completeness of such information. 5. They shall bear legal responsibility for the authenticity, accuracy and completeness of the information, documents, materials, explanations and confirmations provided. In case of any violation or losses caused to the listed company, investors, parties to the trading and intermediaries participating in this trading, they will be liable for compensation according to law. 6. Where the information provided or disclosed by them in this trading is suspected of false records, misleading statements or material omissions, and they are filed for investigation by the judicial organ or by the CSRC, the shares with interests in the listed company will not be transferred until the investigation conclusion is formed.</p>			
	<p>Rising Group, Electronics Group, and Rising Capital</p>	<p>Statement about not prohibited from participating in of any major asset restructuring of listed companies as stipulated in Article 13 of the <i>Interim Provisions on Strengthening the</i></p>	<p>As of the issuance date of the <i>Report on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft)</i>, the counterparties of this restructuring have not been placed on file for investigation or criminal investigation due to suspected insider trading related to this trading, and has not been subject to administrative punishment by the CSRC or criminal responsibility investigated by judicial organs according to law for insider</p>	<p>27 October 2021</p>	<p>Within the three years preceding the date of issuance of the letter of commitment (inclusive)</p>	<p>Expired</p>

		<i>Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies</i>	trading related to any major asset restructuring in the last 36 months. The relevant entities of this trading do not disclose the insider information of this restructuring or use the insider information of this restructuring to conduct trading. In case of any violations to the above commitments, the relevant subjects of this trading will bear corresponding compensation liabilities.			
	Electronics Group	About the clarity of the underlying assets of this major asset restructuring	Electronics Group promises that the 100% equity of Sigma it held is clear in ownership and is not subject to any dispute or potential dispute, and there is no situation affecting its legal existence; the above shares are not subject to any other pledges, guarantees or third-party interests or restrictions and there is no pending or potential litigation, arbitration and any other administrative or judicial procedure that may lead to the seizure, freezing, expropriation or restriction of transfer of the above-mentioned equity by the relevant judicial or administrative organs. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Electronics Group.	27 October 2021	Long-term	Ongoing
	Rising Group	About the clarity of the underlying assets of this major asset	Rising Group promises that 46,260,021 shares of NATIONSTAR it held is clear in ownership and is not subject to any dispute or potential dispute, and there is no situation	27 October 2021	Long-term	Ongoing

		restructuring	affecting its legal existence; the above shares are not subject to any other pledges, guarantees or third-party interests or restrictions and there is no pending or potential litigation, arbitration and any other administrative or judicial procedure that may lead to the seizure, freezing, expropriation or restriction of transfer of the above-mentioned equity by the relevant judicial or administrative organs There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Rising Group.			
	Rising Capital	About the clarity of the underlying assets of this major asset restructuring	Rising Capital promises that 5,791,924 shares of NATIONSTAR it held is clear in ownership and is not subject to any dispute or potential dispute, and there is no situation affecting its legal existence; and there is no pending or potential litigation, arbitration and any other administrative or judicial procedure that may lead to the seizure, freezing, expropriation or restriction of transfer of the above-mentioned equity by the relevant judicial or administrative organs. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Rising Capital.	27 October 2021	Long-term	Ongoing
	Rising Group and Rising Capital	About compliance of this major asset	They are not subject to any securities and futures crimes as stipulated in Article 6 of <i>Several Provisions on the Reduction of</i>	27 October 2021	Until the completion of this	Ongoing

		restructuring with <i>Several Provisions on the Reduction of Shares by Shareholders, Directors and Supervisors of Listed Companies</i>	<i>Shares by Shareholders, Directors and Supervisors of Listed Companies.</i> During the period when the CSRC or the judicial organ filed a case for investigation, and less than six months after the administrative penalty decision and criminal judgment were made, there was no situation that the shares of NATIONSTAR could not be reduced due to violation of the rules of stock exchanges and public censure by stock exchanges for less than three months. 2. In case of any violation or losses caused to NATIONSTAR, investors, parties to the trading and intermediaries participating in this trading, they will be liable for compensation according to law.		trading	
	Rising Capital	About legal compliance	1. Rising Capital has not been investigated by the judicial organ for suspected crimes or by the CSRC for suspected violations of laws and regulations, and there is no administrative punishment (except those obviously unrelated to the securities market) or criminal punishment in the last five years; 2. Rising Capital has not failed to repay large debts on schedule, failed to fulfill its commitments, been taken administrative supervision measures by the CSRC, or been disciplined by any stock exchange, has not been publicly condemned by any stock exchange, has no other major acts of dishonesty and has no any other bad record in the last five	27 October 2021	Within five years preceding the date of the issuance of the letter of commitment (inclusive)	Expired

		<p>years. 3. The main management personnel of Rising Capital have not received administrative punishment or criminal punishment related to the securities market, and have not involved in major civil litigation or arbitration related to economic disputes in the last five years. 4. The main management personnel of Rising Capital have not failed to repay large debts on schedule, failed to fulfill their commitments, been taken administrative supervision measures by the CSRC or been disciplined by any stock exchange in the last five years.</p>			
	<p>Electronics Group</p>	<p>1. Electronics Group has not been investigated by the judicial organ for suspected crimes or by the CSRC for suspected violations of laws and regulations, and there is no administrative punishment (except those obviously unrelated to the securities market) or criminal punishment in the last five years; 2. Electronics Group has not failed to repay large debts on schedule, failed to fulfill its commitments, been taken administrative supervision measures by the CSRC, or been disciplined by any stock exchange, has not been publicly condemned by any stock exchange, has no other major acts of dishonesty and has no any other bad record in the last five years. 3. On 20 November 2019, Guangdong Regulatory Bureau of the CSRC issued an administrative penalty decision ([2019] No. 13), giving Liu Ke,</p>	<p>27 October 2021</p>	<p>Within five years preceding the date of the issuance of the letter of commitment (inclusion)</p>	<p>Expired</p>

		<p>then director of Guang Dong Fenghua Advanced Technology (Holding) Co., Ltd. (now chairman of Electronics Group), a warning and a fine of RMB30,000 over the case of illegal information disclosure of Guang Dong Fenghua Advanced Technology (Holding) Co., Ltd. Except as aforesaid, the main management personnel of Electronics Group have not received administrative punishment or criminal punishment related to the securities market, and have not involved in major civil litigation or arbitration related to economic disputes in the last five years; 4. Except as aforesaid, the main management personnel of Electronics Group have not failed to repay large debts on schedule, failed to fulfill their commitments, been taken administrative supervision measures by the CSRC or been disciplined by any stock exchange in the last five years.</p>			
	<p>Rising Group</p>	<p>1. Rising Group has not been investigated by the judicial organ for suspected crimes or by the CSRC for suspected violations of laws and regulations, and there is no administrative punishment (except those obviously unrelated to the securities market) or criminal punishment in the last five years; 2. Rising Group has not failed to repay large debts on schedule, failed to fulfill its commitments, been taken administrative supervision measures by the CSRC, or been</p>	<p>27 October 2021</p>	<p>Within five years preceding the date of the issuance of the letter of commitment (inclusion)</p>	<p>Expired</p>

			<p>disciplined by any stock exchange, has not been publicly condemned by any stock exchange, has no other major acts of dishonesty and has no any other bad record in the last five years. 3. According to the announcement of Guangdong Discipline Inspection and Supervision Network on October 18, 2021, Yu Gang, a member of the Party Committee and deputy general manager of Rising Group, is suspected of serious disciplinary violations and is currently undergoing disciplinary review and supervision by the Supervision Committee of Guangdong Provincial Commission for Discipline Inspection. As of the date of issuance of this Letter of Commitments, there is no result of disciplinary review and supervision. Except as aforesaid, the main management personnel of Rising Group have not received administrative punishment or criminal punishment related to the securities market, and have not involved in major civil litigation or arbitration related to economic disputes in the last five years. 4. The main management personnel of Rising Group have not failed to repay large debts on schedule, failed to fulfill their commitments, been taken administrative supervision measures by the CSRC or been disciplined by any stock exchange in the last five years.</p>			
	Electronics Group	About the release of	1. As of the date of issuance of the Letter of Commitments,	27 October	Until the completio	Ongoing

		<p>credit guarantee</p>	<p>Sigma has signed the <i>Maximum Guarantee Contract</i> (Contract No.: XYYBZ (BY) No. 201906280001-1) and the <i>Maximum Pledge Contract for Stocks of Listed Companies</i> (Contract No.: XXYZZ (BY) No. 201906280001-2) with Guangzhou Branch of Industrial Bank Co., Ltd. Sigma will provide the maximum guarantee and pledge guarantee for the debt of Electronics Group, with the guarantee amount of RMB400 million (in words: RMB Four Hundred Million), and the guarantee will be valid from June 28, 2019 to June 27, 2022. Electronics Group promises that on the date of issuance of this Letter of Commitment, all the loans involved in the <i>Maximum Guarantee Contract</i> and the <i>Maximum Pledge Contract for Stocks of Listed Companies</i> have been repaid, there is no debt based on the guarantee under the above contracts, and 39,876,500 shares of NATIONSTAR held by Sigma have been released from pledge. At the same time, Electronics Group further makes an irrevocable commitment that it will not add any new loans to Guangzhou Branch of Industrial Bank Co., Ltd. as a borrower before the expiration date of the <i>Maximum Guarantee Contract</i> and the <i>Maximum Pledge Contract for Stocks of Listed Companies</i>, so as to ensure that Sigma will not actually assume</p>	<p>2021</p>	<p>n of this trading</p>	
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			<p>any guarantee responsibilities due to the above guarantee contracts. 2. Electronics Group promises that it will not arrange for Sigma to add any form of guarantee before the completion of the delivery of Sigma's equity in this trading. 3. In case of any violations of the above commitments, Electronics Group shall solve and eliminate the above situation within ten days, and bear corresponding legal responsibilities to Sigma and FSL.</p>			
	<p>Key management personnel of Rising Group, Electronics Group, and Rising Capital</p>	<p>About absence of insider trading</p>	<p>They promise that they will not disclose the relevant insider information of this trading or make use of the insider information for insider trading;</p> <p>2. As of the issuance date of the <i>Report on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft)</i>, they have not been placed on file for investigation or criminal investigation due to suspected insider trading related to this trading, and have not been subject to administrative punishment by the CSRC or criminal responsibility investigated by judicial organs according to law for insider trading related to any major asset restructuring, and have not been prohibited from engaging in any major asset restructuring of listed companies according to Article 13 of the <i>Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset</i></p>	<p>27 October 2021</p>	<p>From the date of the issuance of the letter of commitment until the completion of this trading</p>	<p>Ongoing</p>

			<p><i>Restructuring of Listed Companies</i> in the last 36 months; 3. In case of violation of the above commitments, they will bear all losses caused to the listed company and its shareholders.</p>			
	NATIONSTAR and Sigma	About explanation on legal compliance	<p>NATIONSTAR and Sigma have not been investigated by judicial organs for suspected crimes or by the CSRC for suspected violations of laws and regulations, and have not been subject to major administrative punishment or criminal punishment in the last five years.</p>	27 October 2021	Within five years preceding the date of the issuance of the letter of commitment (inclusive)	Expired
	NATIONSTAR	About statement and commitment of truthfulness, accuracy and completeness of information provided	<p>NATIONSTAR has provided the necessary, true, accurate, complete and effective documents, materials or oral statements and explanations for this trading at this stage, and there is no concealment, falsehood or material omission. The copies or photocopies of the documents provided are consistent with the original materials or originals. The signatures and seals on the documents and materials provided are authentic, and NATIONSTAR has fulfilled the legal procedures required for such signatures and seals and obtained legal authorization. All the facts stated and explained are consistent with the facts that happened. As this transaction proceeds, the Company shall provide needed information and documents as required by applicable laws, regulations,</p>	27 October 2021	Long-term	Ongoing

			<p>rules and requirements of CSRC and the stock exchange, and continue to guarantee the truthfulness, accuracy, completeness and validity of the information and documents provided. The Company promises and guarantees the truthfulness, accuracy and completeness of the information provided or disclosed with respect to this transaction. It guarantees that there are no misrepresentations, misleading statements or material omissions. And it shall be individually and jointly liable for that.</p>			
	Sigma	<p>About the clarity of the ownership of the underlying assets of this major asset restructuring</p>	<p>Among 79,753,050 shares of tradable shares with unlimited selling conditions of NATIONSTAR held by Sigma, 39,876,500 shares were pledged for Guangdong Electronics Information Industry Group Ltd. As of the date of issuance of this commitment, the pledge of the above shares has been released. However, the <i>Maximum Pledge Contract for Stocks of Listed Companies</i> (No.: XXYYZZ (BY) No. 201906280001-2) signed by Sigma and Guangzhou Branch of Industrial Bank Co., Ltd. has not been dissolved. Guangdong Electronics Information Industry Group Ltd. has promised that it will not add any new loans to Guangzhou Branch of Industrial Bank Co., Ltd. as a borrower during the validity period of the guarantee, and that it will not</p>	<p>27 October 2021</p>	<p>Long-term</p>	<p>Ongoing</p>

			substantially assume any guarantee responsibility due to the <i>Maximum Pledge Contract for Stocks of Listed Companies</i> . Except as aforesaid, the asset ownership of Sigma is clear, there is no dispute or potential dispute, and there is no situation affecting the legal existence. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Rising Group.			
	Sigma	About no ownership dispute in equity	1. Sigma promises that all its registered capital has been paid in. 2. Sigma promises that all existing shareholders contribute their own funds to hold shares, there is no situation such as holding shares on behalf of them, and there is no dispute or potential dispute between shareholders over their shares.	27 October 2021	Long-term	Ongoing
	Sigma	About explanation on litigation and administrative punishment	As of the date of issuance of this statement, Sigma and its wholly-owned and controlled subsidiaries have no outstanding or foreseeable major lawsuits, arbitrations and administrative penalties that have a significant adverse impact on this trading. As of the date of issuance of this note, the directors, supervisors and senior management personnel of Sigma have no pending or foreseeable major lawsuits, arbitrations and administrative penalties that have a significant adverse impact on this trading.	27 October 2021	Before the date of the issuance of the letter of commitment	Expired
	Sigma	About	1. Sigma has provided relevant	27	Long-term	Ongoing

		statement and commitment of truthfulness, accuracy and completeness of information provided	information and documents (including but not limited to original written materials, duplicate materials or oral testimony, etc.) related to this trading to the intermediaries providing professional services of auditing, valuation, legal and financial consultancy for this trading. Sigma promises that the copies or photocopies of the documents and materials provided are consistent with the originals, and that the signatures and seals of the documents and materials are authentic, and the signatories of the documents have been legally authorized and effectively signed the documents; that the provided information and documents are authentic, accurate and complete and that there are no false records, misleading statements or material omissions. Sigma also promises to bear individual and joint and several liability. 2. Sigma promises that the information provided is true, accurate and complete. In case of any losses caused to investors due to any false presentations, misleading statements or material omissions in the information provided, Sigma will be liable for compensation according to law.	October 2021		
Directors, supervisors and senior management personnel of NATIONSTAR	About legal compliance		They have not been investigated by judicial organs for suspected crimes or by the CSRC for suspected violations of laws and regulations, and have not been subject to major administrative	27 October 2021	Within five years preceding the date of the issuance	Expired

	and Sigma		punishment or criminal punishment in the last five years.		of the letter of commitment	
Commitments made to minority shareholders of the Company	FSL	About cash dividends	FSL's profit distributed in cash shall not be less than 30% of the distributable profit realized in the year.	27 May 2009	Long-term	Ongoing
Whether the commitments were timely performed	Yes					

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

Applicable Not applicable

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

Applicable Not applicable

No such cases in the Reporting Period.

III Irregularities in the Provision of Guarantees

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

VII YoY Changes to the Scope of the Consolidated Financial Statements

Applicable Not applicable

Compared with the previous period, the consolidated scope of financial statements in this period is increased, including two subsidiaries of Nanning Liaowang lamp Co., Ltd. and fozhao (Hainan) Technology Co., Ltd., as well as five subsidiaries of Liuzhou Guige Photoelectric Technology Co., Ltd., Liuzhou Guige Fuxuan Technology Co., Ltd., Chongqing Guinuo photoelectric technology Co., Ltd., Qingdao Guige photoelectric Co., Ltd. and Indonesia Liaowang lamp Co., Ltd, Reduce two subsidiaries of Foshan Electric lighting new light source technology Co., Ltd. and Hunan Keda new energy investment and Development Co., Ltd. for details, see note VIII "change of consolidation scope" and note IX "equity in other entities".

VIII Engagement and Disengagement of Independent Auditor

Current independent auditor:

Name of the domestic independent auditor	Zhongzheng Tiantong Certified Public Accountants LLP
The Company's payment to the domestic independent auditor (RMB'0,000)	162
How many consecutive years the domestic independent auditor has provided audit service for the Company	6
Names of the certified public accountants from the domestic independent auditor writing signatures on the auditor's report	Feng Wei, Li Qiongqian
How many consecutive years the certified public accountants from the domestic independent auditor have provided audit service for the Company	1

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

Yes No

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

Applicable Not applicable

In the Reporting Period, the Company engaged Beijing Zhongzheng Tiantong Certified Public Accountants LLP as its internal control auditor with the total audit fees of RMB500,000.

IX Possibility of Delisting after Disclosure of this Report

Applicable Not applicable

X Insolvency and Reorganization

Applicable Not applicable

No such cases in the Reporting Period.

XI Major Legal Matters

Applicable Not applicable

No such cases in the Reporting Period.

XII Punishments and Rectifications

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

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

XIV Major Related-Party Transactions**1. Continuing Related-Party Transactions**

Applicable Not applicable

Related party	Relationship with the Company	Type of transaction	Specific transaction	Pricing principle	Transaction price(RMB'0,000)	Total value (RMB'0,000)	As % of total value of all same-type transactions	Approved transaction line (RMB'0,000)	Over the approved line or not	Method of settlement	Obtainable market price for same-type transactions(RMB'0,000)	Disclosure date	Index to disclosed information

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Foshan NationStar Optoelectronics Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	4,264.47	4,264.47	1.55%	12,000	Not	Bank transfers or bank acceptance notes	4,264.47	28 January 2021	www.cninfo.com.cn
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	785.86	785.86	0.28%	1,500	Not	Bank transfers or bank acceptance notes	785.86	28 January 2021	www.cninfo.com.cn
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	265.44	265.44	0.10%	1,300	Not	Bank transfers or bank acceptance notes	265.44	28 January 2021	www.cninfo.com.cn
Hangzhou Times Lighting and Electrical Co., Ltd.	Acting-in-conceal party of a 5% greater shareholder of the Company	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	64.65	64.65	0.02%		Not	Bank transfers or bank acceptance notes	64.65		N/A

Guangdong Electronic Technology Research Institute	Under same actual controller	Purchasing products and receiving labor service from related party	Purchase of equipment	Market price	115.19	115.19	1.83%	300	Not	Bank transfers or bank acceptance notes	115.19	28 January 2021	www.cninfo.com.cn
Jiangmen Dongjiang Environmental Technology Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Receiving labor service	Market price	26.94	26.94	21.83%		Not	Bank transfers or bank acceptance notes	26.94		N/A
Foshan Fulong Environmental Technology Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Receiving labor service	Market price	2.55	2.55	2.06%		Not	Bank transfers or bank acceptance notes	2.55		N/A
Zhuhai Doumen District Yongxingsheng Environmental Industrial Wastes Recycling Comprehensive Treatment	Under same actual controller	Purchasing products and receiving labor service from related party	Receiving labor service	Market price	0.57	0.57	0.46%		Not	Bank transfers or bank acceptance notes	0.57		N/A

Co., Ltd.													
Guangdong Electronic Technology Research Institute	Under same actual controller	Purchasing products and receiving labor service from related party	Receiving labor service	Market price	0.27	0.27	0.03%		Not	Bank transfers or bank acceptance notes	0.27		N/A
Prosperity Electrical (China) Co., Ltd.	Acting-in-concealment party of a 5% greater shareholder of the Company	Purchasing products and receiving labor service from related party	Purchase of materials	Market price	139.46	139.46	0.05%		Not	Bank transfers or bank acceptance notes	139.46		N/A
Guangdong Yixin Changcheng Construction Group	Under same actual controller	Purchasing products and receiving labor service from related party	Receiving labor service	Market price	1,648.96	1,648.96	26.22%		Not	Bank transfers or bank acceptance notes	1,648.96		N/A
Guangdong Zhongnan Construction Co., Ltd.	Under same actual controller	Purchasing products and receiving labor service from related party	Receiving labor service	Market price	6,043.04	6,043.04	26.66%		Not	Bank transfers or bank acceptance notes	6,043.04		N/A

Shenzhen yuepeng Construct ion Co., Ltd	Under same actual controll er	Purchasi ng products and receivin g labor service from related party	Receivin g labor service	Market price	23.42	23.42	0.10%		Not	Bank transfer s or bank accepta nce notes	23.42		N/A
Guangdo ng New Electronic s Informati on Import&E xport Ltd.	Under same actual controll er	Selling products and providin g labor service to related party	Selling products	Market price	3,751.62	3,751.62	0.79%	3,800	Not	Bank transfer s or bank accepta nce notes	3,751.62	28 January 2021	www.c ninfo.c om.cn
Prosperity Lamps & Compone nts Limited	Shareho lder that holds over 5% shares of the Compan y	Selling products and providin g labor service to related party	Selling products	Market price	2,544.25	2,544.25	0.53%	3,600	Not	Bank transfer s or bank accepta nce notes	2,544.25	28 January 2021	www.c ninfo.c om.cn
Guangdo ng Rising Rare Metals-E O Materials Ltd.	Under same actual controll er	Selling products and providin g labor service to related party	Selling products	Market price	810.10	810.1	0.17%	1,500	Not	Bank transfer s or bank accepta nce notes	810.10	28 January 2021	www.c ninfo.c om.cn
Guangdo ng Yixin Changche ng Construct ion Group	Under same actual controll er	Selling products and providin g labor service	Selling products	Market price	308.96	308.96	0.06%	3,000	Not	Bank transfer s or bank accepta nce	308.96	28 January 2021	www.c ninfo.c om.cn

		to related party								notes			
Guangdong Zhongnan Construction Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	186.31	186.31	0.04%		Not	Bank transfers or bank acceptance notes	186.31		N/A
Shenzhen Zhongjin Lingnan Nonfemet Co. Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	310.44	310.44	0.07%	1,000	Not	Bank transfers or bank acceptance notes	310.44	28 January 2021	www.cinfo.com.cn
Guangdong Heshun Property Management Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	7.35	7.35	0.00%		Not	Bank transfers or bank acceptance notes	7.35		N/A
Guangdong Zhongjin Lingnan Junpeng Intelligent Equipment Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	4.97	4.97	0.00%		Not	Bank transfers or bank acceptance notes	4.97		N/A
Guangdong Zhongjin Lingnan	Under same actual controller	Selling products and providing	Selling products	Market price	22.57	22.57	0.00%		Not	Bank transfers or bank	22.57		N/A

Equipment Technology Co., Ltd.	er	g labor service to related party								acceptance notes			
Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	10.86	10.86	0.00%		Not	Bank transfers or bank acceptance notes	10.86		N/A
Guangdong Rising Holdings Group Co., Ltd.	Actual controller	Selling products and providing labor service to related party	Selling products	Market price	3.02	3.02	0.00%		Not	Bank transfers or bank acceptance notes	3.02		N/A
Prosperity Electrical (China) Co., Ltd.	Acting-in-concealment party of a 5% greater shareholder of the Company	Selling products and providing labor service to related party	Selling products	Market price	2.70	2.7	0.00%		Not	Bank transfers or bank acceptance notes	2.70		N/A
Guangdong Electronics Information Industry Group Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	0.80	0.8	0.00%		Not	Bank transfers or bank acceptance notes	0.80		N/A

Guangzhou Huajian Engineering Construction Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	0.61	0.61	0.00%	3,600	Not	Bank transfers or bank acceptance notes	0.61	28 January 2021	www.c ninfo.c om.cn
Primatronix Nanho Technology Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	0.09	0.09	0.00%		Not	Bank transfers or bank acceptance notes	0.09		N/A
Guangdong Rising South Construction Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	1.44	1.44	0.00%		Not	Bank transfers or bank acceptance notes	1.44		N/A
NationStar Optoelectronics (Germany) Co., Ltd.	Under same actual controller	Selling products and providing labor service to related party	Selling products	Market price	164.30	164.3	0.03%		Not	Bank transfers or bank acceptance notes	164.30		N/A
Guangdong Heshun Property Management Co., Ltd.	Under same actual controller	Selling products and providing labor service to	Selling products	Market price	61.92	61.92	0.01%		Not	Bank transfers or bank acceptance notes	61.92		N/A

		related party											
Total			--	--	21,573.13	--	31,600	--	--	--	--	--	--
Large-amount sales return in detail			N/A										
Give the actual situation in the Reporting Period (if any) where an estimate had been made for the total value of continuing related-party transactions by type to occur in the Reporting Period			<p>In January 2021, the Company estimated the total value of its continuing transactions with related parties Foshan NationStar Optoelectronics Co., Ltd., Guangdong Fenghua Advanced Technology Holding Co., Ltd., Rising Investment Development Limited and its majority-owned subsidiaries, Prosperity Lamps & Components Limited and its majority-owned subsidiaries, Guangdong Electronic Technology Research Institute, Guangdong New Electronics Information Import&Export Ltd., Guangdong Huajian Enterprise Group Co., Ltd. and its majority-owned subsidiaries, Guangdong Rising Real Estate Group Co., Ltd. and its majority-owned subsidiaries, Guangzhou Rising Non-ferrous Metal Group Co., Ltd. and its majority-owned subsidiaries, Guangdong Rising Property Group Co., Ltd. and its majority-owned subsidiaries, Guangdong Rising Investment Group and its majority-owned subsidiaries, Shenzhen Zhongjin Lingnan Nonfermet Co. Ltd. and its majority-owned subsidiaries. Concerning the purchases from its related parties, the actual amount in 2021 was RMB133.8082 million, accounting for 73.93% of the estimate for 2021. As for the sales to its related parties, the actual amount in 2021 was RMB81.9231million, accounting for 34.86% of the estimate for 2021.</p>										
Reason for any significant difference between the transaction price and the market reference price (if applicable)			N/A										

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

√ Applicable □ Not applicable

Related party	Related relationship	Related party name	Content of related party transaction	Pricing policy	Book value of the transferred assets (RMB'0,000)	Estimated value of the transferred assets (RMB'0,000)	Transaction price (RMB'0,000)	Settlement method	Transaction gains and losses (RMB'0,000)	Date of disclosure	Disclosure index
Guangdong Rising Holdings Group Co., Ltd.	Rising Group is the actual controller of the Company	Equity acquisition	The Company acquired 46,260,021 shares of NationStar Optoelectronics	Refer to the valuation in the Valuation Report on the Valuation Project in which	27,824.28	50,099.60 -55,974.63	53,245.28	Cash	0	28 October 2021	Title of announcement: Report on Related-party Transaction regarding Major

			held by Rising Group	Foshan Electrical and Lighting Co., Ltd. Plans to Purchase 52,051,945 Shares of Foshan Nationstar Optoelectronics Co., Ltd. Held by Guangdong Rising Holdings Group Co., Ltd. and Guangdong Rising Finance Holding Co., Ltd. issued by China United International Appraisal Consulting Co., Ltd., and shall be determined by both parties through negotiation						Assets Restructuring (Draft); published on: Cninfo (http://www.cninfo.com.cn/).	
Guangdo	Rising	Equity	The	Refer to	3,483.70	6,272.65-	6,666.5	Cash	0	28	Title of

<p>ng Rising Capital Investme nt Co., Ltd.</p>	<p>Capital is a wholly-o wned subsidiary of Rising Group</p>	<p>acquisitio n</p>	<p>Company acquired 5,791,924 shares of NationSta r Optoelect ronics held by Rising Group</p>	<p>the valuation in the Valuation Report on the Valuation Project in which Foshan Electrical and Lighting Co., Ltd. Plans to Purchase 52,051,94 5 Shares of Foshan Nationsta r Optoelect ronics Co., Ltd. Held by Guangdo ng Rising Holdings Group Co., Ltd. and Guangdo ng Rising Finance Holding Co., Ltd. issued by China United Internatio nal Appraisal Consultin g Co.,</p>	<p>7,008.23</p>				<p>October 2021</p>	<p>announce ment: Report on Related-p arty Transacti on regarding Major Assets Restructu ring (Draft); published on: Cninfo (http://w ww.cninf o.com.cn/).</p>
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				Ltd., and shall be determined by both parties through negotiation								
Guangdong Electronics Information Industry Group Ltd.	Electronics Group is a wholly-owned subsidiary of Rising Group	Equity acquisition	The Company acquired 100% of equity of Sigma (holding 79,753,050 shares of NationStar Optoelectronics) held by Electronics Group	Value of shares of NationStar Optoelectronics held by Sigma	47,969.53	86,372.55	-96,501.19	91,798.02	Cash	0	28 October 2021	Title of announcement: Report on Related-party Transaction regarding Major Assets Restructuring (Draft); published on: Cninfo (http://www.cninfo.com.cn/).
Reasons for considerable differences between the transaction price and the book value or estimated value (if applicable)				None								
Impact on the Company's operating results and financial conditions				In 2021, NationStar Optoelectronics was not included in the Company's consolidated financial statements. The Company has made a prepayment of around RMB450 million to the former shareholders of NationStar Optoelectronics for the acquisition of a 30% interest from them, which has resulted in a significant impact on the cash flows of the Company in 2021.								
The actual performance during the Reporting Period if the related-party transaction is conditioned on the performance.				N/A								

3. Related Transactions Regarding Joint Investments in Third Parties

Applicable Not applicable

No such cases in the Reporting Period.

4. Amounts Due to and from Related Parties

Applicable Not applicable

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

Yes No

No such cases in the Reporting Period.

5. Transactions with Related Finance Companies

Applicable Not applicable

Deposit business

Related party	Relationship	Daily maximum limits (RMB'0,000)	Interest rate range	Beginning balance (RMB'0,000)	Actual amount		Ending balance (RMB'0,000)
					Total deposited in (RMB'0,000)	Total withdrawn (RMB'0,000)	
Guangdong Rising Finance Co., Ltd.	Controlled by the same controlling shareholder	30,000	1.75%-3.30%	30,082.70	331,309.03	331,913.98	29,477.75

Note: Due to a business combination under common control in December 2020, the Company recorded into the beginning balance the RMB827,000 that was deposited by subsidiary Foshan Kelian New Energy Technology Co., Ltd. in Guangdong Rising Finance Co., Ltd., which has been transferred out in January 2021.

Credit or other finance business

Related party	Related relationship	Type of business	Total amount (RMB'0,000)	Actual amount (RMB'0,000)
Guangdong Rising Finance Co., Ltd.	Controlled by the same controlling shareholder	Credit	40,000	0

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

Applicable Not applicable

7. Other Major Related-Party Transactions

Applicable Not applicable

1. Upon review and approval at the Shareholders' General Meeting for 2020, the Company will use its equity fund of no more than RMB300 million to purchase shares of no more than 5% of the current total share capital of Foshan NationStar Optoelectronics Co., Ltd. (NationStar) in the secondary market (including but not limited to the ways permitted by laws and regulations like call auction and bulk commodity trading), when appropriate. On 16 June 2021, the Company purchased 1,014,900 shares of NationStar at the cost of RMB9,402,100.

2. The Company bid for the Phase II office building project of the production base at Gaoming Headquarters in March 2021. Upon bidding, review, and announcement, the consortium composed of Guangdong Yixin Changcheng Construction Group Co., Ltd. (primary) and Guangdong Architectural Design & Research Institute Co., Ltd. (member) won the project at RMB175,025,600. Guangdong Yixin Changcheng Construction Group Co., Ltd. is a tier-2 wholly owned subsidiary of Guangdong Rising Holdings Group Co., Ltd. which is the controller shareholder of the Company. The Company had a connected transaction regarding the "General Contracting of Design and Construction of Phase II Office Building Project of Production Base at Gaoming Headquarters of Foshan Electrical and Lighting Co., Ltd. (FSL)" won by the consortium of Guangdong Yixin Changcheng Construction Group Co., Ltd., in accordance with relevant regulations.

3. The Company bid for the general contracting of design and construction of the decoration engineering project of Foshan Kelian Building in April 2021. Upon bidding, review, and announcement, the consortium composed of Guangdong Zhongnan Construction Co., Ltd. (primary) and Guangdong Architectural Design & Research Institute Co., Ltd. (member) won the project at the offer of RMB189,070,200. Guangdong Zhongnan Construction Co., Ltd. is a tier-2 wholly owned subsidiary of Guangdong Rising Holdings Group Co., Ltd. which is the controller shareholder of the Company. The Company had a connected transaction regarding the "General Contracting of Design and Construction of Decoration Engineering Project of Foshan Kelian Building" won by the consortium of Guangdong Zhongnan Construction Co., Ltd., in accordance with relevant regulations.

4. In June, 2021, the Company conducted a public tender for the renovation project of Staff Apartments 1, 2, 3, 4 and Shop No. 18 in Gaoming Headquarters Production Base. After performing the corresponding procedures of bid opening, evaluation and publicity, the winning bidder was determined to be Guangdong Zhongnan Construction Real Estate Development General Company (hereinafter referred to as "Zhongnan Construction"), with a total bid amount of RMB25,709,006. Zhongnan Construction is a second-level wholly-owned subsidiary of Guangdong

Rising Holdings Group Co., Ltd. (Rising Group), the controlling shareholder of the Company. According to Article 10.1.3 of the Stock Listing Rules of the Shenzhen Stock Exchange, Zhongnan Construction won the bid for the "Decoration Project of Staff Apartments 1, 2, 3, 4 and Shop No. 18 in Gaoming Headquarters Production Base of Foshan Electrical and Lighting Co., Ltd." to form a related party transaction.

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

Title of announcement	Disclosure date	Disclosure website
Announcement on the Related-Party Transaction regarding Purchase of Some Shares of Nationstar Optoelectronics	26 April 2021	www.cninfo.com.cn
Announcement on a Related-Party Transaction Due to Public Bidding	6 May 2021	www.cninfo.com.cn
Announcement on a Related-Party Transaction Due to Public Bidding	9 July 2021	www.cninfo.com.cn
Announcement on a Related-Party Transaction Due to Public Bidding	17 August 2021	www.cninfo.com.cn

XV Major Contracts and Execution thereof

1. Entrustment, Contracting and Leases

(1) Entrustment

Applicable Not applicable

No such cases in the Reporting Period.

(2) Contracting

Applicable Not applicable

No such cases in the Reporting Period.

(3) Leases

Applicable Not applicable

No such cases in the Reporting Period.

2. Major guarantees

√ Applicable □ Not applicable

Unit: RMB'0,000

Guarantees provided by the Company and its subsidiaries for external parties (exclusive of those for subsidiaries)										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Total approved line for such guarantees in the Reporting Period (A1)				Total actual amount of such guarantees in the Reporting Period (A2)						
Total approved line for such guarantees at the end of the Reporting Period (A3)				Total actual balance of such guarantees at the end of the Reporting Period (A4)						
Guarantees provided by the Company as the parent for its subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not
Total approved line for such guarantees in the Reporting Period (B1)				Total actual amount of such guarantees in the Reporting Period (B2)						
Total approved line for such guarantees at the end of the Reporting Period (B3)				Total actual balance of such guarantees at the end of the Reporting Period (B4)						
Guarantees provided between subsidiaries										
Obligor	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date	Actual guarantee amount	Type of guarantee	Collateral (if any)	Counter guarantee (if any)	Term of guarantee	Having expired or not	Guarantee for a related party or not

	ent									
Liuzhou Guige Optoelectronics Technology Co., Ltd.(Note:1)	24 June 2021	15,000.00	26 January 2021	5,000.00	Joint-liability	None	None	2019/12/30-2024/12/30	Not	Not
Liuzhou Guige Optoelectronics Technology Co., Ltd.(Note:1)	24 June 2021		10 November 2020	1,000.00	Joint-liability	None	None	2019/12/30-2024/12/30	Yes	Not
Liuzhou Guige Optoelectronics Technology Co., Ltd.(Note:1)	24 June 2021		10 December 2020	1,000.00	Joint-liability	None	None	2019/12/30-2024/12/30	Yes	Not
Nanning Liaowang Auto Lamp Co., Ltd. (Note 2)	24 June 2021	20,000.00	1 February 2021	4,770.00	Joint-liability;mortgage	Yes	None	2019/12/30-2024/12/30	Not	Not
Nanning Liaowang Auto Lamp Co., Ltd. (Note 2)	24 June 2021		26 August 2020	850.00	Joint-liability	None	None	2019/12/30-2024/12/30	Yes	Not
Nanning Liaowang Auto Lamp Co., Ltd. (Note 2)	24 June 2021		16 September 2020	2,000.00	Joint-liability	None	None	2019/12/30-2024/12/30	Yes	Not
Total approved line for such guarantees in the			Total actual amount of such guarantees in the		14,620					

Reporting Period (C1)		Reporting Period (C2)	
Total approved line for such guarantees at the end of the Reporting Period (C3)		Total actual balance of such guarantees at the end of the Reporting Period (C4)	9,770
Total guarantee amount (total of the three kinds of guarantees above)			
Total guarantee line approved in the Reporting Period (A1+B1+C1)		Total actual guarantee amount in the Reporting Period (A2+B2+C2)	14,620
Total approved guarantee line at the end of the Reporting Period (A3+B3+C3)		Total actual guarantee balance at the end of the Reporting Period (A4+B4+C4)	9,770
Total actual guarantee amount (A4+B4+C4) as % of the Company's net assets			1.68%
Of which:			
Balance of guarantees provided for shareholders, actual controller and their related parties (D)			
Balance of debt guarantees provided directly or indirectly for obligors with an over 70% debt/asset ratio (E)			
Amount by which the total guarantee amount exceeds 50% of the Company's net assets (F)			
Total of the three amounts above (D+E+F)			
Joint responsibilities possibly borne or already borne in the Reporting Period for undue guarantees (if any)			
Provision of external guarantees in breach of the prescribed procedures (if any)			

Note :Chongqing Guinuo Lighting Technology Co., Ltd. ("Chongqing Guinuo"), Qingdao Guige Lighting Technology Co., Ltd. ("Qingdao Lighting") and Liuzhou Guige Lighting Technology Co., Ltd. ("Liuzhou Lighting") are all wholly-owned subsidiaries of Nanning Liaowang Auto Lamp Co., Ltd. ("Nanning Liaowang"). The aforesaid guarantees all occurred before the Company's acquisition of Nanning Liaowang, and have been disclosed in the Company's Announcement on the Acquisition of Nanning Liaowang Auto Lamp Co., Ltd. dated 24 June 2021. As of 31 December 2021, guarantees between Nanning Liaowang and its subsidiaries are set out in "3. Other" under "XIV Commitments and contingencies" of Part X.

Note 1: Nanning Liaowang provided guarantees for Liuzhou Lighting.

Note 2: Qingdao Lighting, Liuzhou Lighting and Chongqing Guinuo provided guarantees for Nanning Liaowang.

3. Cash Entrusted to Other Entities for Management

(1) Cash Entrusted for Wealth Management

Applicable Not applicable

Overview of cash entrusted for wealth management during the Reporting Period

Unit: RMB'0,000

Type	Funding source	Amount	Undue amount	Unrecovered overdue amount	Provision for impairment on unrecovered overdue amount
Bank financial products	Self-owned funds	40,000	32,191	0	0
Others	Self-owned funds	30,000	0	0	0
Total		70,000	32,191	0	0

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

Applicable Not applicable

Unit: RMB'0,000

Trustee	Type of trustee	Type of wealth management product	Principal	Source of principal	Beginning date	Ending date	Use of principal	Determination of yield	Annualized yield rate for reference	Expected yield (if any)	Actual gain/loss in Reporting Period	Receipt/payment of such gain/loss	Allowance for impairment (if any)	Prescribed procedure executed or not	Plan for more transaction or not	Index to transaction summary and other information (if any)
Guangzhou Rural Commercial Bank	Bank	Not principal-protected with floating yield	20,000	Self-owned funds	27 December 2021	3 January 2022	Other	Repayment of principal with yield upon maturity	3.80%	14.58	10.41	To be received		Yes	Yes	

Bank of Guangzhou	Bank	Not principal-protected with floating yield	10,000	Self-owned funds	29 December 2021	5 January 2022	Other	Repayment of principal with yield upon maturity	3.60%	6.9	1.48	To be received	Yes	Yes	
Guangzhou Rural Commercial Bank	Bank	Not principal-protected with floating yield	1,000	Self-owned funds	30 December 2021	6 January 2022	Other	Repayment of principal with yield upon maturity	3.80%	0.73		To be received	Yes	Yes	
Jimo Branch of Industrial Bank	Bank	Non-guaranteed floating income	791	Self-funded	13 September 2021	30 June 2022	Creditor's rights assets	Withdrawal at any time	3.00%	36.00	35.99	To be recovered	Yes	Yes	
Nanning Branch Business Department of Industrial Bank	Bank	Non-guaranteed floating income	400	Self-funded	13 September 2021	30 June 2022	Creditor's rights assets	Withdrawal at any time	3.00%	3.50	3.37	To be recovered	Yes	Yes	
Total			32,191	--	--	--	--	--	--	61.71	51.25	--	--	--	--

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

Applicable Not applicable

(2) Entrusted Loans

Applicable Not applicable

No such cases in the Reporting Period.

4. Other Significant Contracts

Applicable Not applicable

No such cases in the Reporting Period.

XVI Other Significant Events

Applicable Not applicable

1. Major asset restructuring

The Company held the 19th meeting of the ninth Board of Directors and the Third Extraordinary General Meeting of Shareholders for the year 2021 on 27 October 2021 and 31 December 2021, respectively, where the “Report on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft) and Its Summary” and other proposals related to this trading was deliberated and adopted. It was agreed that the Company will purchase 100% equity of Foshan Sigma Venture Capital Co., Ltd. (hereinafter referred to as "Sigma") held by Electronics Group (Sigma holds 79,753,050 shares of NationStar Optoelectronics) and 52,051,945 tradable shares of NationStar Optoelectronics held by Rising Holdings Group and Rising Capital in total. As of 25 February 2022, the Company has paid all the transfer price, and the transfer of the underlying assets involved in this major asset restructuring has been completed, and the Company has become the controlling shareholder of NationStar Optoelectronics.

2. Share repurchase

The Third Extraordinary Shareholders' General Meeting for 2020 of the Company reviewed and passed the *Proposal on Repurchasing Some A and B Shares of the Company* on 18 December 2020. The Company formulated and disclosed the repurchase report in line with relevant regulations. See the *Report on Repurchasing Some A and B Shares of the Company published on Cninfo (www.cninfo.com.cn)* on 24 December 2020. As of 18 December 2021, the Company accumulatively repurchased 31,952,995 A-Shares and 18,398,512 B-Shares, respectively, by way of centralized bidding, representing 3.60% of the total share capital. RMB201,955,600 (excluding the transaction cost) and HKD58,588,200 (excluding the transaction cost) were spent for the repurchase of the A and B Shares, respectively. The implementation period of this share repurchase has expired.

The Company held the 26th Meeting of the Ninth Board of Directors on 14 January 2022, where the Proposal on Retirement of Some Shares in the Company's Repurchase Special Securities Account was deliberated and approved. The Board of Directors agreed to use the repurchased 13 million A shares for the equity incentive plan. After

deducting the 13 million A shares used for the equity incentive plan, the remaining 18,952,995 A shares and 18,398,512 B shares would be retired, totalling 37,351,507 shares. On 8 February 2022, the above-mentioned shares were retired, and the total share capital of the Company was changed from 1,399,346,154 shares to 1,361,994,647 shares.

3. Sales of shares of other listed companies

In 2021, the Company sold 28,139,100 shares of Gotion High-tech at the price of RMB45.21 per share totaling RMB1,260,021,700 (with taxes and fees not deducted yet). Upon the decrease, it held 17,316,375 shares of Gotion High-tech, representing 1.35% of the total share capital. In 2021, the Company sold 26,242,300 shares of Xiamen Bank at the price of RMB6.88 per share totaling RMB180,074,800 (with taxes and fees not deducted yet). Upon the decrease, it held 83,471,876 shares of Xiamen Bank, representing 3.17% of the total share capital. In 2021, the Company sold 18,546,754 shares of Everbright Bank at the price of RMB3.44 per share totaling RMB63,851,100 (with taxes and fees not deducted yet). Upon the decrease, it no longer held shares of Everbright Bank. In conformity with the new financial instrument standards effective on 1 January 2019, the Company recorded the investment in Gotion High-tech, Xiamen Bank and Everbright Bank as non-trading equity instrument investment at fair value through other comprehensive income. The decrease did not affect the Company's profit in the current period.

XVII Significant Events of Subsidiaries

Applicable Not applicable

1. Deregistration of New Light Source

On 17 July 2020, the Company held the 41st Meeting of the Eighth Board of Directors, where the Proposal on Deregistration of Wholly Owned Subsidiaries was deliberated and approved, and the Board of Directors agreed to deregister Foshan Electrical and Lighting Co., Ltd., a wholly owned subsidiary. In September 2021, the Company received the Notice of Approval for Deregistration Registration issued by Foshan Municipal Market Supervision Administration, and the deregistration registration procedures of New Light Source have been completed. New Light Source has been excluded in the scope of the consolidated financial statements since the day the company registration cancellation procedure was completed.

2. Merger of Hunan Keda by absorption

The Company held the 15th meeting of the ninth Board of Directors on 16 August 2021, where the Proposal for

Merger of the Wholly-owned Subsidiary Hunan Keda New Energy Investment and Development Co., Ltd. by Absorption, was deliberated and adopted. In order to streamline corporate management, reduce management costs and improve operational efficiency, the Board of Directors agreed that the Company should merge Hunan Keda New Energy Investment and Development Co., Ltd., a wholly-owned subsidiary by absorption. Upon completion of this merger by absorption, Hunan Keda's independent legal personality will be cancelled, and all assets, creditor's rights and debts, business, personnel and all other rights and obligations of Hunan Keda will be inherited by the Company according to law. In November 2021, the Company received the Notice of Approval for Deregistration Registration ((GX) DJNZH Zi [2021] No. 20795) issued by Changsha High-tech Industrial Development Zone Management Committee, approving deregistration registration of Hunan Keda. The industrial and commercial deregistration of Hunan Keda involved in this merger by absorption has been completed.

3. Expropriation of land and above-ground housing of Nanjing Fozhao

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

4. Cancellation of FSL LIGHTING GmbH

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

Part VII Share Changes and Shareholder Information

I Share Changes

1. Share Changes

Unit: share

	Before		Increase/decrease in the Reporting Period (+/-)					After	
	Shares	Percentage (%)	New issues	Shares as dividend converted from profit	Shares as dividend converted from capital reserves	Other	Subtotal	Shares	Percentage (%)
1. Restricted shares	13,169,196	0.94%				0	0	13,169,196	0.94%
1.1 Shares held by state									
1.2 Shares held by state-owned legal persons	1	0.00%				2,415,538	2,415,538	2,415,539	0.17%
1.3 Shares held by other domestic investors	4,241,563	0.30%				-2,415,538	-2,415,538	1,826,025	0.13%
Among which: Shares held by domestic legal persons	3,753,972	0.27%				-2,415,538	-2,415,538	1,338,434	0.10%
Shares held by domestic natural persons	487,591	0.03%						487,591	0.03%
1.4 Shares held by foreign investors	8,927,632	0.64%						8,927,632	0.64%
Among which: Shares held by foreign legal persons									
Shares held by foreign natural persons	8,927,632	0.64%						8,927,632	0.64%
2. Unrestricted shares	1,386,176,958	99.06%						1,386,176,958	99.06%
2.1 RMB-denominated ordinary shares	1,073,038,507	76.68%						1,073,038,507	76.68%
2.2 Domestically listed foreign shares	313,138,451	22.38%						313,138,451	22.38%
2.3 Overseas listed foreign									

shares									
2.4 Other									
3. Total shares	1,399,346, 154	100.00%				0	0	1,399,346 ,154	100.00%

Reasons for share changes:

Applicable Not applicable

Approval of share changes:

Applicable Not applicable

Transfer of share ownership:

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes in Restricted Shares

Applicable Not applicable

II Issuance and Listing of Securities

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

Applicable Not applicable

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

Applicable Not applicable

3. Existing Staff-Held Shares

Applicable Not applicable

III Shareholders and Actual Controller

1. Shareholders and Their Shareholdings at the Period-End

Unit: share

Number of ordinary shareholders	69,896	Number of ordinary shareholders at the month-end prior to the disclosure of this Report	69,546	Number of preferred shareholders with resumed voting rights (if any) (see note 8)	0	Number of preferred shareholders with resumed voting rights at the month-end prior to the disclosure of this Report (if any) (see note 8)		
						0	0	
5% or greater shareholders or top 10 shareholders								
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held at the period-end	Increase/decrease in the Reporting Period	Restricted shares held	Unrestricted shares held	Shares in pledge, marked or frozen	
							Status	Shares
Hongkong Wah Shing Holding Company Limited	Foreign legal person	13.47%	188,496,430			188,496,430	In pledge	92,363,251
Prosperity Lamps & Components Limited	Foreign legal person	10.50%	146,934,857			146,934,857		
Guangdong Electronics Information Industry Group Ltd.	State-owned legal person	8.77%	122,694,246			122,694,246	In pledge	32,532,815
Guangdong Rising Holdings Group Co., Ltd.	State-owned legal person	5.94%	83,130,898	83,130,898		83,130,898		
Essence International Securities (Hong Kong) Co., Ltd.	Foreign legal person	2.54%	35,586,037	2,535,909		35,586,037		
Central Huijin Asset Management Co., Ltd.	State-owned legal person	2.37%	33,161,800	-717,100		33,161,800		

Rising Investment Development Limited	Foreign legal person	1.82%	25,482,252			25,482,252		
China Merchants Securities (Hong Kong) Co., Ltd	State-owned legal person	1.03%	14,448,307	484,913		14,448,307		
Zhuang Jianyi	Foreign natural person	0.85%	11,903,509		8,927,632	2,975,877		
DBS VICKERS (HONG KONG) LTD A/C CLIENTS	Foreign legal person	0.70%	9,744,456	-8,893,199		9,744,456		
Strategic investors or general corporations becoming top-ten shareholders due to placing of new shares (if any) (see Note 3)	Naught							
Related or acting-in-concert parties among the shareholders above	Among the top 10 shareholders, Hongkong Wah Shing Holding Company Limited, Guangdong Rising Holdings Group Co., Ltd., Guangdong Electronics Information Industry Group Ltd. and Rising Investment Development Limited are acting-in-concert parties; and Prosperity Lamps & Components Limited and Zhuang Jianyi are acting-in-concert parties. Apart from that, it is unknown whether there is among the top 10 shareholders any other related parties or acting-in-concert parties as defined in the Administrative Measures for the Acquisition of Listed Companies.							
Above shareholders involved in entrusting/being entrusted with voting rights and giving up voting rights	Naught							
Special account for share repurchases (if any) among the top 10 shareholders (see note 10)	As of 18 December 2021, the implementation period of this share repurchase has expired. As of the period-end, the Company had repurchased a total of 31,952,995 A-Shares and 18,398,512 B-shares of the Company through centralized bidding. The repurchased shares account for 3.60% of the Company's total share capital.							
Top 10 unrestricted shareholders								
Name of shareholder	Unrestricted shares at the Period-end		Type of shares					
			Type	Shares				
Hongkong Wah Shing Holding Company Limited	188,496,430		RMB-denominated ordinary stock	188,496,430				
Prosperity Lamps & Components Limited	146,934,857		RMB-denominated ordinary	146,934,857				

		stock	
Guangdong Electronics Information Industry Group Ltd.	122,694,246	RMB-denominated ordinary stock	122,694,246
Guangdong Rising Holdings Group Co., Ltd.	83,130,898	RMB-denominated ordinary stock	83,130,898
Essence International Securities (Hong Kong) Co., Ltd.	35,586,037	Domestically listed foreign stock	35,586,037
Central Huijin Asset Management Co., Ltd.	33,161,800	RMB-denominated ordinary stock	33,161,800
Rising Investment Development Limited	25,482,252	Domestically listed foreign stock	25,482,252
China Merchants Securities (Hong Kong) Co., Ltd	14,448,307	Domestically listed foreign stock	14,448,307
DBS VICKERS (HONG KONG) LTD A/C CLIENTS	9,744,456	Domestically listed foreign stock	9,744,456
Zhang Shaowu	9,300,050	RMB-denominated ordinary stock	9,300,050
Related or acting-in-concert parties among the top 10 unrestricted ordinary shareholders, as well as between the top 10 unrestricted ordinary shareholders and the top 10 ordinary shareholders	Among the top 10 unrestricted ordinary shareholders, Hong Kong Wah Shing Holding Company Limited, Guangdong Rising Holdings Group Co., Ltd., Guangdong Electronics Information Industry Group Ltd., and Rising Investment Development Limited are acting-in-concert parties; Apart from that, it is unknown whether there is among the top 10 shareholders any other related parties or acting-in-concert parties as defined in the Administrative Measures for the Acquisition of Listed Companies.		
Top 10 ordinary shareholders involved in securities margin trading (if any) (see note 4)	None		

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

Yes No

No such cases in the Reporting Period.

2. Controlling Shareholder

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

Type of the controlling shareholder: legal person

Name of controlling shareholder	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
Guangdong Rising Holdings Group Co., Ltd.	Liu Weidong	23 December 1999	91440000719283849E	Asset management and operation, equity management and operation, investment operation, and management and re-investment of investment earnings; other business authorized by the state-owned assets administration of the Guangdong Province; contractor service for overseas projects and domestic projects calling for international bids, contractor service for survey, consulting, design and supervision of the aforesaid overseas projects, export of equipment and materials for the aforesaid overseas projects, and dispatch of contract workers for the aforesaid overseas projects; property rental service; and exploitation, sale and deep processing of rare earth (operated by the branches with the relevant licenses).
Guangdong Electronics Information Industry Group Ltd.	Liu Ke	19 October 2000	91440000725458764N	Development, production and sale of electronics, IT products and electrical appliances, operation of electronic information networks and computers, electronic computer technology service, and equipment and venue rental service; sale of electronic computers and fittings, electronic components, electron devices, and electrical machinery

				and equipment; wholesale of coal; energy performance contracting service, development and consulting service of energy-saving technology, and manufacture and installation of energy-saving equipment; parking lot operation (188 Yueken Road, Tianhe District, Guangzhou, Guangdong Province, P.R.China); import and export of goods; and training of professional and technical personnel (Limited to branch operation); .technical services.
Rising Investment Development Limited	Yao Shu	11 July 2001	764105	Investment and asset management
Shareholdings of controlling shareholder in other listed companies at home or abroad in reporting period	<p>At the end of the Reporting Period, Guangdong Rising Holdings Group Co., Ltd. and its parties acting in concert. directly or indirectly held the following stakes in other listed companies at home or abroad:</p> <ol style="list-style-type: none"> 1. a 42.87% stake of 129,372,517 shares in Rising Nonferrous (stock code: 600259); 2. a 33.72% stake of 1,230,807,848 shares in Zhongjin Lingnan Nonfemet (stock code: 000060); 3. a 20.50% stake of 183,495,085 shares in Fenghua Advanced (stock code: 000636); 4. a 21.48% stake of 132,819,895 shares in NationStar Optoelectronics (stock code: 002449); 5. a 25.72% stake of 226,147,494 A shares and H shares in Dongjiang Environment (stock code: 002672); 6. a 6.14% stake of 91,507,138,699 shares in China Telecom (stock code: 601728、 00728. HK). 			

Change of the controlling shareholder in the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

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

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

Type of the actual controller: legal person

Name of actual controller	Legal representative/person in charge	Date of establishment	Unified social credit code	Principal activity
Guangdong Rising Holdings Group Co., Ltd.	Liu Weidong	23 December 1999	719283849	Asset management and operation, equity management and operation, investment operation, and management and re-investment of

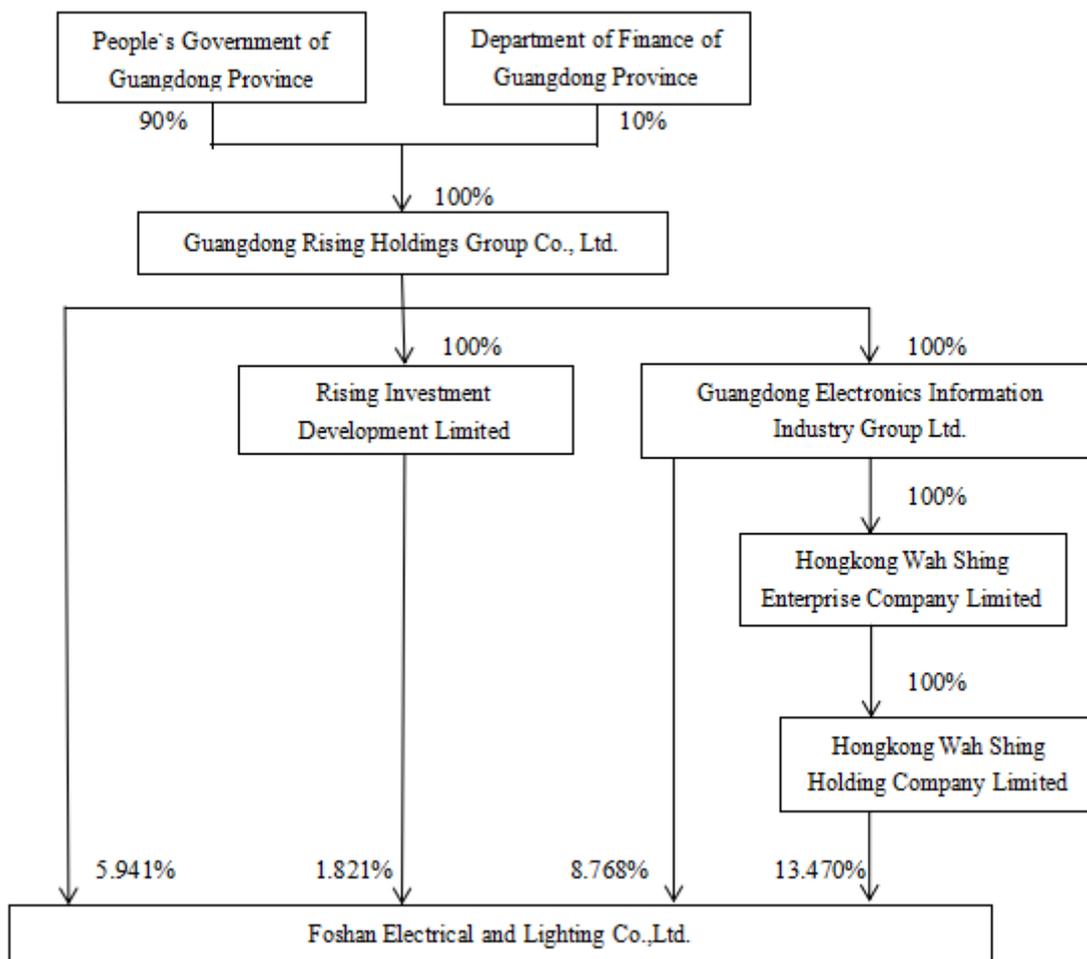
				investment earnings; other business authorized by the state-owned assets administration of the Guangdong Province; contractor service for overseas projects and domestic projects calling for international bids, contractor service for survey, consulting, design and supervision of the aforesaid overseas projects, export of equipment and materials for the aforesaid overseas projects, and dispatch of contract workers for the aforesaid overseas projects; property rental service; and exploitation, sale and deep processing of rare earth (operated by the branches with the relevant licenses).
Shareholdings of the actual controller in other listed companies at home or abroad in this Reporting Period	<p>At the end of the Reporting Period, Guangdong Rising Holdings Group Co., Ltd. and its parties acting in concert, directly or indirectly held the following stakes in other listed companies at home or abroad:</p> <ol style="list-style-type: none"> 1. a 42.87% stake of 129,372,517 shares in Rising Nonferrous (stock code: 600259); 2. a 33.72% stake of 1,230,807,848 shares in Zhongjin Lingnan Nonfemet (stock code: 000060); 3. a 20.50% stake of 183,495,085 shares in Fenghua Advanced (stock code: 000636); 4. a 21.48% stake of 132,819,895 shares in NationStar Optoelectronics (stock code: 002449); 5. a 25.72% stake of 226,147,494 A shares and H shares in Dongjiang Environment (stock code: 002672); 6. a 6.14% stake of 91,507,138,699 shares in China Telecom (stock code: 601728、 00728. HK). 			

Change of the actual controller during the Reporting Period:

Applicable Not applicable

No such cases in the Reporting Period.

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



Note: The diagram above shows how the actual controller owned the Company as at 31 December 2021. So far, the total share capital of the Company has decreased from 1,399,346,154 shares to 1,361,994,647 shares due to the retirement in February 2022 of 37,351,507 shares repurchased by the Company. As of the disclosure date of this Report, the combined interest of the Company held by the actual controller is 30.82%.

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

Applicable Not applicable

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

Applicable Not applicable

5. Other 10% or Greater Corporate Shareholders

Applicable Not applicable

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

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

Applicable Not applicable

IV Specific Implementation of Share Repurchases in the Reporting Period

Progress on any share repurchases

Applicable Not applicable

Disclosure time of plan	Number of shares to be repurchased	As % of total share capital	Amount of all repurchased shares	Term of repurchase	Usage	Number of shares repurchased (share)	Number of shares repurchased as % of the underlying stocks involved in the equity incentive plan (if any)
3 December 2020	According to the lower limit of the total amount of A-share repurchase of RMB200 million and the upper limit of the price of repurchased	3.54%-6.66%	The total amount of funds for repurchasing A shares is not less than RMB200 million (inclusive) and not more than RMB350	Not exceeding 12 months since this repurchase plan has been reviewed and approved on the shareholders' meeting of the Company	All B shares repurchased shall be cancelled according to law. The repurchased A shares are planned to be no less than 9 million shares	50,351,507	None

	<p>shares of RMB8.52/share, it is estimated that the number of A-share repurchased shares is about 23.4741 million shares. According to the upper limit of the total amount of A-share repurchase of RMB350 million, it is estimated that the number of A-share repurchases is 41.0798 million shares. According to the lower limit of the total amount of B-share repurchase of HKD100 million (equivalent to RMB84.635 million) and the upper limit of the price of repurchased shares of HKD3.84/share, it is estimated that the number of B-share repurchase is</p>		<p>million (inclusive). The total amount of funds for repurchasing B shares is not less than HKD100 million (inclusive) and not more than HKD200 million (inclusive), which is converted according to the central parity of HKD to RMB exchange rate on 2 December 2020: HKD1 = RMB0.84635, equivalent to RMB not less than RMB84.635 million (inclusive) and not more than RMB169.27 million (inclusive).</p>		<p>and no more than 13.99 million shares for the equity incentive plan, and no less than 14.4741 million shares and no more than 27.0898 million shares are planned to be cancelled.</p>		
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	<p>26.0416 million shares. According to the maximum amount of B-share repurchase of HKD200 million (equivalent to RMB169.27 million), it is estimated that the number of B-share repurchase is 52.0833 million shares.</p>						
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Progress on reducing the repurchased shares by means of centralized bidding:

Applicable Not applicable

Part VIII Preferred Shares

Applicable Not applicable

No preference shares in the Reporting Period.

Part IX Corporate Bonds

Applicable Not applicable

Part X Financial Statements

I Auditor's Report

Type of the independent auditor's opinion	Unmodified unqualified opinion
Date of signing this report	30 March 2022
Name of the independent auditor	Zhongzheng Tiantong Certified Public Accountants LLP
No. of independent auditor's report	ZZTT (2022) Auditor's Report No. 0700003
Names of certified public accountants	Feng Wei, Li Qiongqian

Independent Auditor's Report

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

I Opinion

We have audited the financial statements of Foshan Electrical and Lighting Co., Ltd. (the "Company"), which comprise the consolidated balance sheets and balance sheet of the Company as the parent as of 31 December 2021, the consolidated income statement and income statement of the Company as the parent, consolidated cash flow statement and cash flow statement of the Company as the parent and consolidated statement of changes in owners' equity and statement of changes in owners' equity of the Company as the parent for the year then ended, as well as the notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated and parent company financial position of the Company at 31 December 2021, and the consolidated and the company as the parent operating results and cash flows for the year then ended, in conformity with the Chinese Accounting Standards (CAS).

II Basis for Opinion

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

III Key Audit Matters

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

(I) Business combination not under the same control

1. Description

As stated in the notes to the consolidated financial statements "VIII. Changes in the Scope of Consolidation (I)" and "XVII. Notes to Major Items in the Financial Statements of the Parent Company (III)", FSL acquired 53.79% equity of Nanning Liaowang Auto Lamp Co., Ltd. (hereinafter referred to as "Nanning Liaowang") in August 2021 by acquiring the equity of the original shareholders and making additional investment. In view of the fact that the judgment of the acquisition date and the determination of the fair value of identifiable assets and liabilities on the acquisition date involve more management's estimation and judgment, we determined the business combination not under the same control as a key audit item.

2. Response to audit

In view of the business combination of FSL not under the same control, we have implemented the following main procedures:

(1) Learning and testing the design and implementation of internal control system related to investment activities in an effort to confirm the effectiveness of internal control operation. (2) Inquiring the management to learn the commercial substance of this equity transaction matter and assess its rationality. (3) Obtaining and consulting the equity transfer agreement, resolutions of shareholders' meeting and board of directors related to equity acquisition, equity payment documents, control right transfer procedures and other documents, and Check whether the relevant legal procedures are completed, and comprehensively judge the rationality of the management's determination of the purchase date. (4) Obtaining the asset evaluation report produced by a third-party evaluation institution, evaluate the competence, professionalism and objectivity of the appraiser, and review the accuracy and rationality of the parameters used during the evaluation process. (5) Check the accuracy of accounting treatment related to purchase date and consolidated cost.(6) Evaluating the adequacy and appropriateness of the disclosure of the equity acquisition in the financial statements.

(II) Revenue recognition

1. Description

As stated in the notes to the consolidated financial statements "V. Important Accounting Policies and Accounting Estimates (39)" and "VII. Notes to Major Items of the Consolidated Financial Statements (61)", FSL achieved operating revenue of RMB4,772,690,469.14 in 2021, an increase of RMB1,027,776,016.42 or 27.44% over the previous period. As operating revenue is one of the key performance indicators of FSL, there is an inherent risk that revenue will be manipulated to achieve the target or expected level. Thus, we determined that revenue is recognized as a key audit item.

2. Response to audit

In terms of revenue recognition of FSL, we performed the following main procedures: (1) Learning and testing the design and implementation of FSL's key internal controls related to revenue recognition in an effort to confirm the effectiveness of internal control operation. (2) Sales contracts will be sample-checked to identify terms and conditions on the transfer of the control of commodities and assess whether the Company complies with the new accounting standards in terms of the time of recognition of revenue. (3) Collecting FSL's revenue transactions to check the invoices, shipping documents and customs clearance documents and assess whether the revenues are recorded in the appropriate accounting periods. (4) Obtaining letters of confirmation from customers to check the exactness and completeness of the data about the balances of accounts receivable. (5) Checking the industrial and commercial registration information of customers through public information platforms, including a list of the related parties of each customer for checking the related-party relationship between FSL and customers. (6)

Carrying out cut-off test on revenue, selecting samples of revenue recognition tradings before and after the balance sheet date, obtaining relevant data such as outbound delivery orders, and evaluating whether revenue is recognized in an appropriate period. (7) Analyzing the revenue and gross profit according to the product type, and judging whether there is abnormal fluctuation in the current income amount. (8) Obtaining the record of return and exchange to check whether there is any major abnormal return and exchange. (9) Checking the record of the revenue transactions in the current period for exactness and completeness by using other audit procedures such as checking the payment collections and sales returns subsequent to the current period and the letters of reconciliation between FSL and customers.

IV Other Information

The Company's management is responsible for the other information. The other information comprises all of the information included in the Company's 2021 Annual Report other than the financial statements and our auditor's report thereon.

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

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

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

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

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

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

VI Auditor's Responsibilities for Audit of Financial Statements

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

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions,

misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

(4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required by CAS to draw users' attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, we should express modified opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any noteworthy deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Beijing Zhongzheng Tiantong Certified

Public Accountants LLP

Beijing ·China

Chinese CPA:

(Engagement Partner)

Feng Wei

Chinese CPA:

Li Qiongqian

30 March 2022

II Financial Statements

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

1. Consolidated Balance Sheet

Prepared by Foshan Electrical and Lighting Co., Ltd.

31 December 2021

Unit: RMB

Item	31 December 2021	31 December 2020
Current assets:		
Monetary assets	1,384,218,544.27	981,249,699.49
Settlement reserve		
Interbank loans granted		
Held-for-trading financial assets	328,248,125.61	407,619,201.36
Derivative financial assets		
Notes receivable	594,208,093.58	140,972,143.00
Accounts receivable	1,452,728,276.48	1,134,233,235.70
Accounts receivable financing		
Prepayments	20,119,957.02	11,994,745.05
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	34,082,909.41	20,194,968.19
Including: Interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	1,063,489,341.00	735,685,116.91
Contract assets	8,561,303.10	
Assets held for sale	23,831,992.10	
Current portion of non-current assets		
Other current assets	85,693,988.74	175,090,368.85
Total current assets	4,995,182,531.31	3,607,039,478.55

Non-current assets:		
Loans and advances to customers		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	181,545,123.09	181,365,016.32
Investments in other equity instruments	1,474,860,785.15	3,305,501,030.06
Other non-current financial assets		
Investment property	43,347,824.34	
Fixed assets	1,323,076,326.60	685,707,548.55
Construction in progress	730,595,319.42	503,941,120.31
Productive living assets		
Oil and gas assets		
Right-of-use assets	13,497,139.00	
Intangible assets	271,673,951.80	170,693,873.30
Development costs		
Goodwill	16,211,469.82	
Long-term prepaid expense	125,238,940.05	13,411,226.23
Deferred income tax assets	54,211,287.28	40,253,777.17
Other non-current assets	470,151,830.75	11,423,843.62
Total non-current assets	4,704,409,997.30	4,912,297,435.56
Total assets	9,699,592,528.61	8,519,336,914.11
Current liabilities:		
Short-term borrowings	226,779,997.01	
Borrowings from the central bank		
Interbank loans obtained		
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	826,164,918.71	480,971,214.80
Accounts payable	1,554,585,231.38	1,059,674,020.99
Advances from customers	8,106,923.79	1,285,357.28
Contract liabilities	84,818,285.22	65,777,726.45
Financial assets sold under repurchase agreements		

Customer deposits and interbank deposits		
Payables for acting trading of securities		
Payables for underwriting of securities		
Employee benefits payable	88,925,889.20	82,485,090.47
Taxes payable	82,011,059.45	18,876,657.51
Other payables	298,811,112.73	76,668,330.66
Including: Interest payable		
Dividends payable	15,646.07	
Handling charges and commissions payable		
Reinsurance payables		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	27,279,273.54	
Other current liabilities	8,038,471.15	5,503,702.07
Total current liabilities	3,205,521,162.18	1,791,242,100.23
Non-current liabilities:		
Insurance contract reserve		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	7,862,803.22	
Long-term payables		
Long-term employee benefits payable		
Provisions	7,671,948.69	
Deferred income	14,414,666.71	
Deferred income tax liabilities	187,691,340.19	414,670,609.97
Other non-current liabilities	22,653.46	1,244,064.84
Total non-current liabilities	217,663,412.27	415,914,674.81
Total liabilities	3,423,184,574.45	2,207,156,775.04
Owners' equity:		
Share capital	1,399,346,154.00	1,399,346,154.00

Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	12,071,920.14	15,157,514.90
Less: Treasury stock	250,600,874.54	
Other comprehensive income	984,638,432.01	2,349,388,533.61
Specific reserve		
Surplus reserves	741,353,347.96	741,567,039.55
General reserve		
Retained earnings	2,913,749,608.77	1,758,462,062.48
Total equity attributable to owners of the Company as the parent	5,800,558,588.34	6,263,921,304.54
Non-controlling interests	475,849,365.82	48,258,834.53
Total owners' equity	6,276,407,954.16	6,312,180,139.07
Total liabilities and owners' equity	9,699,592,528.61	8,519,336,914.11

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2021	31 December 2020
Current assets:		
Monetary assets	1,017,365,290.91	896,261,882.77
Held-for-trading financial assets	304,385,804.11	407,619,201.36
Derivative financial assets		
Notes receivable	72,114,026.44	137,477,199.21
Accounts receivable	1,058,935,664.33	1,030,713,074.22
Accounts receivable financing		
Prepayments	9,292,256.82	9,581,302.45
Other receivables	511,056,231.24	462,284,585.09
Including: Interest receivable		
Dividends receivable		
Inventories	617,905,747.50	615,106,650.81

Contract assets	8,561,303.10	
Assets held for sale		
Current portion of non-current assets		
Other current assets	36,097,001.14	139,275,518.71
Total current assets	3,635,713,325.59	3,698,319,414.62
Non-current assets:		
Investments in debt obligations		
Investments in other debt obligations		
Long-term receivables		
Long-term equity investments	1,243,081,889.11	536,949,311.73
Investments in other equity instruments	1,474,860,785.15	3,305,501,030.06
Other non-current financial assets		
Investment property	43,347,824.34	
Fixed assets	576,386,630.08	628,174,755.88
Construction in progress	120,514,314.18	54,652,119.14
Productive living assets		
Oil and gas assets		
Right-of-use assets	9,827,757.94	
Intangible assets	123,089,721.51	122,391,701.60
Development costs		
Goodwill		
Long-term prepaid expense	31,897,595.21	11,651,100.48
Deferred income tax assets	31,373,123.07	31,403,727.94
Other non-current assets	460,618,564.04	7,548,885.47
Total non-current assets	4,114,998,204.63	4,698,272,632.30
Total assets	7,750,711,530.22	8,396,592,046.92
Current liabilities:		
Short-term borrowings	127,596,999.82	
Held-for-trading financial liabilities		
Derivative financial liabilities		
Notes payable	445,480,718.92	484,230,566.21
Accounts payable	949,520,447.82	1,108,208,382.75
Advances from customers	6,857,142.86	

Contract liabilities	64,120,388.15	53,572,800.70
Employee benefits payable	51,520,068.31	62,075,512.08
Taxes payable	57,207,865.54	7,819,839.48
Other payables	223,535,108.76	171,916,835.73
Including: Interest payable		
Dividends payable		
Liabilities directly associated with assets held for sale		
Current portion of non-current liabilities	2,800,876.97	
Other current liabilities	5,920,593.62	4,483,279.11
Total current liabilities	1,934,560,210.77	1,892,307,216.06
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Lease liabilities	7,026,880.97	
Long-term payables		
Long-term employee benefits payable		
Provisions		
Deferred income		
Deferred income tax liabilities	173,532,376.03	414,670,609.97
Other non-current liabilities		
Total non-current liabilities	180,559,257.00	414,670,609.97
Total liabilities	2,115,119,467.77	2,306,977,826.03
Owners' equity:		
Share capital	1,399,346,154.00	1,399,346,154.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	22,568,665.93	7,426,635.62
Less: Treasury stock	250,600,874.54	
Other comprehensive income	984,695,765.83	2,349,389,658.23
Specific reserve		

Surplus reserves	741,353,347.96	741,567,039.55
Retained earnings	2,738,229,003.27	1,591,884,733.49
Total owners' equity	5,635,592,062.45	6,089,614,220.89
Total liabilities and owners' equity	7,750,711,530.22	8,396,592,046.92

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

3. Consolidated Income Statement

Unit: RMB

Item	2021	2020
1. Revenue	4,772,690,469.14	3,744,914,452.72
Including: Operating revenue	4,772,690,469.14	3,744,914,452.72
Interest income		
Insurance premium income		
Handling charge and commission income		
2. Costs and expenses	4,591,588,279.47	3,438,752,837.39
Including: Cost of sales	3,962,212,033.47	2,996,273,910.80
Interest expense		
Handling charge and commission expense		
Surrenders		
Net insurance claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	45,957,443.96	38,631,841.23
Selling expense	170,281,041.34	145,219,700.35
Administrative expense	206,336,111.81	155,365,373.75
R&D expense	203,681,619.16	108,885,296.71
Finance costs	3,120,029.73	-5,623,285.45
Including: Interest expense	5,790,716.89	

Interest income	16,201,526.00	37,650,815.03
Add: Other income	16,311,903.24	28,989,528.20
Return on investment (“-” for loss)	36,121,053.68	44,236,204.90
Including: Share of profit or loss of joint ventures and associates	2,260,497.27	2,351,681.39
Income from the derecognition of financial assets at amortized cost (“-” for loss)		
Exchange gain (“-” for loss)		
Net gain on exposure hedges (“-” for loss)		
Gain on changes in fair value (“-” for loss)	4,649,669.44	4,785,700.00
Credit impairment loss (“-” for loss)	-4,657,215.52	-16,109,592.36
Asset impairment loss (“-” for loss)	-30,891,621.47	-7,581,307.74
Asset disposal income (“-” for loss)	77,713,637.77	9,090,874.79
3. Operating profit (“-” for loss)	280,349,616.81	369,573,023.12
Add: Non-operating income	13,186,956.38	2,164,694.19
Less: Non-operating expense	1,188,471.54	3,854,417.99
4. Profit before tax (“-” for loss)	292,348,101.65	367,883,299.32
Less: Income tax expense	25,050,666.35	45,714,707.53
5. Net profit (“-” for net loss)	267,297,435.30	322,168,591.79
5.1 By operating continuity		
5.1.1 Net profit from continuing operations (“-” for net loss)	267,297,435.30	322,168,591.79
5.1.2 Net profit from discontinued operations (“-” for net loss)		
5.2 By ownership		
5.2.1 Net profit attributable to owners of the Company as the parent	250,091,965.87	316,914,185.34
5.2.1 Net profit attributable to non-controlling interests	17,205,469.43	5,254,406.45
6. Other comprehensive income, net of tax	-323,678,183.01	1,573,128,185.42
Attributable to owners of the Company as the parent	-323,706,852.48	1,573,128,185.42
6.1 Items that will not be reclassified to profit or loss	-323,650,643.28	1,573,146,670.33
6.1.1 Changes caused by		

remeasurements on defined benefit schemes		
6.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
6.1.3 Changes in the fair value of investments in other equity instruments	-323,650,643.28	1,573,146,670.33
6.1.4 Changes in the fair value arising from changes in own credit risk		
6.1.5 Other		
6.2 Items that will be reclassified to profit or loss	-56,209.20	-18,484.91
6.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
6.2.2 Changes in the fair value of investments in other debt obligations		
6.2.3 Other comprehensive income arising from the reclassification of financial assets		
6.2.4 Credit impairment allowance for investments in other debt obligations		
6.2.5 Reserve for cash flow hedges		
6.2.6 Differences arising from the translation of foreign currency-denominated financial statements	-56,209.20	-18,484.91
6.2.7 Other		
Attributable to non-controlling interests	28,669.47	
7. Total comprehensive income	-56,380,747.71	1,895,296,777.21
Attributable to owners of the Company as the parent	-73,614,886.61	1,890,042,370.76
Attributable to non-controlling interests	17,234,138.90	5,254,406.45
8. Earnings per share		
8.1 Basic earnings per share	0.1854	0.2349
8.2 Diluted earnings per share	0.1836	0.2327

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

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

4. Income Statement of the Company as the Parent

Unit: RMB

Item	2021	2020
1. Operating revenue	3,718,308,372.46	3,490,267,102.53
Less: Cost of sales	3,154,039,179.53	2,860,949,556.76
Taxes and surcharges	33,093,843.08	32,375,835.55
Selling expense	147,260,099.98	126,810,307.11
Administrative expense	148,755,543.99	129,489,381.94
R&D expense	141,658,884.16	96,789,792.55
Finance costs	-176,513.65	-4,922,225.34
Including: Interest expense	1,265,956.56	
Interest income	15,062,071.87	36,942,203.37
Add: Other income	9,664,951.38	27,001,177.15
Return on investment ("-" for loss)	78,883,660.55	87,972,948.71
Including: Share of profit or loss of joint ventures and associates	2,260,497.27	2,351,681.39
Income from the derecognition of financial assets at amortized cost ("-" for loss)		
Net gain on exposure hedges ("-" for loss)		
Gain on changes in fair value ("-" for loss)	4,266,900.00	4,785,700.00
Credit impairment loss ("-" for loss)	-5,389,224.73	-10,299,990.56
Asset impairment loss ("-" for loss)	-13,439,357.01	-6,366,924.12
Asset disposal income ("-" for loss)	76,410,098.79	9,090,874.79
2. Operating profit ("-" for loss)	244,074,364.35	360,958,239.93
Add: Non-operating income	11,385,484.38	1,892,869.67
Less: Non-operating expense	552,333.59	2,969,626.09
3. Profit before tax ("-" for loss)	254,907,515.14	359,881,483.51
Less: Income tax expense	13,758,825.78	32,625,529.64
4. Net profit ("-" for net loss)	241,148,689.36	327,255,953.87

4.1 Net profit from continuing operations (“-” for net loss)	241,148,689.36	327,255,953.87
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	-323,650,643.28	1,573,146,670.33
5.1 Items that will not be reclassified to profit or loss	-323,650,643.28	1,573,146,670.33
5.1.1 Changes caused by remeasurements on defined benefit schemes		
5.1.2 Other comprehensive income that will not be reclassified to profit or loss under the equity method		
5.1.3 Changes in the fair value of investments in other equity instruments	-323,650,643.28	1,573,146,670.33
5.1.4 Changes in the fair value arising from changes in own credit risk		
5.1.5 Other		
5.2 Items that will be reclassified to profit or loss		
5.2.1 Other comprehensive income that will be reclassified to profit or loss under the equity method		
5.2.2 Changes in the fair value of investments in other debt obligations		
5.2.3 Other comprehensive income arising from the reclassification of financial assets		
5.2.4 Credit impairment allowance for investments in other debt obligations		
5.2.5 Reserve for cash flow hedges		
5.2.6 Differences arising from the translation of foreign currency-denominated financial statements		
5.2.7 Other		
6. Total comprehensive income	-82,501,953.92	1,900,402,624.20
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

5. Consolidated Cash Flow Statement

Unit: RMB

Item	2021	2020
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	4,285,672,614.47	3,342,410,171.83
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from the central bank		
Net increase in loans from other financial institutions		
Premiums received on original insurance contracts		
Net proceeds from reinsurance		
Net increase in deposits and investments of policy holders		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Net proceeds from acting trading of securities		
Tax rebates	87,549,907.00	112,333,842.35
Cash generated from other operating activities	171,025,786.36	119,666,217.14
Subtotal of cash generated from operating activities	4,544,248,307.83	3,574,410,231.32
Payments for commodities and services	3,427,906,318.91	2,077,887,848.58
Net increase in loans and advances to customers		
Net increase in deposits in the central bank and in interbank loans granted		
Payments for claims on original insurance contracts		

Net increase in interbank loans granted		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	831,530,484.58	690,837,445.67
Taxes paid	331,339,000.56	203,087,061.81
Cash used in other operating activities	230,497,589.04	207,769,543.36
Subtotal of cash used in operating activities	4,821,273,393.09	3,179,581,899.42
Net cash generated from/used in operating activities	-277,025,085.26	394,828,331.90
2. Cash flows from investing activities:		
Proceeds from disinvestment	1,700,278,266.95	405,000,000.00
Return on investment	44,567,889.06	52,397,663.37
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	114,907,595.26	9,814,672.12
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities	54,990,047.00	
Subtotal of cash generated from investing activities	1,914,743,798.27	467,212,335.49
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	326,012,276.21	232,678,180.62
Payments for investments	484,531,545.66	311,628,442.49
Net increase in pledged loans granted		
Net payments for the acquisition of subsidiaries and other business units	131,348,644.27	
Cash used in other investing activities		
Subtotal of cash used in investing activities	941,892,466.14	544,306,623.11
Net cash generated from/used in investing activities	972,851,332.13	-77,094,287.62
3. Cash flows from financing activities:		
Capital contributions received		300,000.00
Including: Capital contributions by non-controlling interests to subsidiaries		300,000.00

Borrowings raised	127,386,000.00	48,000,000.00
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	127,386,000.00	48,300,000.00
Repayment of borrowings	113,682,766.67	277,807,744.88
Interest and dividends paid	139,734,157.74	258,879,038.49
Including: Dividends paid by subsidiaries to non-controlling interests		
Cash used in other financing activities	300,810,442.34	
Subtotal of cash used in financing activities	554,227,366.75	536,686,783.37
Net cash generated from/used in financing activities	-426,841,366.75	-488,386,783.37
4. Effect of foreign exchange rates changes on cash and cash equivalents	-5,623,947.38	-4,698,084.75
5. Net increase in cash and cash equivalents	263,360,932.74	-175,350,823.84
Add: Cash and cash equivalents, beginning of the period	875,728,218.57	1,051,079,042.41
6. Cash and cash equivalents, end of the period	1,139,089,151.31	875,728,218.57

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

6. Cash Flow Statement of the Company as the Parent

Unit: RMB

Item	2021	2020
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	3,675,366,946.16	3,158,187,056.43
Tax rebates	87,497,039.45	112,333,842.35
Cash generated from other operating activities	90,141,698.38	100,553,598.15
Subtotal of cash generated from operating activities	3,853,005,683.99	3,371,074,496.93
Payments for commodities and services	3,127,675,269.69	2,140,803,641.40

Cash paid to and for employees	598,949,378.79	531,803,255.67
Taxes paid	264,570,561.48	151,834,032.77
Cash used in other operating activities	158,324,765.43	187,443,912.27
Subtotal of cash used in operating activities	4,149,519,975.39	3,011,884,842.11
Net cash generated from/used in operating activities	-296,514,291.40	359,189,654.82
2. Cash flows from investing activities:		
Proceeds from disinvestment	1,700,278,266.95	407,744,500.00
Return on investment	45,162,968.14	95,949,228.67
Net proceeds from the disposal of fixed assets, intangible assets and other long-lived assets	114,426,514.66	9,787,055.02
Net proceeds from the disposal of subsidiaries and other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	1,859,867,749.75	513,480,783.69
Payments for the acquisition of fixed assets, intangible assets and other long-lived assets	116,516,470.65	183,152,607.04
Payments for investments	1,123,715,946.11	328,313,442.49
Net payments for the acquisition of subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	1,240,232,416.76	511,466,049.53
Net cash generated from/used in investing activities	619,635,332.99	2,014,734.16
3. Cash flows from financing activities:		
Capital contributions received		
Borrowings raised	127,386,000.00	
Cash generated from other financing activities		
Subtotal of cash generated from financing activities	127,386,000.00	
Repayment of borrowings		277,807,744.88
Interest and dividends paid	135,847,668.70	258,879,038.49
Cash used in other financing activities	250,814,566.13	

Subtotal of cash used in financing activities	386,662,234.83	536,686,783.37
Net cash generated from/used in financing activities	-259,276,234.83	-536,686,783.37
4. Effect of foreign exchange rates changes on cash and cash equivalents	-5,283,585.19	-4,630,938.55
5. Net increase in cash and cash equivalents	58,561,221.57	-180,113,332.94
Add: Cash and cash equivalents, beginning of the period	803,264,792.72	983,378,125.66
6. Cash and cash equivalents, end of the period	861,826,014.29	803,264,792.72

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

7. Consolidated Statements of Changes in Owners' Equity

2021

Unit: RMB

Item	2021														
	Equity attributable to owners of the Company as the parent												Non-controlling interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	General reserve	Retained earnings	Other			Subtotal
Preferred shares		Perpetual bonds	Other												
1. Balance as at the end of the prior year	1,399,346,154.00				15,157,514.90		2,349,388,533.61		741,567,039.55		1,758,462,062.48		6,263,921,304.54	48,258,834.53	6,312,180,139.07
Add: Adjustment for change in accounting policy															
Adjustment for correction of previous error															
Adjustment for business															

surplus reserves															
3.3.2 Appropriation to general reserve															
3.3.3 Appropriation to owners (or shareholders)										-135,8 47,668 .70		-135,8 47,668 .70		-135,8 47,668 .70	
3.3.4 Other															
3.4 Transfers within owners' equity							-1,041, 043,24 9.12							1,041, 043,24 9.12	
3.4.1 Increase in capital (or share capital) from capital reserves															
3.4.2 Increase in capital (or share capital) from surplus reserves															
3.4.3 Loss offset by surplus reserves															
3.4.4 Changes in defined benefit schemes transferred to retained earnings															
3.4.5 Other comprehensive income transferred to retained earnings							-1,041, 043,24 9.12							1,041, 043,24 9.12	
3.4.6 Other															
3.5 Specific reserve															
3.5.1 Increase in the															

3. Increase/decrease in the period (“-” for decrease)					-216,450,658.17	1,573,128,185.42				-94,992,605.81			58,035,146.85			1,319,720,068.29	21,584,406.45	1,341,304,474.74
3.1 Total comprehensive income						1,573,128,185.42							316,914,185.34			1,890,042,370.76	5,254,406.45	1,895,296,777.21
3.2 Capital increased and reduced by owners					-216,450,658.17					-94,992,605.81						-311,443,263.98	16,330,000.00	-295,113,263.98
3.2.1 Ordinary shares increased by owners																	16,330,000.00	16,330,000.00
3.2.2 Capital increased by holders of other equity instruments																		
3.2.3 Share-based payments included in owners' equity																		
3.2.4 Other					-216,450,658.17					-94,992,605.81						-311,443,263.98		-311,443,263.98
3.3 Profit distribution													-258,879,038.49			-258,879,038.49		-258,879,038.49
3.3.1 Appropriation to surplus reserves																		
3.3.2 Appropriation to general reserve																		
3.3.3 Appropriation to owners (or													-258,879,038.49			-258,879,038.49		-258,879,038.49

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Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

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

2021

Unit: RMB

Item	2021											
	Share capital	Other equity instruments			Capital reserves	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserves	Retained earnings	Other	Total owners' equity
		Preferr ed shares	Perpet ual bonds	Other								
1. Balance as at the end of the prior year	1,399,346,154.00				7,426,635.62		2,349,389,658.23		741,567,039.55	1,591,884,733.49		6,089,614,220.89
Add: Adjustment for change in accounting policy												
Adjustment for correction of previous error												
Other adjustments												
2. Balance as at the beginning of the year	1,399,346,154.00				7,426,635.62		2,349,389,658.23		741,567,039.55	1,591,884,733.49		6,089,614,220.89
3. Increase/decrease in the period ("-" for decrease)					15,142,030.31	250,600,874.54	-1,364,693,892.40		-213,691.59	1,146,344,269.78		-454,022,158.44
3.1 Total comprehensive income							-323,650,643.28			241,148,689.36		-82,501,953.92
3.2 Capital increased and reduced by owners					15,142,030.31	250,600,874.54			-213,691.59			-235,672,535.82

3.2.1 Ordinary shares increased by owners						250,600, 874.54						-250,600,8 74.54
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners' equity												
3.2.4 Other					15,142,0 30.31				-213,691 .59			14,928,33 8.72
3.3 Profit distribution									-135,84 7,668.7 0			-135,847,6 68.70
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or shareholders)									-135,84 7,668.7 0			-135,847,6 68.70
3.3.3 Other												
3.4 Transfers within owners' equity							-1,041,0 43,249.1 2			1,041,0 43,249. 12		
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												

3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the period	1,399,346,154.00				22,568,665.93	250,600,874.54	984,695,765.83		741,353,347.96	2,738,229,003.27		5,635,592,062.45

2020

Unit: RMB

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

Other adjustments												
2. Balance as at the beginning of the year	1,399,346,154.00				166,211,779.15		776,242,987.90		836,559,645.36	1,523,507,818.11		4,701,868,384.52
3. Increase/decrease in the period (“-” for decrease)					-158,785,143.53		1,573,146,670.33		-94,992,605.81	68,376,915.38		1,387,745,836.37
3.1 Total comprehensive income							1,573,146,670.33			327,255,953.87		1,900,402,624.20
3.2 Capital increased and reduced by owners					-158,785,143.53				-94,992,605.81			-253,777,749.34
3.2.1 Ordinary shares increased by owners												
3.2.2 Capital increased by holders of other equity instruments												
3.2.3 Share-based payments included in owners’ equity												
3.2.4 Other					-158,785,143.53				-94,992,605.81			-253,777,749.34
3.3 Profit distribution										-258,879,038.49		-258,879,038.49
3.3.1 Appropriation to surplus reserves												
3.3.2 Appropriation to owners (or										-258,879,038.49		-258,879,038.49

shareholders)												
3.3.3 Other												
3.4 Transfers within owners' equity												
3.4.1 Increase in capital (or share capital) from capital reserves												
3.4.2 Increase in capital (or share capital) from surplus reserves												
3.4.3 Loss offset by surplus reserves												
3.4.4 Changes in defined benefit schemes transferred to retained earnings												
3.4.5 Other comprehensive income transferred to retained earnings												
3.4.6 Other												
3.5 Specific reserve												
3.5.1 Increase in the period												
3.5.2 Used in the period												
3.6 Other												
4. Balance as at the end of the period	1,399,346,154.00				7,426,635.62		2,349,389,658.23		741,567,039.55	1,591,884,733.49		6,089,614,220.89

Legal representative: Wu Shenghui

Chief Financial Officer: Tang Qionglan

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

III Company profile

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

Credibility code of the Company: 91440000190352575W.

Legal representative: Mr. Wu Shenghui

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

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

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

The Financial Report was approved and authorized for issue by the Board of Directors on 30 March 2022.

The consolidation scope of the financial statement during the Reporting Period including the Company and FSL Chanchang Optoelectronics Co., Ltd. (referred to as “Chanchang Company”), Foshan Taimei Times Lamps and Lanterns Co., Ltd. (referred to as “Taimei Company”), Nanjing Fozhao Lighting Components Co., Ltd. (referred to as “Nanjing Fozhao”), FSL (Xinxiang) Lighting Co., Ltd. (referred to as “Xinxiang Company”), Foshan Lighting Lamps & Components Co., Ltd. (referred to as “Lamps & Components Company”), FSL Zhida Electric Technology Co., Ltd (referred to as “Zhida Company”), FSL LIGHTING GMBH (referred to as “FSL LIGHTING”), Foshan Hortilite Optoelectronics Co.,Ltd. (referred to as “Hortilite Company”), Fozhao (Hainan) Technology Co., Ltd. (referred to as “Hainan Technology”), Foshan Kelian New Energy Technology Co., Ltd. (referred to as “Foshan Kelian”) and Nanning Liaowang Auto Lamp Co., Ltd. (referred to as “Nanning Liaowang”), in total 11 subsidiaries and Liuzhou Guige Lighting Technology Co., Ltd. (referred to as “Liuzhou Lighting”), Liuzhou Guige Foreshine Technology Co., Ltd. (referred to as “Liuzhou Foreshine”), Chongqing

Guinuo Lighting Technology Co., Ltd. (referred to as “Chongqing Guinuo”), Qingdao Guige Lighting Technology Co., Ltd. (referred to as “Qingdao Lighting”) and Indonesia Liaowang Auto Lamp Co., Ltd. (referred to as “Indonesia Liaowang”) in total five sub-subsidiary.

Compared with the previous period, the consolidation scope of the current financial statements added two subsidiaries of Nanning Liaowang and Hainan Technology, and five sub-subsidiaries of Liuzhou Guige Lighting, Liuzhou Guige Foreshine, Chongqing Guinuo, Qingdao Lighting and Indonesia Liaowang, and deleted two subsidiaries, Foshan Electric Lighting New Light Source Technology Co., Ltd. (referred to as "New Light Source") and Hunan Keda New Energy Investment and Development Co., Ltd. (referred to as "Hunan Keda"). For details, please refer to Note VIII "Changes in the Scope of Consolidation" and Note IX "Interests in Other Subjects".

IV Basis for Preparation of Financial Statements

1. Preparation Basis

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

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

2. Continuation

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

V Important Accounting Policies and Estimations

Reminders of the specific accounting policies and accounting estimations:

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

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

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

2. Fiscal Year

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

3. Operating Cycle

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

4. Recording Currency

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

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

1. Business Combinations under the Same Control

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

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

2. Business Combinations not under the Same Control

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

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

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

they shall be separately recognized and measured in light of their fair values; As for the contingent liabilities of the acquiree, if their fair values can be measured reliably, they shall separately recognized as liabilities and shall be measured in light of their fair values.

6. 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 investors has the right to invest in the investee and enjoy a variable return through the participation of the relevant activities of the investee, and has the ability to use the power over the investee to affect the amount of its return. The Company includes the subsidiaries with actual right of control (including separate entity controlled by the Parent Company) into consolidated financial statements.

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

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

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

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

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

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

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

During the Reporting Period, if the Company disposed the subsidiaries, then the income, expenses, and profits of subsidiaries from period-begin to the disposal date need to be included into consolidated income statement; the cash flow of subsidiaries from period-begin to the disposal date need to be included into consolidated cash flow statement.

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

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

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

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

When the Company is the joint operation party of the joint ventures, should recognize the investment of the joint ventures as the long-term equity investment and be measured according 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 Company's understanding, cash and cash equivalents include cash on hand, any deposit that can be used for cover, and short-term (usually due within 3 months since the day of purchase) and high circulating investments, which are easily convertible into known amount of cash and whose risks in change of value are minimal.

9. Foreign Currency and Accounting Method for Foreign Currency

1. Foreign Currency Business

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

2. Translation of Foreign Currency Financial Statements

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

The difference of the foreign currency financial statements occurred from the above translation should be listed under the "other comprehensive income" item of the owners' equity of the consolidated financial statement. As for the foreign currency items which actually form into the net investment of the foreign operation, the exchange difference occurred from the exchange rate changes should be listed under the "other comprehensive income" of

the owners' equity among the consolidated financial statement when compile the consolidated financial statement. When disposing the foreign operation, as for the discounted difference of the foreign financial statement related to the foreign operation should be transferred in the current gains and losses according to the proportion. The foreign cash flow adopts the spot exchange rate on the occurring date of the cash flow. And the influenced amount of the exchange rate changes should be individually listed among the cash flow statement.

10. Financial Instruments

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

1. Recognition and derecognition of financial instruments

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

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

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

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

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

2. Classification and measurement of financial assets

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

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

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

(1) Debt instrument investments measured at amortized cost

Financial assets meeting the following conditions at the same time shall be classified as financial assets measured at amortized cost: the business mode of the Company to manage such financial assets targets at collecting the

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

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

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

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

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

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

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

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

balance sheet date and expectedly held over one year shall be presented as other non-current financial assets.

3. Classification and measurement of financial liabilities

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

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

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

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

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

(2) Other financial liabilities

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

4. Impairment of financial instruments

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

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

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

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

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

whole duration and calculate interest income by the book balance and the actual interest rate; if the credit risks have increased substantially with credit impairment since the initial recognition and are in the third stage, the Company will measure bad debt provision by the amount equivalent to the expected credit losses for the whole duration and calculate interest income by the amortized cost and the actual interest rate. For financial instruments with only low credit risks on the balance sheet date, the Company assumes that their credit risks have not increased substantially since the initial recognition.

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

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

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

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

5. Financial instruments offset

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

6. Financial guarantee contract

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

7. Derivative financial instruments

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

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

8. Transfer of financial assets

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

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

11. Notes Receivable

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

12. Accounts Receivable

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

1. Accounts Receivable with Significant Single Amount for which the Expected Credit Loss is Made Individually

Definition or amount criteria for an account receivable with a significant single amount	Making separate expected credit loss for accounts receivable with a significant single amount
Making separate expected credit loss 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 expected credit loss is made according to the difference between the present value of the account receivable's future cash flows and its carrying amount.

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

Group name	Withdrawal method of expected credit loss
Common transaction group	Aging analysis method
Internal transaction group	Other methods

In the groups, those adopting aging analysis method to withdraw expected credit loss:

Aging	Withdrawal proportion of expected credit loss
Within 1 year (including 1 year)	3%
1 to 2 years	10%
2 to 3 years	30%
3 to 4 years	50%

4 to 5 years	80%
Over 5 years	100%

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

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

13. Accounts Receivable Financing

Not applicable

14. Other Receivables

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

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

15. Inventories

1. Classification of Inventory

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

2. Pricing Method of Inventory Sent Out

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

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

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

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

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

4. Inventory System

The inventory system of the Company is perpetual inventory.

5. Amortization Method of Turnover Materials

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

The packaging is amortized in one-off method.

16. Contract Assets

The Company presents the right possessed to collect consideration from customers unconditionally (only depending on the passing of time) as accounts receivable, and the right to charge the consideration through transferring any commodity to clients which depends on other factors except the passing of time as contract assets. As for the recognition method and accounting treatment for expected losses of contract assets, please refer to Note 12. Accounts Receivable.

17. Contract Cost

Not applicable

18. Assets Held for Sale

1. Assets Held for Sale

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

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

The Company recognizes non-current assets or disposal groups that meet both of the following conditions as held for sale: ① Assets or disposal groups can be sold immediately under current conditions based on the practice of selling such assets or disposal groups in similar transactions; ② Sales are highly likely to occur, that is, the Company has already made a resolution on a sale plan and obtained a certain purchase commitment, and the sale is expected to will be completed within one year, and the sale has been approved if relevant regulations require relevant authority or regulatory authority of the Company to approve it.

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

If one of the following circumstances cannot be controlled by the Company and the transaction between non-related parties fails to be completed within one year, and there is sufficient evidence that the Company still

promises to sell the non-current assets or disposal groups, the Company should continue to classify the non-current assets or disposal groups as held-for-sale: ①The purchaser or other party unexpectedly sets conditions that lead to extension of the sale. The Company has already acted on these conditions in a timely manner and it is expected to be able to successfully deal with the conditions that led to the extension of the sale within one year after the conditions were set. ②Due to unusual circumstances, the non-current assets or disposal groups held for sale failed to be sold within one year. In the first year, the Company has taken necessary measures for these new conditions and the assets or disposal groups meet the conditions of held-for-sale again.

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

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

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

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

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

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

2. Termination of Operation

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

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

3. Presentation

In the balance sheet, the Company distinguishes the non-current assets held for sale or the assets in the disposal group held for sale separately from other assets, and distinguish the liabilities in the disposal group held for sale separately from other liabilities. The non-current assets held for sale or the assets in the disposal group held for

sale are not be offset against the liabilities in the disposal group held for sale. They are presented as current assets and current liabilities respectively.

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

19. Investments in Debt Obligations

Not applicable

20. Other Investments in Debt Obligations

Not applicable

21. Long-term Receivables

Not applicable

22. Long-term Equity Investments

Long-term equity investment refers to the Company's long-term equity investment with control, joint control or significant influence on the investee.

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

1. Investment Cost Recognition for Long-term Equity Investments

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

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

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

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

value of the equity securities issued.

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

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

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

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

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

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

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

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

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

from joint ventures or associates constitute business, conduct accounting treatment in accordance with the provisions of Accounting Standard for Business Enterprises No. 20 - Business combination, and the profits or losses related to the transaction shall be recognized in full.

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

(3) Acquisition of Minority Interests

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

(4) Disposal of Long-term Equity Investment

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

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

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

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

3. Impairment Provisions for Long-term Equity Investments

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

23. Investment Property

Measurement model for investment property

Cost method measurement

Method for depreciation or amortization

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

1. Recognition of investment real estate

Investment real estate can only be recognized if it meets the following conditions at the same time: (1) Economic benefits related to investment real estate are likely to flow into enterprises. (2) The cost of the investment real estate can be measured reliably.

2. Initial measurement of investment real estate

(1) The cost of purchased investment real estate includes the purchase price, relevant taxes and fees and other expenses directly attributable to the asset.

(2) The cost of self-construction of investment real estate consists of the necessary expenses incurred before the construction of the asset reaches the predetermined serviceable condition.

(3) The cost of investment real estate acquired by other means shall be determined in accordance with relevant accounting standards.

(4) Subsequent expenditures related to investment real estate, if they meet the confirmation conditions of investment real estate, shall be included in the cost of investment real estate; those that do not meet the recognition conditions are included in the current profits and losses when they occur.

3. Subsequent measurement of investment real estate

The Company adopts the cost model to carry out subsequent measurement of investment real estate on the balance sheet date. According to the relevant provisions of Accounting Standard for Business Enterprises No.4-Fixed Assets and Accounting Standard for Business Enterprises No.6-Intangible Assets, the investment real estate is amortized or depreciated according to the life average method within the expected useful life.

4. Conversion of investment real estate

The Company has conclusive evidence that the use of real estate has changed, and the investment real estate is converted into other assets, or other assets are converted into investment real estate, and the book value before the conversion of real estate is taken as the recorded value after the conversion.

24. Fixed Assets

(1) Recognition Conditions

Fixed assets of the Company refers to the tangible assets that simultaneously possess the features as follows: they are held for the sake of producing commodities, rendering labor service, renting or business management; and their useful life is in excess of one accounting year and unit price is higher. No fixed assets may be recognized unless it simultaneously meets the conditions as follows: ① The economic benefits pertinent to the fixed asset are likely to flow into the Company; and ② The cost of the fixed asset can be measured reliably. The Company's fixed assets are initially measured at cost. Specifically, the costs of purchased fixed assets include the purchase price, relevant taxes and fees, and other expenditures incurred before the fixed assets reach the pre-determined serviceable condition that can be directly attributable to the assets. The costs of self-built fixed assets contain the necessary expenditures incurred before the assets built reach their pre-determined serviceable condition. If the amount paid for the purchase of fixed assets witnesses postponed payment due to that the normal credit conditions are exceeded and is actually financing in nature, the costs of such fixed assets shall be determined on the basis of the present value of the purchase price. The difference between the actual amount paid and the present value of the purchase price, except for the difference that should be capitalized, shall be recognized as profit and loss of the current period during the credit period.

(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	1% -5%	31.67% -3.17%
Machinery equipments	Average method of useful life	2—10 years	1% -5%	47.50% -9.50%
Transportation vehicle	Average method of useful life	5—10 years	1% -5%	19.00% -9.50%
Electronic equipment	Average method of useful life	2—8 years	1% -5%	47.50% -11.88%

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

25. Construction in Progress

1. Pricing of Construction in Progress

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

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

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

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

3. Provision for Impairment of Construction in Progress Please refer to Note 31 Impairment of Long-term Assets, for details of impairment test methods and impairment provision methods of construction in progress.

26. Borrowing Costs

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

1. Principle of capitalization of borrowing costs

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

2. Capitalization period of borrowing costs

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

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

The borrowing costs shall cease to be capitalized when the purchased or produced assets that meet the conditions of capitalization meet the intended useable or sellable status. The borrowing costs incurred after the assets eligible

for capitalization meet the intended useable or sellable status can be included in the current profits and losses when incurred.

3. Calculation method of capitalized amount of borrowing costs

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

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

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

27. Living Assets

Not applicable

28. Oil and Gas Assets

Not applicable

29. Right-of-use Assets

On the start date of the lease term, the Company recognizes its right to use the leasehold property in the lease term as right-of-use assets, including: The initial measurement amount of the lease obligation; the lease payment paid on or before the start date of the lease term. If there is a lease incentive, the amount related to the lease incentive taken should be deducted. the initial direct cost incurred by the lessee; the estimated cost that the lessee will use to pull down and remove the leasehold property, and restore the site of the leasehold property or restore the leasehold property to the state agreed in the lease clauses. Then, the Company will depreciate the right-of-use assets with the straight-line method. If it is reasonably certain that the ownership of the leasehold property will be obtained at the end of the lease term, the Company will depreciate the leasehold property over its remaining service life. If it is not reasonably certain that the ownership of the leasehold property will be obtained at the end of the lease term, the Company will depreciate the leased asset(s) over the lease term or the remaining service life, whichever is shorter. When the Company re-calculates the lease obligation using the present value (PV) of the changed lease payment and correspondingly adjusts the book value of the right-of-use assets, if the book value is already reduced to zero, yet the lease obligation still needs to be reduced further, the Company will include the remaining amount in the current profit or loss.

30. Intangible Assets

(1) Pricing Method, Useful Life and Impairment Test

1. Recognition Criteria of Intangible Assets

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

2. Initial Measurement of Intangible Assets

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

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

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

3. Subsequent Measurement of Intangible Assets

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

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

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

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

(2) Accounting Policy for Internal Research and Development Expenditures

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

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

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

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

31. Impairment of Long-term Assets

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

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

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

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

32. Long-term Prepaid Expense

Long-term prepaid expense refers to general expenses with the apportioned period over one year (one year

excluded) that have occurred but attributable to the current and future periods. Long-term deferred expense shall be amortized averagely within benefit period. In case of no benefit in the future accounting period, the amortized value of such project that fails to be amortized shall be transferred into the profits and losses of the current period. The amortization period of various expenses is as follows:

Item	Amortization Period
Expenditure on improvement of rented fixed assets	3-5 years
Fixed repair expenditure	5 years
Mould	3 years
Wrap-around boxes	2 years

33. Contract Liabilities

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

34. Payroll

(1) Accounting Treatment of Short-term Compensation

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

(2) Accounting Treatment of the Welfare after Demission

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

(3) Accounting Treatment of the Demission Welfare

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

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

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

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

35. Lease Liabilities

On the start date of the lease term, the Company recognizes the PV of the unpaid lease payment as a lease obligation, except for the short-term and low-value asset leases. It will regard the interest rate implicit in lease as the rate of discount, when calculating the PV of the lease payment. The incremental lending rate of the lessee will be deemed as the rate of discount, if the interest rate implicit in lease cannot be confirmed. The Company calculates the interest charge of the lease obligation in each period in the lease term at a fixed periodic interest rate and includes it in the current profit or loss, unless such interest charge is stipulated to be included in the underlying asset cost. Variable lease payments that are not included in the measurement of the lease obligation should be included in the current profit or loss when they are actually incurred, unless such payments are stipulated to be included in the underlying asset cost.

The Company will re-calculate the lease obligation using the PV of the changed lease payment, if the actual fixed payment, the estimated payable of the residual value of the guarantee, the index or rate used to confirm the lease payment, or the assessment result of the call option, the renewal option, or the termination option, or the actual exercise changes, after the start date of the lease term.

36. Provisions

1. Recognition of Provisions

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

performance of the obligation; and ③ The amount of the obligation can be measured in a reliable way

2. Measurement of Provisions

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

37. Share-based Payment

Not applicable

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

Not applicable

39. Revenue

The Accounting Policy Adopted for Recognition and Measurement of Revenue

1. Accounting policies adopted in revenue recognition and measurement

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

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

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

between the transaction price and the contract consideration during the contract period.

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

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

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

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

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

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

2. Specific methods

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

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

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

40. Government Subsidies

1. Category of Government Subsidies

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

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

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

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

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

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

3. Measurement of Government Subsidies

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

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

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

4. Accounting Treatment for Government Subsidies

The Company adopts the gross method to confirm government subsidies.

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

Government subsidies related to income shall be treated as follows:

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

(2) government subsidies used to compensate the relevant costs, expenses or losses incurred by the Company shall be directly included in the current profits and losses (subsidies related to the daily activities of the Company are included in other income; while subsidies unrelated to the daily activities of the Company are included in non-operating income).

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

41. Deferred Income Tax Assets/Deferred Income Tax Liabilities

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

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

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

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

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

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

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

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

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

42. Lease

(1) Accounting Treatment of Operating Lease

As the lessee:

On the start date of the lease term, the Company deems the right-of-use assets and lease obligations of all the operating leases, except for the simplified short-term lease and low-value leases. See Note 29. Right-of-use Assets and 35. Lease Liabilities for the general accounting treatment of the Company as the lessee.

Lease change

A lease change refers to a change in the scope, consideration, and term of lease outside the original contract clauses, including the addition or termination of the one or several rights to use lease assets, and the extension or reduction of the lease term specified in the contract.

When the lease changes and the following conditions are met, the Company will regard the lease charge as a separate lease for accounting treatment:

- (1) The lease change expands the scope of lease through the increase of one or several rights to use the lease assets;
- (2) The increased consideration and the separate price of the expanded part of the scope of lease are the same, upon adjustment, according to the contract.

If the lease change is not deemed as a separate lease for accounting treatment, the Company will re-amortize the consideration of the changed contract, re-confirm the lease term, and re-calculate the PV of the lease obligation using the changed lease payment and the revised rate of discount, on the date when the lease change takes effect.

The Company will correspondingly reduce the book value of the right-of-use assets and include the profit or loss of the lease terminated in part or whole in the current profit or loss, if the lease change narrows the scope of lease or shortens the lease term. The Company will correspondingly adjust the book value of the right-of-use assets, if other lease changes result in the re-calculation of the lease obligation.

Short-term and low-value asset leases

The Company chooses not to confirm the right-of-use assets and lease obligations of the short-term and low-value asset leases, and include the relevant lease payment in each period in the lease term in the current profit or loss or the underlying asset cost on a straight-line basis. A short-term lease refers to the lease whose lease term does not exceed 12 months and that does not include the call option on the start date of the lease term. A low-value asset lease refers to the lease where the value will be low when the single lease asset is the new asset. For the leasehold property that is underleased or expected to be underleased, the original lease does not belong to low-value asset lease.

As the lessor:

The Company classifies lease into finance and operating leases on the start date of the lease term. A finance lease refers to the lease where almost all the risks and remuneration, related to the ownership of the leasehold property, is transferred, no matter whether the ownership is finally transferred or not. An operating lease refers to all leases other than finance leases.

The lease receivable of the operating lease in each period in the lease term is deemed as a rental on a straight-line basis. The Company capitalizes the initial direct cost related to the operating finance, amortize and include it in the current profit or loss on the basis same as the recognition of rentals in the lease term. Variable lease payments that are not included in the lease receivable are included in the current profit or loss when they are actually incurred. If an operating lease changes, the Company will regard it as a new lease for accounting treatment from

the effective date of the change. The advance receipt or the lease receivable related to the lease prior to the change is recognized as the payment receivable of the new lease.

(2) Accounting Treatments of Financial Lease

As the lessee:

For financing leased assets, on the beginning date of the lease term, the lower of the fair value of the leased asset and the present value of the minimum lease payment amount on the lease commencement date is taken as the recorded value of the leased asset, the minimum lease payment amount is regarded as the recorded value of long-term payables, and the difference is regarded as unrecognized financing expense, which is apportioned by the effective interest rate method in each period of the lease term. The contingent rentals are included in the profit or loss for the current period upon actual incurrence thereof.

As the lessor:

The Company confirms the finance lease receivable of the finance lease and finally confirms the finance leasehold property on the start date of the lease term. It recognizes the net investment in the lease as the entry value of the finance lease, when initially calculating the finance lease receivable. The net investment in the lease is the sum of the net value of the unguaranteed residual value and the lease receivable not received on the start date of the lease term at the interest rate implicit in lease. The Company calculates and confirms the interest income at a fixed periodic interest rate in each period in the lease term.

43. Other Significant Accounting Policies and Estimates

Naught

44. Changes in Main Accounting Policies and Estimates

(1) Change of Accounting Policies

Applicable Not applicable

Contents of and reasons for the changes to accounting policies	Approval procedure	Remarks
On December 7, 2018, the Ministry of Finance (MOF) issued the Notice on Revision and Issuance of the Accounting Standard for Business Enterprises No. 21: Lease (C.K. [2018] No. 45). According to the requirements of the Ministry of Finance, those enterprises that are listed both at home and abroad and those enterprises that are listed overseas and adopt the International Financial Reporting Standards or the Accounting Standards for Business Enterprises for preparation of financial statements should implement it from 1 January 2019; the other enterprises that adopt the Accounting Standards for Business Enterprises should implement it from 1	Deliberated and approved by the 16th meeting of the Nine Board of Directors of the company	See 44. Changes in important accounting policy and accounting estimates (3) for details about the influence of implementing the new lease standards on items of financial statements at period-beginning..

January 2021. The Company started to implement the new lease standards from 1 January 2021 and followed the relevant transitional requirements.		
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(2) Changes in Accounting Estimates

Applicable Not applicable

(3) Adjustments to the Financial Statements at the Beginning of the First Execution Year of any New Standards Governing Leases since 2021

Applicable Not applicable

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

Yes No

Consolidated Balance Sheet

Unit: RMB

Item	31 December 2020	1 January 2021	Adjusted
Current assets:			
Monetary assets	981,249,699.49	981,249,699.49	
Settlement reserve			
Interbank loans granted			
Held-for-trading financial assets	407,619,201.36	407,619,201.36	
Derivative financial assets			
Notes receivable	140,972,143.00	140,972,143.00	
Accounts receivable	1,134,233,235.70	1,134,233,235.70	
Accounts receivable financing			
Prepayments	11,994,745.05	11,994,745.05	
Premiums receivable			
Reinsurance receivables			
Receivable reinsurance contract reserve			
Other receivables	20,194,968.19	20,194,968.19	
Including: Interest receivable			
Dividends receivable			

Financial assets purchased under resale agreements			
Inventories	735,685,116.91	735,685,116.91	
Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets	175,090,368.85	175,090,368.85	
Total current assets	3,607,039,478.55	3,607,039,478.55	
Non-current assets:			
Loans and advances to customers			
Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments	181,365,016.32	181,365,016.32	
Investments in other equity instruments	3,305,501,030.06	3,305,501,030.06	
Other non-current financial assets			
Investment property			
Fixed assets	685,707,548.55	685,707,548.55	
Construction in progress	503,941,120.31	503,941,120.31	
Productive living assets			
Oil and gas assets			
Right-of-use assets		3,943,088.30	3,943,088.30
Intangible assets	170,693,873.30	170,693,873.30	
Development costs			
Goodwill			
Long-term prepaid expense	13,411,226.23	13,411,226.23	
Deferred income tax assets	40,253,777.17	40,253,777.17	
Other non-current assets	11,423,843.62	11,423,843.62	

Total non-current assets	4,912,297,435.56	4,916,240,523.86	3,943,088.30
Total assets	8,519,336,914.11	8,523,280,002.41	3,943,088.30
Current liabilities:			
Short-term borrowings			
Borrowings from the central bank			
Interbank loans obtained			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	480,971,214.80	480,971,214.80	
Accounts payable	1,059,674,020.99	1,059,674,020.99	
Advances from customers	1,285,357.28	1,285,357.28	
Contract liabilities	65,777,726.45	65,777,726.45	
Financial assets sold under repurchase agreements			
Customer deposits and interbank deposits			
Payables for acting trading of securities			
Payables for underwriting of securities			
Employee benefits payable	82,485,090.47	82,485,090.47	
Taxes payable	18,876,657.51	18,876,657.51	
Other payables	76,668,330.66	76,668,330.66	
Including: Interest payable			
Dividends payable			
Handling charges and commissions payable			
Reinsurance payables			
Liabilities directly associated with assets held for sale			
Current portion of		1,750,282.11	1,750,282.11

non-current liabilities			
Other current liabilities	5,503,702.07	5,503,702.07	
Total current liabilities	1,791,242,100.23	1,792,992,382.34	1,750,282.11
Non-current liabilities:			
Insurance contract reserve			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		2,192,806.19	2,192,806.19
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred income tax liabilities	414,670,609.97	414,670,609.97	
Other non-current liabilities	1,244,064.84	1,244,064.84	
Total non-current liabilities	415,914,674.81	418,107,481.00	2,192,806.19
Total liabilities	2,207,156,775.04	2,211,099,863.34	3,943,088.30
Owners' equity:			
Share capital	1,399,346,154.00	1,399,346,154.00	
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserves	15,157,514.90	15,157,514.90	
Less: Treasury stock			
Other comprehensive income	2,349,388,533.61	2,349,388,533.61	
Specific reserve			
Surplus reserves	741,567,039.55	741,567,039.55	

General reserve			
Retained earnings	1,758,462,062.48	1,758,462,062.48	
Total equity attributable to owners of the Company as the parent	6,263,921,304.54	6,263,921,304.54	
Non-controlling interests	48,258,834.53	48,258,834.53	
Total owners' equity	6,312,180,139.07	6,312,180,139.07	
Total liabilities and owners' equity	8,519,336,914.11	8,523,280,002.41	3,943,088.30

Balance Sheet of the Company as the Parent

Unit: RMB

Item	31 December 2020	1 January 2021	Adjusted
Current assets:			
Monetary assets	896,261,882.77	896,261,882.77	
Held-for-trading financial assets	407,619,201.36	407,619,201.36	
Derivative financial assets			
Notes receivable	137,477,199.21	137,477,199.21	
Accounts receivable	1,030,713,074.22	1,030,713,074.22	
Accounts receivable financing			
Prepayments	9,581,302.45	9,581,302.45	
Other receivables	462,284,585.09	462,284,585.09	
Including: Interest receivable			
Dividends receivable			
Inventories	615,106,650.81	615,106,650.81	
Contract assets			
Assets held for sale			
Current portion of non-current assets			
Other current assets	139,275,518.71	139,275,518.71	
Total current assets	3,698,319,414.62	3,698,319,414.62	
Non-current assets:			

Investments in debt obligations			
Investments in other debt obligations			
Long-term receivables			
Long-term equity investments	536,949,311.73	536,949,311.73	
Investments in other equity instruments	3,305,501,030.06	3,305,501,030.06	
Other non-current financial assets			
Investment property			
Fixed assets	628,174,755.88	628,174,755.88	
Construction in progress	54,652,119.14	54,652,119.14	
Productive living assets			
Oil and gas assets			
Right-of-use assets		3,943,088.30	3,943,088.30
Intangible assets	122,391,701.60	122,391,701.60	
Development costs			
Goodwill			
Long-term prepaid expense	11,651,100.48	11,651,100.48	
Deferred income tax assets	31,403,727.94	31,403,727.94	
Other non-current assets	7,548,885.47	7,548,885.47	
Total non-current assets	4,698,272,632.30	4,702,215,720.60	3,943,088.30
Total assets	8,396,592,046.92	8,400,535,135.22	3,943,088.30
Current liabilities:			
Short-term borrowings			
Held-for-trading financial liabilities			
Derivative financial liabilities			
Notes payable	484,230,566.21	484,230,566.21	
Accounts payable	1,108,208,382.75	1,108,208,382.75	
Advances from customers			
Contract liabilities	53,572,800.70	53,572,800.70	

Employee benefits payable	62,075,512.08	62,075,512.08	
Taxes payable	7,819,839.48	7,819,839.48	
Other payables	171,916,835.73	171,916,835.73	
Including: Interest payable			
Dividends payable			
Liabilities directly associated with assets held for sale			
Current portion of non-current liabilities		1,750,282.11	1,750,282.11
Other current liabilities	4,483,279.11	4,483,279.11	
Total current liabilities	1,892,307,216.06	1,894,057,498.17	1,750,282.11
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		2,192,806.19	2,192,806.19
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred income tax liabilities	414,670,609.97	414,670,609.97	
Other non-current liabilities			
Total non-current liabilities	414,670,609.97	416,863,416.16	2,192,806.19
Total liabilities	2,306,977,826.03	2,310,920,914.33	3,943,088.30
Owners' equity:			
Share capital	1,399,346,154.00	1,399,346,154.00	
Other equity instruments			

Including: Preferred shares			
Perpetual bonds			
Capital reserves	7,426,635.62	7,426,635.62	
Less: Treasury stock			
Other comprehensive income	2,349,389,658.23	2,349,389,658.23	
Specific reserve			
Surplus reserves	741,567,039.55	741,567,039.55	
Retained earnings	1,591,884,733.49	1,591,884,733.49	
Total owners' equity	6,089,614,220.89	6,089,614,220.89	
Total liabilities and owners' equity	8,396,592,046.92	8,400,535,135.22	3,943,088.30

(4) Retroactive Adjustments to Comparative Data of Prior Years when First Execution of any New Standards Governing Leases since 2021

Applicable Not applicable

45. Other

Naught

46. Fair value measurement

1. Scope of assets and liabilities measured by fair value:

The assets and liabilities of the Company measured by fair value include: Tradable financial assets and investments in other equity instruments.

2. The alternative valuation techniques include: Market approach, income approach and cost approach.

3. Initial measurement of fair value

Fair value refers to the price that market participants can receive from selling an asset or pay for transferring a liability in an orderly trading on the measurement date, that is, the exit price.

According to the nature of the trading and the characteristics of related assets or liabilities, the Company shall judge whether the fair value at the time of initial recognition is equal to the trading price. Generally, the fair value is equal to the trading price except for the following circumstances:

(1) The trading takes place between related parties. However, the Company has evidence that the related party trading was conducted under market conditions.

(2) Trading is forced.

(3) The unit of measurement represented by the trading price is different from the unit of measurement of related assets or liabilities measured at fair value.

(4) The trading market is not the principal market (or the most advantageous market) for the related assets or

liabilities.

Unless otherwise specified, if the trading price is not equal to the fair value, the difference shall be included in the profits and losses of the current period.

47. Other Comprehensive Income

Other comprehensive earnings refer to various gains and losses that are not recognized in the current profits and losses according to the Accounting Standard for Business Enterprises. It is presented in the following two categories:

1. Other comprehensive earnings that cannot be reclassified into profits and losses in future accounting periods mainly include the changes caused by re-measuring the net liabilities or net assets of the set income plan, the share of other comprehensive earnings that cannot be reclassified into profit and loss in the future accounting period of the invested entity calculated by the equity method, the changes in the fair value of other equity instruments investment, and the changes in the fair value of the enterprise's own credit risk.
2. Other comprehensive earnings that will be reclassified into profits and losses when the prescribed conditions are met in future periods mainly include the share of other comprehensive earnings reclassified into profit and loss when the prescribed conditions are met in the future accounting period of the investee calculated according to the equity method, the changes in fair value of other creditor's rights investments, the reclassification of financial assets into other comprehensive earnings, the provision for credit impairment of other creditor's rights investments, the gains or losses arising from cash flow hedging instruments that belong to effective hedging, and the translation differences in foreign currency financial statements, etc.

48. Profit Distribution Method

The profits of the Company are distributed in the following order according to the Articles of Association:

1. To make up for the losses of previous years;
2. To withdraw the statutory surplus reserve, which may not be withdrawn when the accumulated withdrawal amount exceeds 50% of the registered capital;
3. To withdraw any provident fund after the resolution of the Shareholders' General Meeting;
4. The remaining profits shall be distributed according to the resolutions of the Shareholders withdrawal amount

VI. Taxes

1. Main Taxes and Tax Rates

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

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

Name	Income tax rate
The Company, Zhida Company, Chanchang Company, Nanning Liaowang, Chongqing Guinuo, Liuzhou Lighting, Liuzhou Foreshine	15%
FSL Lighting GmbH	15%
Indonesia Liaowang	10%
Other subsidiaries	25%

2. Tax Preference

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

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

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

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

5. According to the letter (LFGH Zi [2020] No. 196) issued by Liuzhou Development and Reform Commission on 17 August 2020, Liuzhou Guige Photoelectric is determined to be in line with the encouraged industries in the western region, and the enterprise income tax will be paid at a reduced rate of 15% from 1 January 2020.

6. According to the letter (GKGH [2021] No. 237) jointly issued by the Science and Technology Department of Guangxi Zhuang Autonomous Region, Finance Department of Guangxi Zhuang Autonomous Region and Guangxi Zhuang Autonomous Region Tax Service, State Taxation Administration on 30 November 2021, Liuzhou Guige Fuxuan is recognized as a high-tech enterprise (the certificate has not been obtained yet), and the preferential tax rate of income tax for high-tech enterprises is 15%.

3. Other

Pay in accordance with the relevant provisions of the tax law

VII. Notes to Main Items of Consolidated Financial Statements

1. Monetary Assets

Unit: RMB

Item	Ending balance	Beginning balance
Cash on hand	16,733.10	14,800.25
Bank deposits	1,053,051,643.16	883,112,636.02
Other monetary assets(Note 1)	330,829,702.26	96,541,013.22
Unexpired interest(Note 2)	320,465.75	1,581,250.00
Total	1,384,218,544.27	981,249,699.49
Of which: Total amount deposited overseas	26,786,097.33	1,127,886.79

Other notes

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

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

2. Trading Financial Assets

Unit: RMB

Item	Ending balance	Beginning balance
Financial assets at fair value through profit or loss	328,248,125.61	407,619,201.36
Including:		
Debt instrument investments		
Equity instrument investments	1,558,778.18	
Wealth management products	322,422,447.43	401,286,301.36
Others	4,266,900.00	6,332,900.00
Including:		
Total	328,248,125.61	407,619,201.36

3. Derivative Financial Assets

Naught

4. Notes Receivable

(1) Notes Receivable Listed by Category

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	594,208,093.58	140,972,143.00
Total	594,208,093.58	140,972,143.00

Note: The ending balance of notes receivable increased by 321.51% to RMB453,235,950.58 compared with the beginning of the period, which was mainly due to the combination of Nanning Liaowang not under the same control of RMB517,137,558.88 in the current period.

Note:

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

Applicable Not applicable

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

Naught

(3) Notes Receivable Pledged at the Period-end

Unit: RMB

Item	Amount pledged at the period-end
Bank acceptance bill	275,626,604.28
Total	275,626,604.28

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

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not recognition termination at the period-end
Bank acceptance bill	431,082,830.83	
Total	431,082,830.83	

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

Naught

(6) The Actual Write-off Notes Receivable

Naught

5. Accounts Receivable**(1) Accounts Receivable Disclosed by Category**

Unit: RMB

Category	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable withdrawn bad debt provision separately	26,084,522.39	1.68%	23,840,356.97	91.40%	2,244,165.42	15,257,662.85	1.27%	9,569,331.99	62.72%	5,688,330.86
Of which:										
Accounts receivable withdrawn bad debt provision by group	1,523,452,180.67	98.32%	72,968,069.61	4.79%	1,450,484,111.06	1,185,342,187.03	98.73%	56,797,282.19	4.79%	1,128,544,904.84
Of which:										
(1) General business portfolio	1,523,452,180.67	98.32%	72,968,069.61	4.79%	1,450,484,111.06	1,185,342,187.03	98.73%	56,797,282.19	4.79%	1,128,544,904.84
(2) Internal business portfolio										
Total	1,549,536,703.06	100.00%	96,808,426.58	6.25%	1,452,728,276.48	1,200,599,849.88	100.00%	66,366,614.18	5.53%	1,134,233,235.70

Note: The ending balance of accounts receivable increased by 28.08% to RMB318,495,040.78 compared with the beginning of the period, which was mainly due to the combination of Nanning Liaowang not under the same control in the current period. On the purchase date, the book balance of accounts receivable of Nanning Liaowang was RMB261,213,859.26, and the expected credit loss balance was RMB27,802,323.36.

Individual withdrawal of bad debt provision:

Unit: RMB

Name	Ending balance
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	Carrying amount	Bad debt provision	Withdrawal proportion	Withdrawal reason
Customer A	11,220,827.14	8,976,661.72	80.00%	Involved in the lawsuit, the Company won the lawsuit in the second instance, which had not yet executed completely
Customer B	9,111,336.51	9,111,336.51	100.00%	Existing pending litigation matters
Customer C	4,702,051.28	4,702,051.28	100.00%	Existing pending litigation matters
Customer D	526,858.54	526,858.54	100.00%	Existing pending litigation matters
Customer E	523,448.92	523,448.92	100.00%	The customer had executed bankruptcy liquidation in December 2020, thus the accounts were unrecoverable.
Total	26,084,522.39	23,840,356.97	--	--

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Credit risk group	1,523,452,180.67	72,968,069.61	4.79%
Total	1,523,452,180.67	72,968,069.61	--

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

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	1,417,722,342.04
1 to 2 years	62,047,044.50
2 to 3 years	22,972,772.35
Over 3 years	46,794,544.17
3 to 4 years	24,800,747.87
4 to 5 years	12,031,839.07
Over 5 years	9,961,957.23

Total	1,549,536,703.06
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(2) Bad Debt Provision Withdrawn, Reversed or Collected during the Reporting Period

The amount of expected credit loss accrued in the current period is RMB4,202,667.10, and the amount of expected credit loss recovered or reversed in the current period is RMB0.00, which is RMB98.71 different from the amount of credit impairment loss accrued in the current period of RMB4,202,568.39, which is caused by the translation difference of foreign currency statement of Indonesia Liaowang at the end of the period.

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

Unit: RMB

Item	Amount
No. 1	1,036,835.71
No. 2	247,740.00
No. 3	117,554.16
No. 4	86,000.00
No. 5	40,908.20
No. 6	23,972.28
No. 7	10,000.00
Other retails accounts	167.71

Of which, verification of significant accounts receivable:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
No. 1	Payment for goods	1,036,835.71	After litigation and compulsory execution, the other party has no enforceable property	The approval procedure is carried out according to the Company's rules for managing bad debt.	Not
No. 2	Payment for goods	247,740.00	Unrecoverable	The approval procedure is carried out according to the Company's rules for managing bad debt.	Not
No. 3	Payment for goods	117,554.16	Unrecoverable	The approval procedure is carried	Yes

				out according to the Company's rules for managing bad debt.	
Total	--	1,402,129.87	--	--	--

Note:

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

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

Unit: RMB

Name of units	Ending balance of accounts receivable	Proportion to total ending balance of accounts receivable (%)	Ending balance of bad debt provision
No. 1	166,366,875.25	10.74%	4,991,006.26
No. 2	131,241,873.99	8.47%	3,937,256.22
No. 3	89,015,269.51	5.74%	2,670,458.09
No. 4	52,487,287.78	3.39%	1,574,618.63
No. 5	26,525,457.91	1.71%	795,763.74
Total	465,636,764.44	30.05%	

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

Naught

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

Naught

6. Accounts Receivable Financing

Naught

7. Prepayment

(1) Listed by Aging

Unit: RMB

Aging	Ending balance		Beginning balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	14,144,142.09	70.30%	9,193,885.82	76.65%

1 to 2 years	3,949,733.77	19.63%	355,870.31	2.97%
2 to 3 years	231,355.67	1.15%	1,081,261.45	9.01%
Over 3 years	1,794,725.49	8.92%	1,363,727.47	11.37%
Total	20,119,957.02	--	11,994,745.05	--

Note: The ending balance of prepayments increased by 67.74% to RMB8,125,211.97 compared with the beginning of the period, which was mainly due to the combination of Nanning Liaowang not under the same control in the current period.

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

Unit: RMB

Name of units	Relationship with the Company	Ending balance	Proportion to total prepayments (%)	Prepayment time
No. 1	Non-related party	2,456,719.58	12.21%	2020-2021
No. 2	Non-related party	1,482,752.68	7.37%	2021
No. 3	Non-related party	1,327,340.00	6.60%	2021
No. 4	Non-related party	1,281,260.12	6.37%	2021
No. 5	Non-related party	1,250,000.00	6.21%	2021
Total		7,798,072.38	38.76%	

8. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	34,082,909.41	20,194,968.19
Total	34,082,909.41	20,194,968.19

(1) Interest Receivable

Naught

(2) Dividends Receivable

Naught

(3) Other Receivables

1) Other Receivables Classified by Account Nature

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Staff borrow and petty cash	4,018,439.87	7,866,311.07
Performance bond	9,165,300.58	4,166,580.10
Rent, water & electricity fees	2,564,557.87	3,389,778.15
VAT export tax refunds	4,674,335.06	195,141.85
Other	22,642,922.70	7,020,439.45
Total	43,065,556.08	22,638,250.62

Note: The ending balance of other receivables increased by 68.77% to RMB13,887,941.22 compared with the beginning of the period, which was mainly due to the combination of Nanning Liaowang not under the same control in the current period. the book balance of other receivables of Nanning Liaowang was RMB28,872,830.21, and the expected credit loss balance was RMB6,349,173.76.

2) Information of Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2021	499,462.41	1,943,820.02		2,443,282.43
Balance of 1 January 2021 in the Current Period	—	—	—	—
Withdrawal of the Current Period	-1,297,178.88	1,487,369.36		190,190.48
Other changes (note)	1,607,681.38	452,034.40	4,289,457.98	6,349,173.76
Balance of 31 December 2021	809,964.91	3,883,223.78	4,289,457.98	8,982,646.67

Note: It is the expected credit loss balance of other receivables of Nanning Liaowang on the purchase date, of which the third stage is the current accounts involved in litigation, and Nanning Liaowang has fully accrued the expected credit loss.

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

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	26,998,830.90

1 to 2 years	9,016,668.21
2 to 3 years	4,127,817.63
Over 3 years	2,922,239.34
3 to 4 years	1,004,374.23
4 to 5 years	1,239,473.81
Over 5 years	678,391.30
Total	43,065,556.08

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

The amount of expected credit loss accrued in the current period is RMB190,190.49, and the amount of expected credit loss recovered or reversed in the current period is RMB0.00, which is RMB325.92 different from the amount of credit impairment loss accrued in the current period of RMB189,864.57, which is caused by the translation difference of foreign currency statement of Indonesia Liaowang at the end of the period.

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

Naught

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

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables (%)	Ending balance of bad debt provision
No. 1	Intercourse accounts	7,060,000.00	Within 1 year	16.39%	211,800.00
No. 2	VAT export tax refunds	4,674,335.06	Within 1 year	10.85%	140,230.05
No. 3	Intercourse accounts	4,289,457.98	1-2 years	9.96%	4,289,457.98
No. 4	Social insurance	2,242,142.33	Within 1 year	5.21%	67,264.27
No. 5	Performance bond	1,946,000.00	2-3 years	4.52%	583,800.00
Total	--	20,211,935.37	--	46.93%	5,292,552.30

6) Accounts Receivable Involving Government Grants

Naught

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

Naught

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

Naught

9. Inventory

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

No

(1) Category of Inventory

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Falling price reserves of inventory or depreciation reserves of contract performance cost	Carrying value	Carrying amount	Falling price reserves of inventory or depreciation reserves of contract performance cost	Carrying value
Raw materials	247,709,680.24	5,172,760.57	242,536,919.67	177,234,228.73	2,901,800.45	174,332,428.28
Goods in process	66,382,820.07		66,382,820.07	40,969,288.80		40,969,288.80
Inventory goods	597,575,545.42	41,900,565.60	555,674,979.82	387,194,563.02	13,992,901.12	373,201,661.90
Goods in transit	93,671,492.20	3,530,794.31	90,140,697.89			
Semi-finished goods	100,723,505.66	377,760.65	100,345,745.01	145,960,270.11	1,013,387.91	144,946,882.20
Low priced and easily worn articles	3,231,115.87		3,231,115.87	2,234,855.73		2,234,855.73
Others	5,177,062.67		5,177,062.67			
Total	1,114,471,222.13	50,981,881.13	1,063,489,341.00	753,593,206.39	17,908,089.48	735,685,116.91

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

Unit: RMB

Item	Beginning balance	Increase		Decrease		Ending balance
		Withdrawal	Other (note)	Reversal or write-off	Other	
Raw materials	2,901,800.45	2,974,237.10	1,105,571.99	1,808,848.97		5,172,760.57

Inventory goods	13,992,901.12	27,507,871.77	11,399,695.96	10,999,903.25		41,900,565.60
Semi-finished goods	1,013,387.91	409,446.80		1,045,074.06		377,760.65
Goods in transit		191,990.59	3,491,750.59	152,946.87		3,530,794.31
Others			1,899,338.66	1,899,338.66		
Total	17,908,089.48	31,083,546.26	17,896,357.20	15,906,111.81		50,981,881.13

Note: refer to the increase generated from the consolidation of Nanning Liaowang not under the same control in the Reporting Period.

Item	Basis for withdrawal of falling price reserves of inventory	Reasons for reversal or write-off of falling price reserves of inventory	Note
Raw materials	The lower one between the inventory cost and net realizable value	Sales or scrap of raw materials	
Inventory goods	The lower one between the inventory cost and net realizable value	Sales or scrap of products	
Goods in transit	The lower one between the inventory cost and net realizable value	Sales or scrap of products	

Reasons for the provision for inventory depreciation: Provisions are set for the stagnancy of a few raw materials; some inventory products become temporarily idle due to classification.

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

Naught

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

Naught

10. Contract Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Contract assets	8,826,085.67	264,782.57	8,561,303.10			
Total	8,826,085.67	264,782.57	8,561,303.10			

11. Held-for-Sale Assets

Unit: RMB

Item	Ending carrying amount	Depreciation reserves	Ending carrying value	Fair value	Estimated disposal expense	Estimated disposal time
Houses, buildings and land involved in expropriation	23,831,992.10		23,831,992.10	183,855,895.00	55,718,333.95	31 December 2022
Total	23,831,992.10		23,831,992.10	183,855,895.00	55,718,333.95	--

Other notes:

Note: For details, see Note 20 "Demolition Matters of Nanjing Fozhao". The estimated disposal costs include employee resettlement fees, compensation for the termination of the original tenant's contract, and taxes related to the proceeds of demolition.

12. Current Portion of Non-current Assets

Naught

13. Other Current Assets

Unit: RMB

Item	Ending balance	Beginning balance
Large bank deposit certificate (note)		90,417,315.07
Input tax of VAT to be certified and deducted	84,065,408.31	84,673,053.78
Advance payment of enterprise income tax	1,573,600.91	
Others	54,979.52	
Total	85,693,988.74	175,090,368.85

Other notes;

Bank deposit receipts of large amounts with a maturity of over three months which were transferable but not redeemable until maturity.

14. Creditor's Rights Investment

Naught

15. Other Creditor's Rights Investment

Naught

16. Long-term Accounts Receivable

Naught

17. Long-term Equity Investment

Unit: RMB

Investees	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserves
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint ventures											
II. Associated enterprises											
Shenzhen Primatronix (Nanho) Electronics Ltd.	181,365,016.32			2,260,497.27			2,080,390.50			181,545,123.09	
Subtotal	181,365,016.32			2,260,497.27			2,080,390.50			181,545,123.09	
Total	181,365,016.32			2,260,497.27			2,080,390.50			181,545,123.09	

18. Other Equity Instrument Investment

Unit: RMB

Item	Ending balance	Beginning balance
Non-listed equity investment	500,000.00	5,054,176.40
Listed equity investment	1,474,360,785.15	3,300,446,853.66
Total	1,474,860,785.15	3,305,501,030.06

Disclosure of non-trading equity instrument investment by items

Unit: RMB

Item	Dividend income recognized	Accumulative gains	Accumulative losses	Amount of other comprehensive income transferred to retained earnings	Reason for assigning to measure in fair value and the changes included in other	Reason for other comprehensive income transferred to retained earnings

					comprehensive income	
Stock of Xiamen Bank	19,748,551.68	353,361,994.91		93,217,030.86	Not satisfied with the condition of trading equity instrument	Sale of shareholdings
Stock of Gotion High-tech		803,565,100.63		903,146,499.85	Not satisfied with the condition of trading equity instrument	Sale of shareholdings
Stock of Everbright Bank	3,894,818.34			33,804,550.70	Not satisfied with the condition of trading equity instrument	Sale of shareholdings
Stock of Nationstar Optoelectronics		1,538,511.32			Not satisfied with the condition of trading equity instrument	
Foshan Fochan Highway Development Co., Ltd.				10,875,167.71	Not satisfied with the condition of trading equity instrument	Sale of shareholdings

Other notes:

Note: The ending balance of other equity instrument investment was RMB-1,830,640,244.91, decreasing by 55.38%, which was caused by sales of some stocks in the current period.

19. Other Non-current Financial Assets

Naught

20. Investment Property

(1) Investment Property Adopting the Cost Measurement Mode

Applicable Not applicable

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original carrying value				
1. Beginning balance				
2. Increased amount of the period	49,792,377.90			49,792,377.90

(1) Outsourcing				
(2) Transfer from inventories/fixed assets/construction in progress	49,792,377.90			49,792,377.90
(3) Enterprise combination increase				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	49,792,377.90			49,792,377.90
II. Accumulative depreciation and accumulative amortization				
1. Beginning balance				
2. Increased amount of the period	6,444,553.56			6,444,553.56
(1) Withdrawal or amortization	591,284.49			591,284.49
(2) Transfer from inventories/fixed assets/construction in progress (note)	5,853,269.07			5,853,269.07
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance	6,444,553.56			6,444,553.56
III. Depreciation reserves				
1. Beginning balance				
2. Increased amount of the period				
(1) Withdrawal				

3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Ending balance				
IV. Carrying value				
1. Ending carrying value	43,347,824.34			43,347,824.34
2. Beginning carrying value				

(2) Investment Property Adopting the Fair Value Measurement Mode

Applicable Not applicable

(3) Investment Property Failed to Accomplish Certification of Property

Other notes

In October 2021, the Company held the 20th meeting of the ninth Board of Directors, where the Proposal on Changing Some Self-used Real Estate into Investment Real Estate and Measuring by Cost Model was deliberated and adopted, and the K2 and K3 buildings of Gaoming Fuwan Standard Workshop were changed from fixed assets projects to investment real estate projects, measured by cost model, and depreciation was accrued by the same method as fixed assets.

21. Fixed Assets

Unit: RMB

Item	Ending balance	Beginning balance
Fixed assets	1,323,076,326.60	685,707,548.55
Disposal of fixed assets		
Total	1,323,076,326.60	685,707,548.55

(1) List of Fixed Assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Total

I. Original carrying value					
1. Beginning balance	949,016,860.88	758,424,898.71	21,812,402.45	31,973,759.69	1,761,227,921.73
2. Increased amount of the period	555,809,608.91	496,874,274.30	17,554,115.68	11,649,527.67	1,081,887,526.56
(1) Purchase	1,607,505.81	70,262,183.04	1,120,502.82	3,528,254.56	76,518,446.23
(2) Transfer from construction in progress	1,241,854.38	28,794,297.61		20,088.49	30,056,240.48
(3) Enterprise combination increase	552,954,860.11	397,812,688.27	16,433,247.05	8,101,171.12	975,301,966.55
(4) Others (note)	5,388.61	5,105.38	365.81	13.50	10,873.30
3. Decreased amount of the period	189,692,181.66	17,760,021.13	2,924,011.24	486,326.24	210,862,540.27
(1) Disposal or scrap	119,223,121.12	17,388,683.55	2,697,365.24	388,960.36	139,698,130.27
(2) Equipment transformation					
(3) Transfer into investment property	49,792,377.90				49,792,377.90
(4) Others (note)	20,676,682.64	371,337.58	226,646.00	97,365.88	21,372,032.10
4. Ending balance	1,315,134,288.13	1,237,539,151.88	36,442,506.89	43,136,961.12	2,632,252,908.02
II. Accumulative depreciation					
1. Beginning balance	485,466,988.27	544,961,514.42	16,641,194.44	26,409,762.43	1,073,479,459.56
2. Increased amount of the period	149,848,278.22	213,102,232.90	12,237,551.66	6,403,908.90	381,591,971.68
(1) Withdrawal	38,269,817.31	61,555,839.99	2,296,408.80	2,038,449.30	104,160,515.40
(2) Enterprise combination increase	111,577,060.55	151,543,552.88	9,940,676.08	4,365,442.15	277,426,731.66
(3) Others	1,400.36	2,840.03	466.78	17.45	4,724.62
3. Decreased amount of the period	131,254,902.80	13,348,260.01	2,697,430.50	410,475.65	147,711,068.96

(1) Disposal or scrap	111,285,269.26	13,039,992.46	2,493,449.10	351,709.23	127,170,420.05
(2) Equipment transformation					
(3) Transfer into investment property	5,853,269.07				5,853,269.07
(4) Others (note)	14,116,364.47	308,267.55	203,981.40	58,766.42	14,687,379.84
4. Ending balance	504,060,363.69	744,715,487.31	26,181,315.60	32,403,195.68	1,307,360,362.28
III. Depreciation reserves					
1. Beginning balance		2,040,485.59		428.03	2,040,913.62
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period		224,694.48			224,694.48
(1) Disposal or scrap		224,694.48			224,694.48
(2) Equipment transformation					
4. Ending balance		1,815,791.11		428.03	1,816,219.14
IV. Carrying value					
1. Ending carrying value	811,073,924.44	491,007,873.46	10,261,191.29	10,733,337.41	1,323,076,326.60
2. Beginning carrying value	463,549,872.61	211,422,898.70	5,171,208.01	5,563,569.23	685,707,548.55

Note: Other assets such as houses and buildings involved in demolition of Nanjing Fozhao have been transferred to assets held for sale.

(2) List of Temporarily Idle Fixed Assets

Unit: RMB

Item	Original carrying value	Accumulated depreciation	Depreciation reserves	Carrying value	Note
T5, T8,	7,270,900.82	5,675,051.55	1,536,308.44	59,540.83	

energy-saving lamp production line					
Total	7,270,900.82	5,675,051.55	1,536,308.44	59,540.83	

(3) Fixed Assets Leased out by Operation Lease

Naught

(4) Fixed Assets Failed to Accomplish Certification of Property

Other notes

The Company's Fuwan Standard Workshop J3, Fuwan Standard Workshop K1, Building 8 of Gaoming Family Dormitory, Fuwan Staff Dormitory Building 7, Family Dormitory Building 3 to 6, Staff Village Dormitory Building A, Staff Village Dormitory Building 2, 3, 5, 6, 10 to 13, Staff Dormitory Building 1 to 4, Fuwan Energy Saving Lamp Workshop 2, Glass Workshop 8, Glass Workshop 9, Fluorescent Lamp Workshop, Standard Workshop A and led Workshop have been completed and put into use and carried forward fixed assets. As of 31 December 2021, the relevant real estate licenses are being processed. In addition, the ownership of four parking spaces of Nanning Liaowang at No. 584 Zhenghe City, No. 155 Kerui Jiangyun, No. 160 Kerui Jiangyun and No. 588 Zhenghe City, Liuzhou, are being processed. The management believed that there are no substantive legal barriers to the handling of these title certificates, and it will not have a significant adverse impact on the normal operation of the Company.

(5) Disposal of Fixed Assets

Naught

22. Construction in Progress

Unit: RMB

Item	Ending balance	Beginning balance
Construction in progress	730,595,319.42	503,941,120.31
Total	730,595,319.42	503,941,120.31

(1) List of Construction in Progress

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserves	Carrying value	Carrying amount	Depreciation reserves	Carrying value
Construction in progress	731,914,119.42	1,318,800.00	730,595,319.42	503,941,120.31		503,941,120.31
Total	731,914,119.42	1,318,800.00	730,595,319.42	503,941,120.31		503,941,120.31

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

Unit: RMB

Item	Budget	Beginning balance	Increase amount	Transferred in fixed assets	Other decrease amount	Ending balance	Proportion of accumulative investment in constructions to budget	Job schedule	Accumulative amount of interest capitalization	Of which: amount of capitalized interests for the Reporting Period	Capitalization rate of interests for the Reporting Period	Capital resources
Kelian Building	726,738,900.00	448,595,364.96	52,999,487.08			501,594,852.04	77.99%	76.73%	36,640,953.02			Other
15th and 16th floors office buildings of R&F Center	115,752,763.00		106,195,222.94			106,195,222.94	100.00%	98.00%				Other
Gaoming R&D Workshop 11, 12, 13, 14 and 18	71,690,000.00	31,610,809.51	21,920,251.81			53,531,061.32	84.38%	87.00%				Other
FSL intelligent manufacturing factory project	89,680,000.00		23,808,849.57			23,808,849.57	30.00%	30.00%				Other
Gaoming office building	115,000,000.00	5,236,801.98	16,972,649.43			22,209,451.41	21.82%	10.00%				Other
Overhaul of Gaoming No. 8 tank furnace Work order: 20029 Gaoming tank furnace	10,890,000.00		6,242,799.53			6,242,799.53	64.78%	70.00%				Other
Chongqing Guinuo machinery and equipment	14,676,705.40		12,759,209.37	12,164,486.22		594,723.15	98.24%	94.14%				Other

nt batch												
Gaoming LED T8 workshop relocation	4,170,000.00		3,691,776.89		3,691,776.89		96.50%	100.00%				Other
Relocation and reconstruction project of general light bulb workshop (formerly T8 I)	6,542,600.00		5,903,254.16		5,903,254.16		98.35%	100.00%				Other
48 t electric furnace (18025) Gaoming tank furnace	11,650,000.00	4,721,119.09	4,643,527.44	9,364,646.53			90.83%	100.00%				Other
APS system project	2,990,000.00	877,679.42	1,919,114.72		2,796,794.14		100.00%	100.00%				Other
Upgrading and reconstruction project of Haolaite production workshop and office	2,800,000.00	1,024,809.18	466,385.92	1,491,195.10			60.18%	100.00%				Other
Relocation and reconstruction project of medium lamp workshop (original paper products)	1,877,280.00		1,590,898.68		1,590,898.68		95.76%	100.00%				Other
Self-made 1 fifth generation LEDT8 lamp automatic	2,000,000.00	1,011,239.59	686,583.35	1,697,822.94			95.93%	100.00%				Other

assembly line Work order: 20030 Gaoming LEDT8												
Total	1,176,458,248.40	493,077,823.73	259,800,010.89	24,718,150.79	13,982,723.87	714,176,959.96	--	--	36,640,953.02			--

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

Unit: RMB

Item	Amount withdrawn	Reason for withdrawal
Oxidation line engineering	1,318,800.00	Idleness
Total	1,318,800.00	--

(4) Engineering Materials

Naught

23. Productive Living Assets

Naught

24. Oil and Gas Assets

 Applicable Not applicable

25. Right-of-use Assets

Unit: RMB

Item	Houses and buildings	Land use right	Total
I. Original carrying value			
1. Beginning balance	851,453.04	28,139,965.65	28,991,418.69
2. Increased amount of the period	17,081,728.89		17,081,728.89
(1) Leased in	10,378,526.12		10,378,526.12
(2) Business combination increase	6,703,202.77		6,703,202.77
3. Decreased amount of the period	725,181.47	2,451,601.62	3,176,783.09
4. Ending balance	17,208,000.46	25,688,364.03	42,896,364.49

II. Accumulated amortization			
1. Beginning balance	14,234.11	25,034,096.28	25,048,330.39
2. Increased amount of the period	6,020,215.21	1,291,150.56	7,311,365.77
(1) Withdrawal	2,689,218.04	1,291,150.56	3,980,368.60
(2) Business combination increase	3,330,997.17		3,330,997.17
3. Decreased amount of the period	684,511.68	2,275,958.99	2,960,470.67
4. Ending balance	5,349,937.64	24,049,287.85	29,399,225.49
IV. Carrying value			
1. Ending carrying value	11,858,062.82	1,639,076.18	13,497,139.00
2. Beginning carrying value	837,218.93	3,105,869.37	3,943,088.30

26. Intangible Assets

(1) List of Intangible Assets

Unit: RMB

Item	Land use right	Patent	Non-patent technology	Software	Others (note 1)	Total
I. Original carrying value						
1. Beginning balance	232,199,092.68			4,597,419.45	7,622,600.00	244,419,112.13
2. Increased amount of the period	126,333,626.70	19,051.89		14,141,452.07	61,387.26	140,555,517.92
(1) Purchase	26,596,784.43			5,774,506.85	12,277.36	32,383,568.64
(2) Internal R&D						
(3) Business combination increase	99,736,842.27	19,051.89		8,366,945.22	49,109.90	108,171,949.28
3. Decreased amount of the period	24,594,710.00					24,594,710.00

(1) Disposal						
(2) Others (note 2)	24,594,710.00					24,594,710.00
4. Ending balance	333,938,009.38	19,051.89		18,738,871.52	7,683,987.26	360,379,920.05
II. Accumulated amortization						
1. Beginning balance	71,255,724.77			2,215,427.39	254,086.67	73,725,238.83
2. Increased amount of the period	17,810,980.47	1,428.93		3,414,683.43	812,392.88	22,039,485.71
(1) Withdrawal	5,720,423.15	793.85		1,261,650.26	767,375.56	7,750,242.82
(2) Business combination increase	12,090,557.32	635.08		2,153,033.17	45,017.32	14,289,242.89
3. Decreased amount of the period	7,447,370.16					7,447,370.16
(1) Disposal						
(2) Others (note 2)	7,447,370.16					7,447,370.16
4. Ending balance	81,619,335.08	1,428.93		5,630,110.82	1,066,479.55	88,317,354.38
III. Depreciation reserves						
1. Beginning balance						
2. Increased amount of the period				388,613.87		388,613.87
(1) Withdrawal				388,613.87		388,613.87
3. Decreased amount of the period						
(1) Disposal						

4. Ending balance				388,613.87		388,613.87
IV. Carrying value						
1. Ending carrying value	252,318,674.30	17,622.96		12,720,146.83	6,617,507.71	271,673,951.80
2. Beginning carrying value	160,943,367.91			2,381,992.06	7,368,513.33	170,693,873.30

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

(2) Land Use Right with Certificate of Title Uncompleted

Other notes:

Note 1: Intangible assets-others mainly include the marketing channels and human resources invested by Foshan Nationstar Optoelectronics Co., Ltd. (hereinafter referred to as "Nationstar") in Haolaite Company.

Note 2: Other reductions in intangible assets in the current period are the land involved in demolition in Nanjing Fozhao, which has been transferred to assets held for sale.

27. Development Costs

Naught

28. Goodwill

(1) Original Carrying Value of Goodwill

Unit: RMB

Name of the invested units or events generating goodwill	Beginning balance	Increase		Decrease		Ending balance
		Formed by business combination		Disposal		
Nanning Liaowang Auto Lamp Co., Ltd.		16,211,469.82				16,211,469.82
Total		16,211,469.82				16,211,469.82

Note: It is the difference between the combined consideration paid and the fair value of the identifiable net assets purchased (including the recognized deferred income tax liabilities).

(2) Depreciation Reserves of Goodwill

None

29. Long-term Prepaid Expense

Unit: RMB

Item	Beginning balance	Increased amount	Amortization amount of the period	Other decreased amount	Ending balance
Mould	879,096.86	123,131,220.31	36,882,355.13		87,127,962.04
Expense on maintenance and decoration	10,828,775.09	25,349,246.45	8,118,275.54		28,059,746.00
Boarding box		4,466,068.58	1,474,241.95	578.17	2,991,248.46
Other	1,703,354.28	9,119,292.30	3,762,663.03		7,059,983.55
Total	13,411,226.23	162,065,827.64	50,237,535.65	578.17	125,238,940.05

Other notes

Note: Due to the merger of Nanning Liaowang not under the same control in the current period, RMB94,182,937.64 of the increase in long-term deferred expenses in the current period is the amortized amount on the purchase day, mainly for automobile lamp manufacturing molds.

30. Deferred Income Tax Assets/Deferred Income Tax Liabilities

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

Unit: RMB

Item	Ending balance		Beginning balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Provision for impairment of assets	160,147,646.18	24,951,655.41	88,758,899.69	14,118,876.93
Unrealized profit of internal transactions	21,677,239.37	3,251,585.91	5,784,713.24	867,706.99
Undistributed deficit	36,016,962.39	7,312,677.73	20,735,316.21	5,183,829.06
Depreciation of fixed assets	63,273,361.51	9,491,004.25	71,106,985.78	10,810,152.06
Payroll payable	51,262,888.11	7,689,433.22	61,821,414.20	9,273,212.13

Accrued liabilities	7,671,948.69	1,150,792.30		
Others	1,625,953.13	364,138.46		
Total	341,675,999.38	54,211,287.28	248,207,329.12	40,253,777.17

Deferred income tax assets increased by 34.67% to RMB13,957,510.11 at the end of the period compared with the beginning of the period, which was mainly due to the combination of Nanning Liaowang not under the same control in the current period.

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

Unit: RMB

Item	Ending balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Assets assessment appreciation from business consolidation not under the same control	93,485,366.87	14,022,805.03		
Changes in fair value of financial assets recorded into other comprehensive income	1,152,615,606.86	172,892,341.03	2,758,137,833.20	413,720,674.97
Changes in fair value of held-for-trading financial assets	4,912,265.32	776,194.13	6,332,900.00	949,935.00
Total	1,251,013,239.05	187,691,340.19	2,764,470,733.20	414,670,609.97

Deferred income tax liabilities decreased by 54.74% at the end of the period to RMB-226,979,269.78 compared with the beginning of the period, which was mainly due to the Company's sale of some stocks in the current period and the corresponding accumulated fair value changes carried forward.

(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		54,211,287.28		40,253,777.17
Deferred income tax		187,691,340.19		414,670,609.97

liabilities				
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(4) List of Unrecognized Deferred Income Tax Assets

Naught

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

Naught

31. Other Non-current Assets

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Prepayments for equity acquisition (note)	455,129,434.98		455,129,434.98			
Prepayments for construction and equipment	14,219,171.65		14,219,171.65	10,401,758.47		10,401,758.47
Assets of subsidiaries to be cleared and cancelled	803,224.12		803,224.12	1,022,085.15		1,022,085.15
Total	470,151,830.75		470,151,830.75	11,423,843.62		11,423,843.62

Other notes: Refer to the prepayments for purchasing 30% of equity to former shareholders of NationStar Optoelectronics in accordance with the Share Transfer Agreement.

32. Short-term Borrowings

(1) Category of Short-term Borrowings

Unit: RMB

Item	Ending balance	Beginning balance
Guarantee loans	97,700,000.00	
Credit loans	128,914,000.00	
Interest from short-term borrowings	165,997.01	
Total	226,779,997.01	

Notes of short-term borrowings category:

List of short-term borrowings as of 31 December 2021 was as follows:

Unit: RMB

Borrowing contract number	Loan balance	Term of borrowing	Conditions of loan	Annual interest rate
GJKFYHWHLDZJDK4410202101100001595	63,757,000.00	2021-12-7 to 2022-12-7	Credit loans	1.2711%
GJKFYHWHLDZJDK4410202101100001595	63,757,000.00	2021-12-20 to 2022-12-20	Credit loans	1.3115%
XYGDMYBLJZ (2021) No. 1001	47,700,000.00	2021-2-1 to 2022-2-1	Guarantee, pledge	2.76%
XY WYZH2021012600174	10,000,000.00	2021-1-26 to 2022-1-26	Guarantee, pledge	2.97%
XYMYZH2021042100146	20,000,000.00	2021-4-21 to 2022-4-21	Guarantee, pledge	2.97%
XYMYZH2021042100164	20,000,000.00	2021-4-21 to 2022-4-21	Guarantee, pledge	2.97%
LZYHKJZHJK210418069785	1,400,000.00	2021-4-18 to 2022-4-18	Credit loans	4.90%
Total	226,614,000.00	—	—	—

Note: see Note XIV-(III) Others for details about guarantees of short-term borrowings.

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

Naught

33. Held-for-trading Financial Liabilities

Naught

34. Derivative Financial Liabilities

Naught

35. Notes Payable

Unit: RMB

Item	Ending balance	Beginning balance
Bank acceptance bill	826,164,918.71	480,971,214.80
Total	826,164,918.71	480,971,214.80

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

The ending balance of bills payable increased by 71.77% to RMB345,193,703.91 compared with the beginning of the period, which was mainly due to RMB353,248,472.44 arising from the combination of Nanning Liaowang not under the same control in the current period.

36. Accounts Payable

(1) List of Accounts Payable

Unit: RMB

Item	Ending balance	Beginning balance
Accounts payable	1,554,585,231.38	1,059,674,020.99
Total	1,554,585,231.38	1,059,674,020.99

The ending balance of accounts payable increased by 46.70% to RMB494,911,210.39 compared with the beginning of the period, which was mainly due to the combination of Nanning Liaowang not under the same control in the current period.

(2) Significant Accounts Payable Aging over One Year

Unit: RMB

Item	Ending balance	Unpaid/ Un-carry-over reason
Supplier A	50,857,480.81	Not reaching the settlement period
Supplier B	11,408,340.39	No settlement yet for quality dispute
Supplier C	5,937,450.99	No settlement yet for quality dispute
Supplier D	4,273,965.99	Not reaching the settlement period
Total	72,477,238.18	--

37. Advances from Customer

(1) List of Advances from Customers

Unit: RMB

Item	Ending balance	Beginning balance
Advances from customers	8,106,923.79	1,285,357.28
Total	8,106,923.79	1,285,357.28

(2) Significant Advances from Customers Aging over One Year

Naught

38. Contract Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Advances from customers	84,818,285.22	65,777,726.45

Total	84,818,285.22	65,777,726.45
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39. Employee Benefits Payable

(1) List of Employee Benefits Payable

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
I. Short-term salary	82,485,090.47	781,021,939.02	775,031,452.39	88,475,577.10
II. Post-employment benefit-defined contribution plans		56,718,237.36	56,267,925.26	450,312.10
III. Termination benefits		231,106.93	231,106.93	
Total	82,485,090.47	837,971,283.31	831,530,484.58	88,925,889.20

(2) List of Short-term Salary

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
1. Salary, bonus, allowance, subsidy	82,131,394.79	701,502,776.07	698,073,511.49	85,560,659.37
2. Employee welfare		32,127,911.04	31,335,455.09	792,455.95
3. Social insurance		25,647,623.95	25,169,757.60	477,866.35
Of which: Medical insurance premiums		19,980,988.36	19,575,936.99	405,051.37
Work-related injury insurance		1,305,393.14	1,236,876.17	68,516.97
Maternity insurance		4,361,242.45	4,356,944.44	4,298.01
4. Housing fund		15,028,878.11	14,865,923.40	162,954.71
5. Labor union budget and employee education budget	353,695.68	6,714,749.85	5,586,804.81	1,481,640.72
Total	82,485,090.47	781,021,939.02	775,031,452.39	88,475,577.10

(3) List of Defined Contribution Plans

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
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1. Basic pension benefits		55,513,044.63	55,077,515.01	435,529.62
2. Unemployment insurance		1,137,309.73	1,122,527.25	14,782.48
3. Annuity		67,883.00	67,883.00	
Total		56,718,237.36	56,267,925.26	450,312.10

Other notes:

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

(4) Termination Benefits

Item	Beginning balance	Increase	Decrease	Ending balance
1. Compensation for termination of labor relations		231,106.93	231,106.93	
2. Estimated internal staff expenditure				
Total		231,106.93	231,106.93	

40. Taxes Payable

Unit: RMB

Item	Ending balance	Beginning balance
VAT	12,999,526.19	7,470,456.34
Corporate income tax	54,088,937.37	6,753,904.80
Personal income tax	2,643,442.46	1,009,832.30
Urban maintenance and construction tax	2,060,219.96	1,174,681.01
VAT of land	6,392,510.40	414,132.63
Education surcharge	1,536,805.36	845,486.44
Property tax	821,836.12	315,798.24
Land use tax	545,215.31	187,752.00
Other	922,566.28	704,613.75
Total	82,011,059.45	18,876,657.51

41. Other Payables

Unit: RMB

Item	Ending balance	Beginning balance
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Dividends payable	15,646.07	
Other payables	298,795,466.66	76,668,330.66
Total	298,811,112.73	76,668,330.66

(1) Interest Payable

Naught

(2) Dividends Payable

Unit: RMB

Item	Ending balance	Beginning balance
Ordinary share dividends	15,646.07	
Total	15,646.07	

(3) Other Payables

1) Other Payables Listed by Nature

Unit: RMB

Item	Ending balance	Beginning balance
Account current	165,250,657.72	
Performance bond	51,177,605.86	42,365,111.53
Relevant expense of sales	5,853,486.17	3,143,336.62
Compensation for lawsuit		1,082,784.95
Payments for demolition	54,990,047.00	
Other	21,523,669.91	30,077,097.56
Total	298,795,466.66	76,668,330.66

2) Significant Other Payables Aging over One Year

Unit: RMB

Item	Ending balance	Reason for not repayment or carry-over
Unit A	120,352,181.20	Unsettled
Unit B	5,327,583.26	Unsettled for involving in lawsuits
Total	125,679,764.46	--

Other notes

The ending balance of other payables increased by 289.75% to RMB222,142,782.07 compared with the beginning of the period, which was mainly caused by the merger of Nanning Liaowang not under the same control in the current period and the compensation for

demolition received by Nanjing Fozhao in the current period.

42. Liabilities Held for sale

Naught

43. Current Portion of Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Current portion of long-term borrowings (note)	19,423,561.38	
Current portion of lease liabilities	7,855,712.16	1,750,282.11
Total	27,279,273.54	1,750,282.11

Note: Refer to the current portion of financing lease payments.

44. Other Current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Pending changerover output VAT	8,038,471.15	5,503,702.07
Total	8,038,471.15	5,503,702.07

45. Long-term Borrowings

Naught

46. Bonds Payable

Naught

47. Lease Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Lease liabilities	15,718,515.38	3,943,088.30
Less: current portion of lease liabilities	-7,855,712.16	-1,750,282.11
Total	7,862,803.22	2,192,806.19

Analysis on maturity date of lease liabilities

Item	Ending balance	Beginning balance
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1 to 2 years	2,780,281.78	1,552,519.37
3 to 5 years	4,095,243.05	640,286.82
Over 5 years	987,278.39	
Total	7,862,803.22	2,192,806.19

48. Long-term Payables

(1) Long-term Payables Listed by Nature

Unit: RMB

Item	Ending balance	Beginning balance
Principal and interest of financing lease borrowings (note)	19,423,561.38	
Less: Current portion of long-term payables	19,423,561.38	
Total	0.00	

Other notes:

Note: The ending balance is generated from the financial leasing business of Nanning Liaowang.

(2) Specific Payables

Naught

49. Long-term Employee Benefits Payable

Naught

50. Provisions

Unit: RMB

Item	Ending balance	Beginning balance	Reason for formation
Product Quality Assurance	7,671,948.69		Provisions of claim on using the oil paint of Hipro by DFSK
Total	7,671,948.69		--

51. Deferred Income

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance	Reason for formation
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The first batch of special funds for industrial and information development for autonomous regions in 2017 (technical transformation)		2,333,333.50	166,666.65	2,166,666.85	Related to assets
Special funds for industry and informatization in Chongqing Liang Jiang New Area		2,225,000.00	125,000.00	2,100,000.00	Related to assets
The Second batch of support funds for the "technological transformation of thousands of enterprises" project in the autonomous region in 2021		2,000,000.00	33,333.34	1,966,666.66	Related to assets
Government fund subsidy of Liuzhou Treasury Payment Bureau		1,882,999.97	82,999.97	1,800,000.00	Related to assets
Allocation of the 14th batch of industrial support funds by Finance Bureau of Chongqing Liang Jiang New Area in 2019		1,112,500.00	62,500.00	1,050,000.00	Related to assets
Special funds for automobile and parts projects in 2020		1,000,000.00	83,333.35	916,666.65	Related to assets
Innovation funds for enterprises in Liudong New Area in 2017		962,500.00	62,500.00	900,000.00	Related to income
Liuzhou Guige 2021 Liuzhou urban construction industrial Internet demonstration city financial support project		790,000.00	52,666.68	737,333.32	Related to assets
The Third Batch of Special Funds for Innovation-Driven Development in Guangxi in 2018		752,000.00	40,000.00	712,000.00	Related to income
Funds for intelligent transformation and upgrading project of automobile industry enterprises in 2021		651,666.65	28,333.35	623,333.30	Related to assets
Project funds of Liuzhou High-tech Industrial Development Zone Management		602,666.69	26,666.65	576,000.04	Related to assets

Committee					
The first batch of Liuzhou enterprise support fund support projects in 2018		471,333.27	65,333.38	405,999.89	Related to assets
Funding for innovative projects		372,000.00	20,000.00	352,000.00	Related to assets
Special funds of Guangxi Zhuang Science and Technology Department for innovation-driven development in 2020		113,000.00	5,000.00	108,000.00	Related to assets
Research and development of key technologies and industrialization of intelligent LED automobile lamps		550,376.08	550,376.08		Related to assets
Total		15,819,376.16	1,404,709.45	14,414,666.71	--

Other notes:

Note: Due to the merger of Nanning Liaowang not under the same control in the current period, RMB13,029,376.16 of the increase in deferred income in the current period is the amortized amount on the purchase day.

52. Other Non-current Liabilities

Unit: RMB

Item	Ending balance	Beginning balance
Liabilities of subsidiaries to be cleared and cancelled	22,653.46	1,244,064.84
Total	22,653.46	1,244,064.84

53. Share Capital

Unit: RMB

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

Other notes:

Unit: RMB

Item/Investor	Beginning balance		Increase	Decrease	Ending balance	
	Invested amount	Proportion			Invested amount	Proportion

Restricted shares	13,169,196.00	0.94%			13,169,196.00	0.94%
Unrestricted shares	1,386,176,958.00	99.06%			1,386,176,958.00	99.06%
Total	1,399,346,154.00	100.00%			1,399,346,154.00	100.00%

54. Other Equity Instruments

Naught

55. Capital Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Capital premium (premium on stock)	7,911,543.36		3,085,594.76	4,825,948.60
Other capital reserves	7,245,971.54			7,245,971.54
Total	15,157,514.90		3,085,594.76	12,071,920.14

56. Treasury Shares

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
Treasury shares (A-share)		201,955,572.33		201,955,572.33
Treasury shares (B-share)		48,645,302.21		48,645,302.21
Total		250,600,874.54		250,600,874.54

Other notes, including changes and reason of change:

Note: According to the Proposal on Repurchase of Some RMB Common Shares (A Shares) and Domestic Listed Foreign Shares (B Shares) of the Company, which was deliberated and adopted at the sixth meeting of the ninth Board of Directors and the Third Extraordinary General Meeting in 2020 in December 2020, during the period, the Company repurchased 31,952,995 A shares and 18,398,512 B shares by means of call auction trading with its own funds of RMB250,600,874.54 (excluding trading costs). As of the end of the reporting period, the share repurchase has been completed. For details, please refer to Note XV-2 "Cancellation of Repurchase Shares".

57. Other Comprehensive Income

Unit: RMB

Item	Beginning	Reporting Period	Ending
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	balance		Less: Recorded in other comprehensive income in prior period and transferred to profit or loss in the Current Period	Less: Recorded in other comprehensive income in prior period and transferred to retained earnings in the Current Period	Less: Income tax expense	Attributable to owners of the Company as the parent after tax	Attributable to non-controlling interests after tax	balance
I. Other comprehensive income that may not subsequently be reclassified to profit or loss	2,349,389.6 58.23	-380,765.4 62.68		1,041,043, 249.12	-57,114.81 9.40	-1,364,693 ,892.40		984,695, 765.83
Changes in fair value of other equity instrument investment	2,349,389.6 58.23	-380,765.4 62.68		1,041,043, 249.12	-57,114.81 9.40	-1,364,693 ,892.40		984,695, 765.83
II. Other comprehensive income that may subsequently be reclassified to profit or loss	-1,124.62	-27,539.73				-56,209.20	28,669.47	-57,333. 82
Differences arising from translation of foreign currency-denominated financial statements	-1,124.62	-27,539.73				-56,209.20	28,669.47	-57,333. 82
Total of other comprehensive income	2,349,388.5 33.61	-380,793.0 02.41		1,041,043, 249.12	-57,114.81 9.40	-1,364,750 ,101.60	28,669.47	984,638, 432.01

Other notes, including the adjustment of the effective gain/loss on cash flow hedges to the initial recognized amount:

The ending balance of other comprehensive income was RMB-1,364,750,101.60 decreasing 58.09% compared with that at the beginning of the period, mainly due to the transfer of the accumulated fair value previously recorded into other comprehensive income into retained earnings for sales of some stocks by the Company in the Reporting Period.

58. Specific Reserve

Naught

59. Surplus Reserves

Unit: RMB

Item	Beginning balance	Increase	Decrease	Ending balance
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Statutory surplus reserves	699,673,077.00			699,673,077.00
Discretionary surplus reserves	41,893,962.55		213,691.59	41,680,270.96
Total	741,567,039.55		213,691.59	741,353,347.96

Notes including changes and reasons thereof:

1. In line with the Company's Articles of Association, if the Company's accumulative statutory surplus reserve exceeds the Company's registered capital by over 50% , withdrawal is not required any more.
2. During the reporting period, the trading fees related to repurchase of shares of the Company offset any surplus reserve by RMB213,691.59.

60. Retained Earnings

Unit: RMB

Item	Reporting Period	Same period of last year
Beginning balance of retained earnings before adjustments	1,758,462,062.48	1,700,426,915.63
Beginning balance of retained earnings after adjustments	1,758,462,062.48	1,700,426,915.63
Add: Net profit attributable to owners of the Company as the parent	250,091,965.87	316,914,185.34
Dividend of ordinary shares payable	135,847,668.70	258,879,038.49
Others (note)	-1,041,043,249.12	
Ending retained earnings	2,913,749,608.77	1,758,462,062.48

When selling stocks for the current period, the accumulated changes in fair value included in other comprehensive earnings in the previous period are transferred to retained earnings.

List of adjustment of beginning retained earnings:

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

61. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period	Same period of last year
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	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main operations	4,607,263,246.86	3,836,340,666.94	3,699,836,965.57	2,957,658,247.04
Other operations	165,427,222.28	125,871,366.53	45,077,487.15	38,615,663.76
Total	4,772,690,469.14	3,962,212,033.47	3,744,914,452.72	2,996,273,910.80

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

Yes No

62. Taxes and Surtaxes

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	14,486,804.19	12,797,350.61
Education surcharge	6,546,395.13	5,487,588.14
Property tax	10,858,526.89	8,136,199.68
Land use tax	5,641,160.53	5,170,804.93
Vehicle and vessel use tax	31,087.26	15,852.28
Stamp duty	3,996,416.04	2,847,363.44
Local education surcharge	3,900,946.03	3,660,351.56
VAT of land		414,132.63
Environmental protection tax	102,675.89	101,985.20
Others	393,432.00	212.76
Total	45,957,443.96	38,631,841.23

63. Selling Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	74,454,733.88	62,699,560.82
Business propagandize fees and advertizing fees	44,511,114.76	23,567,538.03
Sales promotion fees	12,840,438.91	10,124,091.58
Business travel charges	11,418,043.43	9,248,697.83
Commercial insurance premium	4,751,270.10	5,257,100.62
Dealer meeting expense	806,507.86	974,212.62
Other	21,498,932.40	33,348,498.85
Total	170,281,041.34	145,219,700.35

64. Administrative Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	119,834,123.62	89,335,431.10
Office expenses	19,943,898.38	14,548,829.21
Depreciation charge	18,638,776.21	16,796,115.88
Amortization of intangible assets	7,598,775.25	5,036,363.10
Engineering decoration cost	6,980,479.30	4,504,630.47
Rent of land and management charge	4,477,445.47	5,822,250.99
Utilities	4,270,695.13	4,811,554.12
Service charge	3,260,561.19	
Disability security fund	2,955,901.37	1,466,128.42
Party construction funds		5,050,315.69
Others	18,375,455.89	7,993,754.77
Total	206,336,111.81	155,365,373.75

Other notes:

Compared with the previous period, the management expenses rose by 32.81% to RMB50,970,738.06 in the current period, which was mainly caused by the merger of Nanning Liaowang in the current period and the reduction and exemption of social security due to the pandemic in the previous period.

65. Development Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Employee benefits	95,475,565.26	64,755,944.49
Material consumption	52,326,677.63	8,251,441.92
Depreciation and long-term prepaid expense	19,220,357.95	6,884,584.37
Certification and testing fee	10,890,898.99	12,746,279.58
Expense on equipment debugging	8,662,071.21	7,866,127.63
Charges related to patents	1,287,039.72	1,970,723.98
Other	15,819,008.40	6,410,194.74
Total	203,681,619.16	108,885,296.71

Other notes:

1. In respect of R&D expense incurred by the Company, expense other than that on bench-scale and pilot-scale production is included in R&D expense; and sales revenue of products from bench-scale and pilot-scale production is included in core business

revenue and the relevant costs are included in cost of sales of core business.

2. R&D expense stood at RMB94,796,322.45 in the current period, up 87.06% year-on-year, primarily driven by a considerable increase of input in R&D, expansion of R&D teams and R&D projects, etc. as well as the combination of Nanning Liaowang in the current period.

66. Finance Costs

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expense	5,790,716.89	
Less: Interest income	16,201,526.00	37,650,815.03
Foreign exchange gains or losses	12,012,555.38	30,819,758.83
Other	1,518,283.46	1,207,770.75
Total	3,120,029.73	-5,623,285.45

Other notes:

The financial expenses in the current period grew by RMB8,743,315.18 compared with the previous period, which was mainly due to the increase in interest expenses of new bank loans in the current period and the simultaneous decrease in interest income caused by the decrease in time deposit business.

67. Other Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Subsidies for position training of employees	2,968,000.00	5,541,000.00
Special fund for promoting high-quality economic development	2,004,092.60	
Subsidies for high-tech enterprises	1,510,200.00	
Support funds for industrial design industry development in Chancheng District, Foshan City	1,000,000.00	
Subsidy for stabilizing posts	824,913.04	2,907,529.01
Industrial Internet project transformation award	809,900.00	
The third batch of special funds for innovation-driven development in Guangxi by the Guangxi Zhuang Science and Technology Department (Intelligent LED Lamp Project)	550,376.08	
Rewards of "Competition among Hundreds of Enterprises"	500,000.00	500,000.00

Chongqing enterprise R&D reserve in 2021	410,000.00	
Supporting fund for import and export	340,000.00	3,674,307.07
Foshan's funds for supporting municipal-level development of industrial design	300,000.00	1,000,000.00
Science and technology innovation inclusive policy funds provided by the Finance Bureau of Liang Jiang New Area in 2021	300,000.00	
Foshan's funds for promotion of robot application and industrial development		4,988,602.00
Foshan's special funds for supporting industrial Internet development		3,000,000.00
Chancheng District's funds for supporting example setting and quality improvement of high-tech enterprises (towns and streets) in 2018		1,422,900.00
Chancheng District's government quality award in 2019		1,000,000.00
Other	4,794,421.52	4,955,190.12
Total	16,311,903.24	28,989,528.20

Other income decreased by 43.73% to RMB-12,677,624.96 in the current period compared with the previous period, mainly due to the decrease of industrial development support funds received in the current period compared with the previous period.

68. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by equity method	2,260,497.27	2,351,681.39
Investment income from disposal of long-term equity investment	3,085,594.76	
Investment income from holding of other equity instrument investment	23,643,370.02	14,940,422.96
Income received from financial products and structural deposits	1,118,141.63	23,451,129.06
Other	6,013,450.00	3,492,971.49

Total	36,121,053.68	44,236,204.90
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69. Net Gain on Exposure Hedges

Naught

70. Gain on Changes in Fair Value

Unit: RMB

Sources	Reporting Period	Same period of last year
Held-for-trading financial assets	4,649,669.44	4,785,700.00
Total	4,649,669.44	4,785,700.00

71. Credit Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
Expected credit loss of accounts receivable	-4,202,568.39	-15,841,416.23
Expected credit loss of other receivables	-189,864.56	-268,176.13
Expected credit loss of contract assets	-264,782.57	
Total	-4,657,215.52	-16,109,592.36

72. Asset Impairment Loss

Unit: RMB

Item	Reporting Period	Same period of last year
II. Loss on inventory valuation and contract performance cost	-29,184,207.60	-7,581,307.74
VII. Loss on construction in progress	-1,318,800.00	
X. Loss on intangible assets	-388,613.87	
Total	-30,891,621.47	-7,581,307.74

Other notes:

The asset impairment loss increased by 307.47% to RMB23,310,313.73 in the current period compared with the previous period, which was mainly caused by the increase of Nanning Liaowang's asset impairment loss of RMB14,681,409.95 in the current period compared with the previous period, and the Company's replenishment of inventory depreciation loss for newly added backlog products.

73. Assets Disposal Income

Unit: RMB

Sources	Reporting Period	Same period of last year
Disposal income of fixed assets	77,713,637.77	9,090,874.79

Compared with the previous period, the income from disposal of fixed assets increased by RMB68,622,762.98 in the current period, mainly due to the disposal of some property assets by the Company in the current period, including No.59 Lecheng Second Road, Suite 24 of Middle and North Blocks of No.1 Lecheng First Road, Luocun District 3, No.2 Lecheng Third Road Fourth Street and No.4 Lecheng Third Street.

74. Non-operating Income

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current non-recurring profit or loss
Government grants		57,720.00	
Total income from scrap of non-current assets	2,003,455.62	48,168.04	2,003,455.62
Of which: Income from scrap of fixed assets	2,003,455.62	48,168.04	2,003,455.62
Income from default money	7,060,000.00		7,060,000.00
Other	4,123,500.76	2,058,806.15	4,123,500.76
Total	13,186,956.38	2,164,694.19	13,186,956.38

Government grants recorded in current profit or loss:

Unit: RMB

Item	Distribution entity	Distribution reason	Nature	Whether influence the profits or losses of the year or not	Special subsidy or not	Reporting Period	Same period of last year	Related to assets/related to income
Other miscellaneous government grants		Subsidy		No	No		57,720.00	Related to income

75. Non-operating Expense

Unit: RMB

Item	Reporting Period	Same period of last year	Amount recorded in the current
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			non-recurring profit or loss
Exchange loss on non-monetary assets	645,945.89	1,672,244.18	645,945.89
Donations		104,364.08	
Losses on inventories	311,858.32	291,692.80	311,858.32
Penalty	200.00	26,000.00	200.00
Delaying payment	190,078.72	556.29	190,078.72
Other	40,388.61	1,759,560.64	40,388.61
Total	1,188,471.54	3,854,417.99	1,188,471.54

76. Income Tax Expense

(1) List of Income Tax Expense

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	23,309,089.13	46,120,717.25
Deferred income tax expense	1,741,577.22	-406,009.72
Total	25,050,666.35	45,714,707.53

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

Unit: RMB

Item	Reporting Period
Profit before taxation	292,348,101.65
Current income tax expense accounted at statutory/applicable tax rate	43,852,215.25
Influence of applying different tax rates by subsidiaries	3,056,765.33
Influence of income tax before adjustment	1,031,206.00
Influence of non-deductible costs, expenses and losses	2,944,791.18
Influence of deduction	-21,834,983.83
Regarded as sales	349,091.72
Investment income and final dividend	-4,348,419.30
Income tax expense	25,050,666.35

77. Other Comprehensive Income

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

78. Cash Flow Statement

(1) Cash Generated from Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Taxes of equity transfer payments from former shareholder of Nanning Liaowang	48,637,165.49	
Margin income	40,666,019.15	12,240,049.79
Income from waste	27,393,454.55	18,500,712.83
Deposit interest	18,109,095.02	38,946,211.76
Government grants	17,435,679.47	29,323,585.92
Property and rental income	12,980,397.19	9,828,318.01
Income from insurance compensation	25,003.20	21,871.82
Other	5,778,972.29	10,805,467.01
Total	171,025,786.36	119,666,217.14

(2) Cash Used in Other Operating Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Administrative and R&D expense paid in cash	67,305,563.82	51,683,094.67
Selling expense paid in cash	61,331,324.84	139,896,500.31
Finance costs paid in cash	1,302,431.92	509,435.98
Returned cash deposit	42,863,242.64	8,933,825.48
Payment for taxes of equity transfer accounts on behalf of former shareholder of Nanning Liaowang	48,637,165.49	
Other	9,057,860.33	6,746,686.92
Total	230,497,589.04	207,769,543.36

(3) Cash Generated from Other Investing Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Demolition compensation received	54,990,047.00	
Total	54,990,047.00	

(4) Cash Used in Other Investing Activities

Naught

(5) Cash Generated from Other Financing Activities

Naught

(6) Cash Used in Other Financing Activities

Unit: RMB

Item	Reporting Period	Same period of last year
Share repurchase	250,814,566.13	
Finance lease rent	49,995,876.21	
Total	300,810,442.34	

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

Unit: RMB

Supplemental information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities:	--	--
Net profit	267,297,435.30	322,168,591.79
Add: Provision for impairment of assets	35,548,836.99	23,690,900.10
Depreciation of fixed assets, oil-gas assets, and productive living assets	104,751,799.89	76,762,605.39
Depreciation of right-of-use assets	3,980,368.60	
Amortization of intangible assets	7,750,242.82	5,036,363.10
Amortization of long-term prepaid expenses	50,237,535.65	8,024,378.24
Loss from disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	-77,713,637.77	-9,090,874.79
Losses from scrapping of fixed assets (gains: negative)	-1,357,509.73	1,624,076.14
Losses from changes in fair value (gains: negative)	-4,649,669.44	-4,785,700.00
Finance costs (gains: negative)	5,790,716.89	

Investment loss (gains: negative)	-36,121,053.68	-44,236,204.90
Decrease in deferred income tax assets (increase: negative)	2,222,138.97	-246,364.71
Increase in deferred income tax liabilities (“-” for decrease)	-480,561.75	717,855.00
Decrease in inventory (“-” for increase)	-43,528,121.23	-105,929,840.59
Decrease in operating receivables (“-” for increase)	-201,444,146.36	86,704,874.15
Increase in operating payables (“-” for decrease)	-389,309,460.41	34,387,672.98
Others		
Net cash generated from/used in operating activities	-277,025,085.26	394,828,331.90
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
Transfer of debts into capital		
Current portion of convertible corporate bonds		
Fixed assets leased in for financing		
Share purchase fund unpaid yet (note)	41,695,763.31	
3. Net increase/decrease of cash and cash equivalents:	--	--
Ending balance of cash	1,139,089,151.31	875,728,218.57
Less: Beginning balance of cash	875,728,218.57	1,051,079,042.41
Add: Ending balance of cash equivalents		
Less: Beginning balance of cash equivalents		
Net increase in cash and cash equivalents	263,360,932.74	-175,350,823.84

The unpaid equity purchase price refers to the unpaid price arising from the combination of Nanning Liaowang not under the same control by the Company in the current period. According to the Share Transfer Agreement, the Company will pay the second share transfer price within 15 days after the original shareholders of Nanning Liaowang complete the share transfer in 2022.

(2) Net Cash Paid For Acquisition of Subsidiaries

Unit: RMB

	金额
--	----

Cash or cash equivalents paid in the Reporting Period for business combination occurring in the Reporting Period	252,184,400.45
Of which:	--
Nanning Liaowang Auto Lamp Co., Ltd.	252,184,400.45
Less: Cash and cash equivalents held by subsidiaries on purchase date	120,835,756.18
Of which:	--
Nanning Liaowang Auto Lamp Co., Ltd.	120,835,756.18
Of which:	--
Nanning Liaowang Auto Lamp Co., Ltd.	120,835,756.18
Net payments for acquisition of subsidiaries	131,348,644.27

Other notes:

Note: The difference between the cash and cash equivalents held by Nanning Liaowang on the purchase date and the monetary funds on the purchase date was RMB55,190,042.63 for the limited use of bank acceptance bill margin and wealth management products.

(3) Net Cash Received from Disposal of the Subsidiaries

Naught

(4) Cash and Cash Equivalents

Unit: RMB

Item	Ending balance	Beginning balance
I. Cash	1,139,089,151.31	875,728,218.57
Including: Cash on hand	16,733.10	14,800.25
Bank deposit on demand	1,039,748,114.76	870,224,197.60
Other monetary assets on demand	99,324,303.45	5,489,220.72
III. Ending balance of cash and cash equivalents	1,139,089,151.31	875,728,218.57

(5) Subsidiaries and Other Business Units Acquired or Disposed in the Reporting Period

Naught

(6) Other Notes

Naught

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

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

Not applicable

81. Assets with Restricted Ownership or Right of Use

Unit: RMB

Item	Ending carrying value	Reason for restriction
Monetary assets	245,575,069.72	Security deposit of notes, letter of guarantee, etc.
Notes receivable	275,626,604.28	Pledged for notes pool
Fixed assets	277,849,723.49	Related-party mortgage guarantee, see Note XIV-(III) Others for details
Intangible assets	11,274,770.33	Related-party mortgage guarantee, see Note XIV-(III) Others for details
Total	810,326,167.82	--

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

Unit: RMB

Item	Ending foreign currency balance	Exchange rate	Ending balance converted to RMB
Monetary assets	--	--	266,653,929.34
Of which: USD	31,760,973.86	6.3757	202,498,441.04
EUR	44,157.41	7.2197	318,803.25
HKD	45,316,276.57	0.8176	37,050,587.72
IDR	59,924,155,104.30	0.000447	26,786,097.33
Accounts receivable	--	--	376,000,761.23
Of which: USD	58,005,666.69	6.3757	369,826,729.12
EUR	212,143.56	7.2197	1,531,612.86
HKD			
IDR	10,385,725,386.30	0.000447	4,642,419.25
Long-term borrowings	--	--	
Of which: USD			
EUR			
HKD			
Other non-current assets			766,142.51
Of which: USD	59,710.71	6.3757	380,697.60
EUR	53,387.94	7.2197	385,444.91

Short-term borrowings			127,514,000.00
Of which: USD	20,000,000.00	6.3757	127,514,000.00
Accounts payable			593,644.68
Of which: IDR	1,328,064,155.40	0.000447	593,644.68
Contract liabilities:			19,121,489.94
Of which: USD	2,965,980.32	6.3757	18,910,200.73
EUR	29,265.65	7.2197	211,289.21
Current portion of non-current liabilities			2,982,902.02
Of which: IDR	6,673,158,881.43	0.000447	2,982,902.02
Lease liabilities			81,284.42
Of which: IDR	181,844,340.04	0.000447	81,284.42
Other non-current liabilities			11,004.46
Of which: USD	1,726.00	6.3757	11,004.46

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

Applicable Not applicable

83. Arbitrage

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

Naught

84. Government Grants

Government grants

Unit: RMB

Sources	Amount	Listed items	Amount recorded in the current profit or loss
Grants for employees' on-the-job training	2,968,000.00	Other income	2,968,000.00
Special funds for promoting high-quality economic development	2,004,092.60	Other income	2,004,092.60
Grants for high-tech enterprises	1,510,200.00	Other income	1,510,200.00

Support funds for industrial design industry development in Chancheng District, Foshan City	1,000,000.00	Other income	1,000,000.00
Subsidy for stabilizing employment	824,913.04	Other income	824,913.04
Industrial Internet project transformation award	809,900.00	Other income	809,900.00
The third batch of special funds for innovation-driven development in Guangxi by the Science and Technology Department of Guangxi Zhuang Autonomous Region (Intelligent LED Lamp Project)	550,376.08	Other income	550,376.08
"100 Enterprises Strive for the First Place" bonus	500,000.00	Other income	500,000.00
Chongqing enterprise R&D reserve in 2021	410,000.00	Other income	410,000.00
Import and export support funds	340,000.00	Other income	340,000.00
Industrial design development support funds in Foshan	300,000.00	Other income	300,000.00
Science and technology innovation inclusive policy funds provided by the Finance Bureau of Liang Jiang New Area in 2021	300,000.00	Other income	300,000.00
Others	4,794,421.52	Other income	4,794,421.52
Total	16,311,903.24		16,311,903.24

85. Other

Naught

VIII. Changes of Consolidation Scope

1. Business Combination Not under the Same Control

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

Unit: RMB

Name of acquiree	Time and place of gaining the equity	Cost of gaining the equity	Proportion of equity	Way to gain the equity	Purchase date	Recognition basis of purchase date	Income of acquiree from the purchase date to period-end	Net profits of acquiree from the purchase date to period-end

Nanning Liaowang Auto Lamp Co., Ltd.	1 August 2021	493,880,163.76	53.79%	Purchase of former shareholders' equity and capital increase in cash	1 August 2021	Reelect directors and complete changes of industrial and commercial registration	707,022,757.31	28,862,888.63
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(2) Combination Cost and Goodwill

Unit: RMB

Combination cost	
--Cash	493,880,163.76
Total combination cost	493,880,163.76
Less: fair value of identifiable net assets acquired	477,668,693.94
The amount of goodwill/combined cost less than the fair value share of identifiable net assets obtained	16,211,469.82

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

Unit: RMB

	Nanning Liaowang lamp Co., Ltd	
	Fair value on purchase date	Carrying value on purchase date
Monetary assets	176,025,798.81	176,025,798.81
Inventories	313,460,310.46	313,460,310.46
Fixed assets	697,875,234.89	629,478,819.32
Intangible assets	93,882,706.39	66,748,282.54
Held-for-trading financial assets	15,086,008.74	15,086,008.74
Notes receivable and accounts receivable	598,705,624.03	598,705,624.03
Other current assets	8,843,992.98	8,843,992.98
Construction in progress	3,901,388.20	3,901,388.20
Right-of-use assets	3,372,205.60	3,372,205.60
Long-term pre paid expense	94,182,937.64	94,182,937.64
Goodwill	14,329,625.91	
Deferred income tax assets	16,179,649.08	16,179,649.08
Other non-current assets	21,659,286.52	21,659,286.52
Total assets	2,043,175,143.34	1,947,644,303.92

Borrowings	198,258,013.62	198,258,013.62
Deferred income tax liabilities	14,329,625.91	
Notes payable and accounts payable	1,015,328,033.63	1,015,328,033.63
Employee benefits payable	19,573,230.62	19,573,230.62
Taxes payable	9,284,798.88	9,284,798.88
Current portion of non-current liabilities	53,169,797.06	53,169,797.06
Lease liabilities	1,941,745.82	1,941,745.82
Long-term payables	22,247,027.59	22,247,027.59
Provisions	7,988,407.72	7,988,407.72
Deferred income	13,029,376.16	13,029,376.16
Total liabilities	1,355,150,057.01	1,340,820,431.10
Net assets	688,025,086.33	606,823,872.82
Less: Non-controlling interests	406,462,516.18	358,491,518.87
Net assets acquired (note)	281,562,570.15	248,332,353.95

The determination method of the fair value of identifiable assets and liabilities:

The Company adopts the asset-based method to determine the fair value of the assets and liabilities of Nanning Liaowang at the date of purchase. The valuation methods of major assets and their key assumptions are listed as follows:

The evaluation method of fixed assets is replacement cost method, and the fair value is determined by the current market price plus necessary transportation and miscellaneous expenses, installation and commissioning expenses, capital cost and newness rate.

The valuation method of intangible assets is market approach, and the fair value is mainly determined by the land price on the base date of valuation.

The valuation method of inventory is the market price method, and the fair value is determined according to the book value and product sales profit on the valuation base date.

Other notes:

After purchasing about 40.92% of the original shareholder's equity in Nanning Liaowang, the Company increased its capital by RMB200,000,000.00 in cash, including an increase in paid-in capital of RMB7,635,930.00 and an increase in capital reserve-capital premium of RMB192,364,070.00; the fair value after capital increase is RMB888,025,086.33, and the Company holds 53.79% shares in Nanning Liaowang, and the owner's equity attributable to the Company is RMB477,668,693.94.

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

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

Yes No

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

Naught

(6) Other Notes

Naught

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

Naught

(2) Combination Cost

Naught

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

Naught

3. Counter Purchase

Naught

4. Disposal of Subsidiary

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

Yes No

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

Yes No

5. Changes in Combination Scope for Other Reasons

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

Hainan Technology was newly established in May of this period and has been included in the scope of consolidation since its establishment. New Light Source and Hunan Keda have completed industrial and commercial cancellation in September and November respectively, and will no longer be included in the scope of consolidation from the date of cancellation.

6. Other

Naught

IX. Equity in Other Entities

1. Equity in Subsidiary

(1) Subsidiaries

Name	Main operating place	Registration place	Nature of business	Holding percentage		Way of gaining
				Directly	Indirectly	
Foshan Lighting Lamps & Components Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
FSL Chanchang Optoelectronics Co., Ltd.	Foshan	Foshan	Production and sales	100.00%		Newly established
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	Foshan	Foshan	Production and sales	70.00%		Newly established
Foshan Electrical & Lighting (Xinxiang) Co., Ltd.	Xinxiang	Xinxiang	Production and sales	100.00%		Newly established
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	Nanjing	Nanjing	Production and sales	100.00%		Acquired
FSL Zhida Electric Technology Co., Ltd.	Foshan	Foshan	Production and sales	51.00%		Newly established
FSL LIGHTING GMBH	Germany	Germany	Production and sales	100.00%		Newly established
Foshan Haolaite Lighting Co., Ltd.	Foshan	Foshan	Production and sales	51.00%		Newly established
Foshan Kelian New Energy Technology Co., Ltd.	Foshan	Foshan	Property development	100.00%		Acquired
Fozhao (Hainan) Technology Co.,	Haikou	Haikou	Production and sales	100.00%		Newly established

Ltd.						
Nanning Liaowang Auto Lamp Co., Ltd. (note 2)	Nanning	Nanning	Manufacturing of vehicle lamps	53.79%		Acquired
Liuzhou Guige Lighting Technology Co., Ltd.	Liuzhou	Liuzhou	Manufacturing of vehicle lamps		53.79%	Acquired
Liuzhou Guige Foreshine Technology Co., Ltd.	Liuzhou	Liuzhou	Manufacturing of automotive electronic products		53.79%	Acquired
Chongqing Guinuo Lighting Technology Co., Ltd.	Chongqing	Chongqing	Manufacturing of vehicle lamps		53.79%	Acquired
Qingdao Guige Lighting Technology Co., Ltd.	Qingdao	Qingdao	Manufacturing of vehicle lamps		53.79%	Acquired
Indonesia Liaowang Auto Lamp Co., Ltd.	Indonesia	Indonesia	Manufacturing of vehicle lamps		53.79%	Acquired

Other notes:

Note: Liuzhou Guige Lighting, Liuzhou Guige Foreshine, Chongqing Guinuo, Qingdao Lighting and Indonesia Liaowang are wholly-owned subsidiaries (grandchildren) of Nanning Liaowang.

(2) Significant Non-wholly-owned Subsidiary

Unit: RMB

Name	Shareholding proportion of non-controlling interests	The profit or loss attributable to the non-controlling interests	Declaring dividends distributed to non-controlling interests	Balance of non-controlling interests at the period-end
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	30.00%	742,477.85		11,450,551.98
FSL Zhida Electric Technology Co., Ltd.	49.00%	2,513,547.88		24,626,765.88
Foshan Haolaite Lighting Co., Ltd.	49.00%	1,415,333.79		16,852,876.19

Nanning Liaowang Auto Lamp Co., Ltd.	46.21%	12,562,779.38	422,919,171.77
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(3) The Main Financial Information of Significant Not Wholly-owned Subsidiary

Unit: RMB

Name	Ending balance						Beginning balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	135,829,008.12	17,573,437.36	153,402,445.48	115,233,938.88		115,233,938.88	71,270,518.28	15,316,406.34	86,586,924.62	50,893,344.19		50,893,344.19
FSL Zhida Electric Technology Co., Ltd.	126,777,943.85	12,494,211.78	139,272,155.63	76,679,776.30		76,679,776.30	112,196,198.34	8,962,676.26	121,158,874.60	63,696,184.82		63,696,184.82
Foshan Haolaite Lighting Co., Ltd.	60,890,648.90	12,887,936.38	73,778,585.28	39,384,209.45		39,384,209.45	51,192,090.96	12,249,945.68	63,442,036.64	31,936,160.19		31,936,160.19
Nanning Liaowan g Auto Lamp Co., Ltd.	1,346,863,737.14	817,363,839.98	2,164,227,577.12	1,305,420,077.19	23,058,696.78	1,328,478,773.97						
Total	1,670,361,338.01	860,319,425.50	2,530,680,763.51	1,536,718,001.82	23,058,696.78	1,559,776,698.60	234,658,807.58	36,529,028.28	271,187,835.86	146,525,689.20		146,525,689.20

Unit: RMB

Name	Reporting Period				Same period of last year			
	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Foshan	147,525,074.	2,474,926.17	2,474,926.17	3,103,173.55	145,973,615.	4,983,862.50	4,983,862.50	-1,854,553.69

Taimei Times Lamps and Lanterns Co., Ltd.	10				97			
FSL Zhida Electric Technology Co., Ltd.	164,800,910.54	5,129,689.55	5,129,689.55	-10,852,478.65	123,690,820.25	8,881,031.22	8,881,031.22	2,202,238.82
Foshan Haolaite Lighting Co., Ltd.	81,332,587.18	2,888,499.38	2,888,499.38	1,704,983.53	30,156,976.58	-1,209,123.55	-1,209,123.55	-5,636,610.73
Nanning Liaowang Auto Lamp Co., Ltd.	707,022,757.31	28,862,888.63	28,924,930.33	13,797,867.21				
Total	1,100,681,329.13	39,356,003.73	39,418,045.43	7,753,545.64	299,821,412.80	12,655,770.17	12,655,770.17	-5,288,925.60

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

Naught

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

Naught

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

Naught

3. Equity in Joint Ventures or Associated Enterprises

(1) Significant Joint Ventures or Associated Enterprises

Naught

(2) Main Financial Information of Significant Joint Ventures

Naught

(3) Main Financial Information of Significant Associated Enterprises

Naught

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

Unit: RMB

	Ending balance/Reporting Period	Beginning balance/Same period of last year
Joint ventures:	--	--
The total of following items according to the shareholding proportions	--	--
Associated enterprises:	--	--
Total carrying value of investment	181,545,123.09	181,365,016.32
The total of following items according to the shareholding proportions	--	--
--Net profit	2,260,497.27	2,351,681.39
--Total comprehensive income	2,260,497.27	2,351,681.39

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

Naught

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

Naught

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

Naught

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

Naught

4. Significant Common Operation

Naught

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

Naught

6. Other

Naught

X. The Risk Related to Financial Instruments

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

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

(I) Credit risk

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

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

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

(II) Liquidity Risk

Liquidity risk is referred to their risk of incurring capital shortage when performing settlement obligation in the way of cash payment or other financial assets. The policies of the Company are to ensure that there was sufficient cash to pay the due liabilities. The liquidity risk is centralized controlled by the Financial Department of the Company. The financial department through supervising the balance of the cash and securities can be convert to cash at any time and the rolling prediction of cash flow in future 12 months to ensure the Company have sufficient cash to pay the liabilities under the case of all reasonable prediction, 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 refers to the risk of loss due to exchange rate changes. The Company's exposure to foreign exchange risk is mainly related to the US dollar and the euro. As of 31 December 2021, the Company's assets and liabilities were in RMB, except for the balances of usd, euro, Hong Kong dollar and rupiah as set out in this Note VII-82, Foreign Currency Monetary Items. Foreign exchange risk arising from the assets and liabilities of such foreign currency balances may have a certain impact on the Company's operating results. The Company made efforts to avoid exchange rate risk through forward exchange settlement, improving operation management and promoting the international competitiveness of the Company, etc.

2. Interest rate risk

Interest rate risk is refers to fluctuation risk of the fair value or future cash flow of financial instrument change due

to the change of market interest rates. The interest rate risk faced by the Company mainly comes from bank borrowings. By establishing a good bank-enterprise relationship, the Company reasonably designed the credit line, credit variety and credit period, ensured sufficient credit line of banks, and met various short-term financing needs of the Company with preferential loan interest rates. As of 31 December 2021, the Company's fixed interest rate loan balance was RMB226,614,000.00, accounting for 100% of the total loan balance, and the risks in this part were controllable.

3. Other price risk

Naught

XI. The Disclosure of Fair Value

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

Unit: RMB

Item	Ending fair value			Total
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	
I. Consistent fair value measurement	--	--	--	--
(I) Held-for-trading financial assets	5,825,678.18	322,422,447.43		328,248,125.61
1. Financial assets at fair value through profit or loss	5,825,678.18	322,422,447.43		328,248,125.61
(III) Other equity instrument investment	1,474,360,785.15		500,000.00	1,474,860,785.15
II. Inconsistent fair value measurement	--	--	--	--

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

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

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

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

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

(1) Because the business environment, operation conditions and financial conditions of the invested company, China Guangfa Bank has not changed significantly, the Company takes investment costs as the reasonable estimation of fair value to measure.

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

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

Naught

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

Naught

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

Naught

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

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

9. Other

Naught

XII. Related Party and Related-party Transactions

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

1. The parent company of the Company

Name	Registration place	Nature of business	Registered capital	Proportion of share held by the Company as the parent against the Company (%)	Proportion of voting rights owned by the Company as the parent against the Company (%)

Hongkong Wah Shing Holding Company Limited	Hong Kong	Investment	HKD110,000	13.47%	13.47%
Guangdong Electronics Information Industry Group Ltd.	Guangzhou	Production and sales	RMB462 million	8.77%	8.77%
Guangdong Rising Holdings Group Co., Ltd.	Guangzhou	Investment	100 亿元	5.94%	5.94%
Rising Investment Development Limited	Hong Kong	Investment	RMB200 million and HKD1 million	1.82%	1.82%
Total				30.00%	30.00%

Notes: Information on parent company of the Company

Hongkong Wah Shing Holding Company Limited (hereinafter referred to as "Hongkong Wah Shing"), the largest shareholder of the Company, is a wholly-owned subsidiary of Guangdong Electronics Information Industry Group Ltd. (hereinafter referred to as "Electronics Group"), and Electronics Group, Shenzhen Rising Investment Development Co., Ltd. (hereinafter referred to as "Shenzhen Rising"), Guangdong Rising Holdings Group Co., Ltd. (renamed Guangdong Rising Capital Investment Co., Ltd. on 13 December 2021, hereinafter referred to as "Rising Capital") and Rising Investment Development Limited (hereinafter referred to as "Rising Investment") are wholly-owned subsidiaries of Guangdong Rising Holdings Group Co., Ltd. (hereinafter referred to as "Rising Holdings Group"). According to the relevant provisions of the Company Law and the Measures for the Administrative Measures on Acquisition of Listed Companies, Electronics Group, Shenzhen Rising, Rising Capital and Rising Investment are concerted actors, and Rising Holdings Group becomes the actual controller of the Company. On 15 December 2021, Shenzhen Rising and Rising Capital transferred all their shares of the Company to Rising Holdings Group. After the transfer, Rising Holdings Group, Electronics Group and Rising Investment acted in concert with each other. As of 31 December 2021, the above-mentioned persons acting in concert held a total of 419,803,826.00 A and B shares of the Company, accounting for 30.00% of the total share capital of the Company.

2. Subsidiaries of the Company

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

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

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

4. Information on Other Related Parties

Name	Relationship with the Company
PROSPERITY LAMPS & COMPONENTS LTD	Shareholder owning over 5% shares
Foshan NationStar Optoelectronics Co. Ltd.	Under same actual controller

Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Under same actual controller
Guangdong Rising Lighting Technology Co., Ltd.	Under same actual controller
Guangdong Vollsun Data Solid-state Storage Co., Ltd.	Under same actual controller
Guangdong Rising Finance Limited	Under same actual controller
MTM Semiconductor Equipment Co., Ltd.	Under same actual controller
Guangdong Electronic Technology Research Institute	Under same actual controller
Guangzhou Diansheng Property Management Co., Ltd.	Under same actual controller
Shaoguan Green Resource Recycling Development Co., Ltd.	Under same actual controller
Zhuhai Doumen District Yongxingsheng Environmental Industrial Wastes Recycling Comprehensive Treatment Co., Ltd.	Under same actual controller
Jiangmen Dongjiang Environmental Protection Technology Co., Ltd.	Under same actual controller
Foshan Fulong Environmental Protection Technology Co., Ltd.	Under same actual controller
Guangdong New Electronic Information Ltd.	Under same actual controller
Guangdong Huajian Enterprise Group Co. Ltd.	Under same actual controller
Guangdong Zhongnan Construction Co., Ltd.	Under same actual controller
Guangzhou Huajian Engineering Construction Co., Ltd.	Under same actual controller
Guangdong Yixin Changcheng Construction Group	Under same actual controller
Guangdong Zhongjin Lingnan Equipment Technology Co., Ltd.	Under same actual controller
Shenzhen Zhongjin Lingnan Nonfermet Company Limited	Under same actual controller
Guangdong Guangsheng Communications Technology Co., Ltd.	Under same actual controller
Guangdong Rising Capital Investment Co., Ltd.	Under same actual controller
Guangdong Electronics Information Industry Group Ltd.	Under same actual controller
Guangdong Heshun Property Management Co., Ltd.	Under same actual controller
Rising International Building Branch of Guangdong Heshun Property Management Co., Ltd.	Under same actual controller
Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.	Under same actual controller
Guangdong Rising Rare Metals Photoelectric Materials Ltd.	Under same actual controller
Shenzhen Yuepeng Construction Co., Ltd.	Under same actual controller
NationStar Optoelectronics (Germany) Co., Ltd.	Under same actual controller
Guangdong Zhongjin Lingnan Junpeng Intelligent Equipment Co., Ltd.	Under same actual controller
Guangdong Rising South Construction Co., Ltd.	Under same actual controller
Primatronix Nanho Technology Ltd.	Under same actual controller
Hangzhou Times Lighting and Electrical Co., Ltd.	Enterprise controlled by related natural person

Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.	Enterprise controlled by related natural person
Prosperity Electrical (China) Co., Ltd.	Enterprise controlled by related natural person
Siteco Prosperity Lighting (Langfang) Co., Ltd.	Enterprise controlled by related natural person
OSRAM (China) Lighting Co., Ltd.	Enterprise significantly affected by related natural person
Shanglin ChenWang Ecological Agriculture Professional Cooperative	Enterprise significantly affected by related natural person
Nanning Qiuyuan Jingwang Industrial Investment Co., Ltd.	Enterprise significantly affected by related natural person
Nanning Ruixiang Industrial Investment Co., Ltd.	Enterprise significantly affected by related natural person

5. List of Related-party Transactions

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

Information on acquisition of goods and reception of labor service

Unit: RMB

Related party	Content	Reporting Period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
Foshan NationStar Optoelectronics Co., Ltd.	Purchase of materials	42,644,701.72	120,000,000.00	否	54,268,443.27
Guangdong Fenghua Advanced Technology Holding Co., Ltd.	Purchase of materials	7,858,610.67	15,000,000.00	否	8,810,002.31
PROSPERITY LAMPS & COMPONENTS LTD	Purchase of materials	2,654,442.36	13,000,000.00	否	3,128,174.91
Prosperity Electrical (China) Co., Ltd.	Purchase of materials	1,394,588.50			118,407.08
Hangzhou Times Lighting and Electrical Co., Ltd.	Purchase of materials	646,501.00			448,824.06
Guangdong Electronic Technology Research Institute	Purchase of equipment	1,151,902.67	3,000,000.00	否	724,424.77
Guangdong Zhongnan Construction Co.,	Receiving labor service	60,430,362.16			139,734,113.59

Ltd.					
Guangdong Yixin Changcheng Construction Group	Receiving labor service	16,489,569.63			
Jiangmen Dongjiang Environmental Protection Technology Co., Ltd.	Receiving labor service	269,383.02			326,229.47
Guangdong Electronic Technology Research Institute	Receiving labor service	2,734.91			16,851.55
Foshan Fulong Environmental Protection Technology Co., Ltd.	Receiving labor service	25,471.70			42,477.88
Zhuhai Doumen District Yongxingsheng Environmental Industrial Wastes Recycling Comprehensive Treatment Co., Ltd.	Receiving labor service	5,660.38			13,274.34
Shenzhen Yuepeng Construction Co., Ltd.	Receipt of labor services	234,245.88			
Shaoguan Green Resource Recycling Development Co., Ltd.	Receiving labor service				35,150.44
Total		133,808,174.60	151,000,000.00		207,666,373.67

Information of sales of goods and provision of labor service

Unit: RMB

Related party	Content	Reporting Period	Same period of last year
Guangdong New Electronic Information Ltd.	Sale of products	37,516,153.50	13,257,739.83
PROSPERITY LAMPS &	Sale of products	25,442,505.36	23,581,892.27

COMPONENTS LTD			
Guangdong Rising Rare Metals Photoelectric Materials Ltd.	Sale of products	8,100,954.40	
Shenzhen Zhongjin Lingnan Nonfemet Company Limited	Sale of products	3,104,398.07	508,074.33
Guangdong Yixin Changcheng Construction Group	Sale of products	3,089,642.46	2,001,082.10
NationStar Optoelectronics (Germany) Co., Ltd.	Sale of products	1,642,983.52	
Guangdong Zhongnan Construction Co., Ltd.	Sale of products	1,863,057.74	2,478,832.12
Rising International Building Branch of Guangdong Heshun Property Management Co., Ltd.	Sale of products	619,220.36	
Guangdong Zhongjin Lingnan Equipment Technology Co., Ltd.	Sale of products	225,710.62	367,903.54
Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.	Sale of products	108,592.02	
Guangdong Heshun Property Management Co., Ltd.	Sale of products	73,458.68	
Guangdong Zhongjin Lingnan Junpeng Intelligent Equipment Co., Ltd.	Sale of products	49,674.33	
Guangdong Rising Holdings Group Co., Ltd.	Sale of products	30,226.55	57,417.70
Prosperity Electrical (China) Co., Ltd.	Sale of products	26,984.56	44,923.04
Guangdong Rising South Construction Co., Ltd.	Sale of products	14,356.46	
Guangdong Electronics Information Industry Group Ltd.	Sale of products	8,013.27	8,004.42
Guangzhou Huajian Engineering Construction Co., Ltd.	Sale of products	6,145.47	678,572.88
Primatronix Nanho Technology Co., Ltd.	Sale of products	857.79	

Guangdong Electronic Technology Research Institute	Sale of products		856,798.23
Guangdong Rising Communications Co., Ltd.	Sale of products		23,628.32
Total		81,922,935.16	43,864,868.78

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

1. The pricing policy for related-party transactions is as follows:

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

2. Related-party transactions between the Company and its subsidiaries, as well as those between the subsidiaries were offset when preparing the consolidated financial statements.

(2) Information on Related-party Trusteeship/Contract

Naught

(3) Information on Related-party Lease

Naught

(4) Information on Related-party Guarantee

Other notes

See Note XIV-(III) Others.

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

Naught

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

Naught

(7) Information on Remuneration for Key Management Personnel

Unit: RMB

Item	Reporting period	Same period of last year
Chairman of the Board	1,503,487.93	553,233.53
General Manager	1,425,147.02	2,246,860.84
Chairman of the Supervisory Committee	1,328,797.52	1,011,360.58
Secretary of the Board	306,708.16	

Chief Financial Officer	1,302,654.16	992,873.82
Other	10,793,083.07	7,286,668.80
Total	16,659,877.86	12,090,997.57

(8) Other Related-party Transactions

(8.1) Acquisition of equity from related parties

In October 2021, Electronics Group signed the Equity Transfer Agreement with the Company on Foshan Sigma Venture Capital Co., Ltd., and transferred its 100% equity of Sigma (Sigma holds 79,753,050 shares of NationStar Optoelectronics) to the Company at a consideration of RMB917,980,229.67. In the same month, Rising Holdings Group and Rising Capital respectively signed the Share Transfer Agreement on Foshan NationStar Optoelectronics Co., Ltd. with the Company, and transferred their total 52,051,945 tradable shares of NationStar Optoelectronics with unlimited selling conditions to the Company at a consideration of RMB599,117,886.95 (RMB11.51/share). As of 31 December 2021, the Company has paid 30% of the equity acquisition amount, that is, RMB455,129,434.98, as the security deposit for this trading. For details of the equity acquisition progress, please refer to Note XV Events after the Balance Sheet Date.

(8.2) Funds Interests of Related Parties

Related party	Content	Reporting Period	Same period of last year
Guangdong Huajian Enterprise Group Co., Ltd. (Note)	Borrowing interest expense		11,857,755.40
Total			11,857,755.40

Note: It is the loan interest expense of Foshan Kelian, a subsidiary, from Guangdong Huajian Enterprise Group Co., Ltd. (hereinafter referred to as "Huajian Enterprise Group"). The relevant loan principal and interest have been settled, and there is no new loan interest in this period.

(8.3) Collect liquidated damages from related parties

In December 2020, the Company signed the Equity Transfer Agreement and Supplementary Agreement with Huajian Enterprise Group, and the Company acquired 100% equity of Hunan Keda, thus holding Kelian Building. In this period, due to the dispute between the two parties over the completion acceptance date agreed in the Equity Transfer Agreement, the Company required Huajian Enterprise Group to bear the liquidated damages for delayed delivery of the building according to the Agreement. After negotiation, Huajian Enterprise Group will pay liquidated damages of RMB7,060,000.00 to the Company.

(8.4) Deposits and Loans of Related Parties

Related party	Deposit nature	Deposit term	Ending balance
Guangdong Rising Finance Co., Ltd. (note)	Current, agreed	can be withdrawn at any time	294,777,469.27

Note: According to the Financial Services Agreement signed by both parties in 2020 and 2021, the maximum daily deposit balance of the company in Guangdong Rising Finance Co., Ltd. does not exceed RMB300,000,000.00, of which the annualized interest rate of time deposit is 3.3%, the annualized interest rate of seven-day notice deposit is 2.45%, and the annualized interest rate of agreement deposit is 1.75%; the interest income incurred and recognized in the current period is RMB6,873,960.08.

6. Accounts Receivable and Payable of Related Party

(1) Accounts Receivable

Unit: RMB

Item	Related party	Ending balance		Beginning balance	
		Carrying amount	Bad debt provision	Carrying amount	Bad debt provision
Monetary capital-Interest receivable	Guangdong Rising Finance Co., Ltd.			1,581,250.00	
Accounts receivable	PROSPERITY LAMPS & COMPONENTS LTD	7,536,111.98	226,083.36	3,953,777.97	118,613.34
Accounts receivable	OSRAM (China) Lighting Co., Ltd.			117,554.16	94,043.33
Accounts receivable	Prosperity (Hangzhou) Lighting and Electrical Co., Ltd.			86,000.00	86,000.00
Accounts receivable	Guangdong Vollsun Data Solid-state Storage Co., Ltd.			2,553,280.00	765,984.00
Accounts receivable	Guangdong Zhongnan Construction Co., Ltd.	1,095,727.04	32,871.81	2,642,688.00	79,280.64
Accounts receivable	Guangdong Yixin Changcheng Construction Group	5,752,518.74	172,575.56	2,261,222.79	67,836.68
Accounts receivable	Shenzhen Zhongjin Lingnan Nonfemet Company Limited	2,621,178.80	78,635.36	574,124.00	17,223.72
Accounts receivable	Guangdong Zhongjin Lingnan Equipment Technology Co., Ltd.	670,784.00	46,301.49	415,731.00	12,471.93
Accounts receivable	Guangzhou Huajian Engineering Construction Co., Ltd.	44,823.00	4,445.48	289,857.54	8,695.73

Accounts receivable	Guangdong New Electronic Information Ltd.	10,627,013.80	318,810.41	14,131,264.06	423,937.92
Accounts receivable	Guangdong Zhongjin Lingnan Engineering Technology Co., Ltd.	10,118.00	303.54		
Accounts receivable	Guangdong Rising Rare Metals Photoelectric Materials Ltd.	6,455,385.93	193,661.58		
Accounts receivable	Guangdong Heshun Property Management Co., Ltd.	2,303.60	69.11		
Accounts receivable	Rising International Building Branch of Guangdong Heshun Property Management Co., Ltd.	669,790.40	20,093.71		
Other receivables	Guangdong Huajian Enterprise Group Co. Ltd.	7,060,000.00	211,800.00		
Other receivables	Guangdong New Electronic Information Ltd.	8,865.50	265.97		
Prepayments	Prosperity Electrical (China) Co., Ltd.			39,428.00	
Prepayments	Foshan NationStar Optoelectronics Co. Ltd.			31,266.86	
Other non-current assets	Guangdong Rising Capital Investment Co., Ltd.	19,999,513.57			
Other non-current assets	Guangdong Electronics Information Industry Group Ltd.	275,394,068.90			
Other non-current assets	Guangdong Rising Holdings Group Co.,	159,735,852.51			

	Ltd.				
Total		497,684,055.77	1,305,917.38	28,677,444.38	1,674,087.29

(2) Accounts Payable

Unit: RMB

Item	Related party	Ending carrying amount	Beginning carrying amount
Notes payable	Foshan NationStar Optoelectronics Co., Ltd.	5,816,952.78	
Notes payable	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	798,496.60	
Accounts payable	Foshan NationStar Optoelectronics Co., Ltd.	13,989,061.63	32,866,944.98
Accounts payable	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	794,923.94	5,258,863.67
Accounts payable	Prosperity Electrical (China) Co., Ltd.	567,218.00	
Accounts payable	PROSPERITY LAMPS & COMPONENTS LTD		1,350,955.58
Accounts payable	Hangzhou Times Lighting and Electrical Co., Ltd.	178,185.14	289,282.42
Accounts payable	HONG KONG PROSPERITY LAMPS & COMPONENTS LTD	1,337,304.32	
Accounts payable	Guangdong Zhongnan Construction Co., Ltd.	12,370,475.74	
Accounts payable	Guangdong Yixin Changcheng Construction Group	3,825,018.07	
Other payables	Nanning Ruixiang Industrial Investment Co., Ltd.	120,352,181.20	
Other payables	Guangdong Huajian Enterprise Group Co., Ltd.	1,726,264.40	9,358,999.63
Other payables	Guangdong Electronic Technology Research Institute	391,025.00	260,860.00
Other payables	Guangdong Fenghua Advanced Technology Holding Co., Ltd.	30,000.00	30,000.00
Other payables	Shenzhen Yuepeng Construction Co., Ltd.	298,300.64	
Other payables	Foshan NationStar	240,354.07	279,800.91

	Optoelectronics Co., Ltd.		
Contract liabilities, other current liabilities	Prosperity Electrical (China) Co., Ltd.	59,428.00	39,764.94
Contract liabilities, other current liabilities	Guangdong Heshun Property Management Co., Ltd.	2,303.60	
Contract liabilities, other current liabilities	Guangdong Rising South Construction Co., Ltd.	3,233.00	
Contract liabilities, other current liabilities	NationStar Optoelectronics (Germany) Co., Ltd.	7,219.71	
Total		162,787,945.84	49,735,472.13

7. Commitments of Related Party

1. Commitment on Avoidance of Horizontal Competition

(1) Commitment maker: Electronics Group and Hong Kong Rising Investment

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

Date of commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

(2) Commitment maker: Rising Group

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

Date of commitment making: 4 November 2021

Term of commitment: Long-standing

Fulfillment: In execution

(3) Commitment maker: Rising Group, Rising Capital, and Hongkong Wah Shing

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

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

2. Commitment on Reduction and Regulation of Related-party Transactions

(1) Commitment maker: Electronics Group and Hong Kong Rising Investment

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

Date of commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

(2) Commitment maker: Rising Group

Contents of Commitment: 1. Strictly abide by the regulatory documents of the CSRC and the SZSE, the Company's Articles of Association, etc; and not harm the interests of the Company or other shareholders of the Company in their production and operation activities by taking advantage of their position as the controlling shareholder and actual controller; 2. make sure that they or their other controlled subsidiaries, branch offices, jointly-run or associated companies (the "Relevant Enterprises" for short) will try their best to avoid or reduce related-party transactions with the Company or the Company's subsidiaries; 3. strictly follow the market principle of justness, fairness and equal value exchange for necessary and unavoidable related-party transactions between them and their Relevant Enterprises and the Company, and withdraw from voting when a related-party transaction with them or

their Relevant Enterprises is being voted on at a general meeting or a board meeting, and execute the relevant approval procedure and information disclosure duties pursuant to the applicable laws, regulations and regulatory documents.

Date of commitment making: 4 November 2021

Term of commitment: Long-standing

Fulfillment: In execution

(3) Commitment maker: Rising Group, Rising Capital, and Hongkong Wah Shing

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

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

3. Commitment on Independence

(1) Commitment maker: Electronics Group and Hong Kong Rising Investment

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

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

Date of commitment making: 4 December 2015

Term of commitment: Long-standing

Fulfillment: In execution

(2) Commitment maker: Rising Group

Contents of Commitment: To maintain the independence of the Company, the Promisor has made the following commitments: 1. It will ensure the personnel independence of the Company. It promises to ensure personnel independence with the Company, and GM, deputy GMs, CFO, Secretary of the Board of Directors and other senior management personnel of the Company will not hold positions other than directors and supervisors in the enterprises wholly owned, controlled or actually controlled by it and its subsidiaries (hereinafter referred to as "subsidiaries"), and will not receive salaries from it or its subsidiaries. the Company: To maintain the independence of the Company, the Promisor has made the following commitments: 1. It will ensure the personnel independence of the Company. It promises to ensure personnel independence with the Company, and GM, depnd (2) It promises that it and its subsidiaries will not illegally occupy the Company's funds and assets in any way. 3. It will ensure the financial independence of the Company: (1) It promises that the Company will have an independent financial department and financial accounting system. (2) It promises that the Company will have a standardized and independent financial accounting system. (3) It promises that the Company will have independent bank accounts and not share bank accounts with it. (4) It promises that the Company's financial personnel do not hold concurrent positions in it or its subsidiaries. And (5) It promises that the Company can make financial decisions independently and that they will not illegally intervene in the Company's use of its funds. 4. It will ensure the independence of the Company in organization: (1) It promises that the Company can operate independently with an independent and complete organization structure. (2) It promises that the office and production and business premises of the Company are separated from those of Rising Holdings Group. And (3) It promises that the Board of Directors, the Supervisory Committee and various functional departments of the Company operate independently, and there is no subordinate relationship with the functional departments of Rising Holdings Group. And 5, It will ensure the independence of the Company in business: (1) It promises that the Company will have independence in business. And (2) It promises that the Company will have the assets, personnel, qualifications and capabilities for it to operate independently as well as the ability of independent, sustainable operation in the market.

Date of commitment making: 4 November 2021

Term of commitment: Long-standing

Fulfillment: In execution

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

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

Contents of Commitment: 1. They promise not to interfere in the operation and management activities of the listed company beyond their authority and not to encroach on the interests of the listed company. 2. From the date of issuance of these commitments to the completion of this trading of the listed company, if the CSRC makes new regulatory requirements on measures to fill up returns and commitments of relevant personnel, and the above commitments cannot meet these new regulatory requirements of the CSRC, they promise to issue supplementary commitments according to the latest regulations of the CSRC at that time. 3. They promise to earnestly fulfill the measures to fill up returns formulated by the listed company and any commitments made by them. If they violate these commitments and causes losses to the listed company or investors, they are willing to bear the compensation responsibility for the listed company or investors according to law. As one of the subjects responsible for the measures to fill up returns, if they violate the above commitments or refuses to fulfill the above commitments, they agree that the securities regulatory agencies such as the CSRC and the SZSE will punish them or take relevant regulatory measures in accordance with the relevant regulations and rules they formulated or issued.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

5. Commitment on non-reduction of FSL shares during major asset restructuring

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

Contents of Commitment: 1. They promise that there will be no share reduction plan from the date of issuance of this Letter of Commitments to the completion of this trading, and they will not reduce its FSL shares in any other way (except the transfer or transfer between Rising Holdings Group and its wholly-owned subsidiaries). 2. If FSL implements ex-rights behaviors such as share conversion, share offering and share allotment from the date of issuance of this Letter of Commitments to the completion of this trading, the newly added shares obtained by them will also be subject to the above commitments related to not reducing share holdings.

Date of commitment making: 28 September 2021.

Term of commitment: Until the completion of this trading.

Fulfillment: Complete

6. Commitment on explanation about not prohibited from participating in of any major asset restructuring of listed companies as stipulated in Article 13 of the Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies

(1) Commitment maker: Shenzhen Rising Investment, Hong Kong Rising Investment, and Hongkong Wah Shing

Contents of Commitment: As of the issuance date of the Report on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft), they have not been placed on file for investigation or criminal investigation due to suspected insider trading related to this trading, and has not been subject to administrative punishment by the CSRC or criminal responsibility investigated by judicial organs according to law for insider trading related to any major asset restructuring in the last 36 months. The relevant entities of this trading are not prevented from participating in any major asset restructuring of listed companies according to Article 13 of the Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies.

Date of commitment making: 27 October 2021.

Term of commitment: Three years prior to the date of issue of commitment.

Fulfillment: Complete

(2) Commitment maker: Directors, supervisors and senior management of Shenzhen Rising Investment, Hong Kong Rising Investment, and Hongkong Wah Shing

Contents of Commitment: As of the issuance date of the Report on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft), they have not been placed on file for investigation or criminal investigation due to suspected insider trading related to this trading, and has not been subject to administrative punishment by the CSRC or criminal responsibility investigated by judicial organs according to law for insider trading related to any major asset restructuring in the last 36 months. The relevant entities of this trading are not prevented from participating in any major asset restructuring of listed companies according to Article 13 of the Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies.

Date of commitment making: 27 October 2021.

Term of commitment: Three years prior to the date of issue of commitment.

Fulfillment: Complete

(3) Commitment maker: Rising Group, Electronics Group, and Rising Capital

Contents of Commitment: As of the issuance date of the Report on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft), the counterparties of this restructuring have not been placed on file for investigation or criminal investigation due to suspected insider trading related to this trading, and has not been subject to administrative punishment by the CSRC or criminal responsibility investigated by judicial organs according to law for insider trading related to any major asset restructuring in the last 36 months. The relevant entities of this trading do not disclose the insider information of this restructuring or use the insider information of this restructuring to conduct trading. In case of any violations to the above commitments, the relevant subjects of this trading will bear corresponding compensation liabilities.

Date of commitment making: 27 October 2021.

Term of commitment: Three years prior to the date of issue of commitment.

Fulfillment: Complete

7. Commitment on legal compliance

(1) Commitment maker: Shenzhen Rising Investment, Hong Kong Rising Investment, and Hongkong Wah Shing

Contents of Commitment: 1. They have not been investigated by the judicial organ for suspected crimes or by the CSRC for suspected violations of laws and regulations, and there is no administrative punishment (except those obviously unrelated to the securities market) or criminal punishment in the last three years; 2. They have not failed to repay large debts on schedule, failed to fulfill their commitments, been taken administrative supervision measures by the CSRC, or been disciplined by any stock exchange, have not been publicly condemned by any stock exchange, have no other major acts of dishonesty and have no any other bad record in the last three years.

Date of commitment making: 27 October 2021.

Term of commitment: Three years prior to the date of issue of commitment.

Fulfillment: Complete

(2) Commitment maker: Rising Capital

Contents of Commitment: 1. Rising Capital has not been investigated by the judicial organ for suspected crimes or by the CSRC for suspected violations of laws and regulations, and there is no administrative punishment (except those obviously unrelated to the securities market) or criminal punishment in the last five years; 2. Rising Capital has not failed to repay large debts on schedule, failed to fulfill its commitments, been taken administrative supervision measures by the CSRC, or been disciplined by any stock exchange, has not been publicly condemned by any stock exchange, has no other major acts of dishonesty and has no any other bad record in the last five years. 3. The main management personnel of Rising Capital have not received administrative punishment or criminal punishment related to the securities market, and have not involved in major civil litigation or arbitration related to economic disputes in the last five years. 4. The main management personnel of Rising Capital have not failed to repay large debts on schedule, failed to fulfill their commitments, been taken administrative supervision measures by the CSRC or been disciplined by any stock exchange in the last five years.

Date of commitment making: 27 October 2021

Term of commitment: Five years prior to the date of issue of commitment.

Fulfillment: Complete

(3) Commitment maker: Electronics Group

Contents of Commitment: 1. Electronics Group has not been investigated by the judicial organ for suspected crimes or by the CSRC for suspected violations of laws and regulations, and there is no administrative punishment (except those obviously unrelated to the securities market) or criminal punishment in the last five years; 2. Electronics Group has not failed to repay large debts on schedule, failed to fulfill its commitments, been taken administrative supervision measures by the CSRC, or been disciplined by any stock exchange, has not been publicly condemned by any stock exchange, has no other major acts of dishonesty and has no any other bad record in the last five years. 3. On 20 November, 2019, Guangdong Regulatory Bureau of the CSRC issued an administrative penalty decision ([2019] No. 13), giving Liu Ke, the director of Guang Dong Fenghua Advanced Technology (Holding) Co., Ltd. (now chairman of Electronics Group), a warning and a fine of RMB30,000 over the case of illegal information disclosure of Guang Dong Fenghua Advanced Technology (Holding) Co., Ltd. Except as aforesaid, the main management personnel of Electronics Group have not received administrative punishment or criminal punishment related to the securities market, and have not involved in major civil litigation or arbitration related to economic disputes in the last five years; 4. Except as aforesaid, the main management personnel of Electronics Group have not failed to repay large debts on schedule, failed to fulfill their commitments, been taken administrative supervision measures by the CSRC or been disciplined by any stock exchange in the last five years.

Date of commitment making: 27 October 2021

Term of commitment: Five years prior to the date of issue of commitment.

Fulfillment: Complete

(4) Commitment maker: Rising Group

Contents of Commitment: 1. Rising Group has not been investigated by the judicial organ for suspected crimes or by the CSRC for suspected violations of laws and regulations, and there is no administrative punishment (except those obviously unrelated to the securities market) or criminal punishment in the last five years; 2. Rising Group has not failed to repay large debts on schedule, failed to fulfill its commitments, been taken administrative supervision measures by the CSRC, or been disciplined by any stock exchange, has not been publicly condemned by any stock exchange, has no other major acts of dishonesty and has no any other bad record in the last five years. 3. According to the announcement of Guangdong Discipline Inspection and Supervision Network on 18 October 2021, Yu Gang, a member of the Party Committee and deputy general manager of Rising Group, is suspected of serious disciplinary violations and is currently undergoing disciplinary review and supervision by the Supervision Committee of Guangdong Provincial Commission for Discipline Inspection. As of the date of issuance of this Letter of Commitments, there is no result of disciplinary review and supervision. Except as aforesaid, the main management personnel of Rising Group have not received administrative punishment or criminal punishment related to the securities market, and have not involved in major civil litigation or arbitration related to economic disputes in the last five years. 4. The main management personnel of Rising Capital have not failed to repay large debts on schedule, failed to fulfill their commitments, been taken administrative supervision measures by the CSRC or been disciplined by any stock exchange in the last five years.

Date of commitment making: 27 October 2021

Term of commitment: Five years prior to the date of issue of commitment.

Fulfillment: Complete

(5) Commitment maker: NATIONSTAR and Sigma

Contents of Commitment: NATIONSTAR and Sigma have not been investigated by judicial organs for suspected crimes or by the CSRC for suspected violations of laws and regulations, and have not been subject to major administrative punishment or criminal punishment in the last five years.

Date of commitment making: 27 October 2021.

Term of commitment: Five years prior to the date of issue of commitment.

Fulfillment: Complete

(6) Commitment maker: Directors, supervisors and senior management personnel of NationStar Optoelectronics and Sigma

Contents of Commitment: NationStar Optoelectronics and Sigma have not been investigated by judicial organs for suspected crimes or by the CSRC for suspected violations of laws and regulations, and have not been subject to major administrative punishment or criminal punishment in the last five years.

Date of commitment making: 27 October 2021.

Term of commitment: Five years prior to the date of issue of commitment.

Fulfillment: Complete

8. Commitment on compensation for possible violations of laws and regulations by NationStar Optoelectronics

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

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

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

9. Commitment on explanation of confidentiality measures and confidentiality system adopted for this trading

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

Contents of Commitment: 1. During the preliminary negotiation between the listed company and the counterparty on this trading, necessary and sufficient confidentiality measures were taken to limit the scope of knowledge of relevant sensitive information. According to the requirements of the SZSE, the listed company have completed the submission and online reporting of the memorandum of trading process, relevant materials of insider information insiders. The listed company have hired independent financial advisers, legal advisers, audit institutions, valuation institutions and other intermediaries, and signed confidentiality agreements or appointment agreements with confidentiality clauses with the above intermediaries, clearly stipulating the scope of confidential information and the confidentiality responsibilities of each intermediary.

Date of commitment making: 27 October 2021.

Term of commitment: Until the completion of this trading.

Fulfillment: In execution.

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

(1) Commitment maker: Rising Group, Electronics Group, and Rising Capital

Contents of Commitment: 1. They promise that the information provided is true, accurate and complete, and there are no false records, misleading statements or material omissions. 2. They have provided relevant information and documents (including but not limited to original written materials, duplicate materials or oral testimony, etc.) related to this trading to the intermediaries. They promise that the copies or photocopies of the documents and materials provided are consistent with the originals, and that the signatures and seals of the documents and materials are

authentic, and the signatories of the documents have been legally authorized and effectively signed the documents; that there are no false records, misleading statements or material omissions. 3. They promise that the explanations and confirmations issued by them are true, accurate and complete, and there are no false records, misleading statements or material omissions. 4. During this trading, they will disclose the information about this trading in a timely manner in accordance with relevant laws and regulations, the CSRC and the SZSE, and ensure the authenticity, accuracy and completeness of such information. 5. They shall bear legal responsibility for the authenticity, accuracy and completeness of the information, documents, materials, explanations and confirmations provided. In case of any violation or losses caused to the listed company, investors, parties to the trading and intermediaries participating in this trading, they will be liable for compensation according to law. 6. Where the information provided or disclosed by them in this trading is suspected of false records, misleading statements or material omissions, and they are filed for investigation by the judicial organ or by the CSRC, the shares with interests in the listed company will not be transferred until the investigation conclusion is formed.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

(2) Commitment maker: NationStar Optoelectronics

Contents of Commitment: NationStar Optoelectronics has provided the necessary, true, accurate, complete and effective documents, materials or oral statements and explanations for this trading at this stage, and there is no concealment, falsehood or material omission. The copies or photocopies of the documents provided are consistent with the original materials or originals. The signatures and seals on the documents and materials provided are authentic, and NationStar Optoelectronics has fulfilled the legal procedures required for such signatures and seals and obtained legal authorization. All the facts stated and explained are consistent with the facts that happened.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

(3) Commitment maker: Sigma

Contents of Commitment: 1. Sigma has provided relevant information and documents (including but not limited to original written materials, duplicate materials or oral testimony, etc.) related to this trading to the intermediaries providing professional services of auditing, valuation, legal and financial consultancy for this trading. Sigma promises that the copies or photocopies of the documents and materials provided are consistent with the originals, and that the signatures and seals of the documents and materials are authentic, and the signatories of the documents have been legally authorized and effectively signed the documents; that the provided information and documents are authentic, accurate and complete and that there are no false records, misleading statements or material omissions. FSL also promises to bear individual and joint and several liability. 2. Sigma promises that the information provided is true, accurate and complete. In case of any losses caused to investors due to any false presentations, misleading statements or material omissions in the information provided, Sigma will be liable for compensation according to law.

Date of commitment making: 27 October 2021

Term of commitment: Long-standing.

Fulfillment: In execution.

11. Commitment on the clarity of the underlying assets of this major asset restructuring

(1) Commitment maker: Electronics Group

Contents of Commitment: Electronics Group promises that the 100% equity of Sigma it held is clear in ownership and is not subject to any dispute or potential dispute, and there is no situation affecting its legal existence; and

there is no pending or potential litigation, arbitration and any other administrative or judicial procedure that may lead to the seizure, freezing, expropriation or restriction of transfer of the above-mentioned equity by the relevant judicial or administrative organs. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Electronics Group.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

(2) Commitment maker: Rising Group

Contents of Commitment: Rising Group promises that 46,260,021 shares of NationStar Optoelectronics it held is clear in ownership and is not subject to any dispute or potential dispute, and there is no situation affecting its legal existence; the above shares are not subject to any other pledges, guarantees or third-party interests or restrictions and there is no pending or potential litigation, arbitration and any other administrative or judicial procedure that may lead to the seizure, freezing, expropriation or restriction of transfer of the above-mentioned equity by the relevant judicial or administrative organs. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Rising Group.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

(3) Commitment maker: Rising Capital

Contents of Commitment: Rising Capital promises that 5,791,924 shares of NationStar Optoelectronics it held is clear in ownership and is not subject to any dispute or potential dispute, and there is no situation affecting its legal existence; the above shares are not subject to any other pledges, guarantees or third-party interests or restrictions and there is no pending or potential litigation, arbitration and any other administrative or judicial procedure that may lead to the seizure, freezing, expropriation or restriction of transfer of the above-mentioned equity by the relevant judicial or administrative organs. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Rising Group.

Date of commitment making: 27 October 2021.

Term of commitment: Long-standing.

Fulfillment: In execution.

(4) Commitment maker: Sigma

Contents of Commitment: Among 79,753,050 shares of tradable shares with unlimited selling conditions of NationStar Optoelectronics held by Sigma, 39,876,500 shares were pledged for Guangdong Electronics Information Industry Group Ltd. As of the date of issuance of this commitment, the pledge of the above shares has been released. However, the Maximum Pledge Contract for Stocks of Listed Companies (No.: XYZZZ (BY) No.201906280001-2) signed by Sigma and Guangzhou Branch of Industrial Bank Co., Ltd. has not been dissolved. Guangdong Electronics Information Industry Group Ltd. has promised that it will not add any new loans to Guangzhou Branch of Industrial Bank Co., Ltd. as a borrower during the validity period of the guarantee, and that it will not substantially assume any guarantee responsibility due to the Maximum Pledge Contract for Stocks of Listed Companies. Except as aforesaid, the asset ownership of Sigma is clear, there is no dispute or potential dispute, and there is no situation affecting the legal existence. There is no entrusted shareholding or trust shareholding, restriction or prohibition of transfer of the above-mentioned equity controlled by Rising Holdings Group.

Date of commitment making: 27 October 2021

Term of commitment: Long-standing.

Fulfillment: Complete

12. Commitment on compliance of this major asset restructuring with Several Provisions on the Reduction of Shares by Shareholders, Directors and Supervisors of Listed Companies

Commitment maker: Rising Group and Rising Capital

Contents of Commitment: 1. They are not subject to any securities and futures crimes as stipulated in Article 6 of Several Provisions on the Reduction of Shares by Shareholders, Directors and Supervisors of Listed Companies. During the period when the CSRC or the judicial organ filed a case for investigation, and less than six months after the administrative penalty decision and criminal judgment were made, there was no situation that the shares of NATIONSTAR could not be reduced due to violation of the rules of stock exchanges and public censure by stock exchanges for less than three months. 2. In case of any violation or losses caused to NATIONSTAR, investors, parties to the trading and intermediaries participating in this trading, they will be liable for compensation according to law.

Date of commitment making: 27 October 2021.

Term of commitment: Until the completion of this trading.

Fulfillment: In execution.

13. Commitment on the release of credit guarantee

Commitment maker: Electronics Group

Contents of Commitment: 1. As of the date of issuance of the Letter of Commitments, Sigma has signed the Maximum Guarantee Contract (Contract No.: XYBZ (BY) No.201906280001-1) and the Maximum Pledge Contract for Stocks of Listed Companies (Contract No.: XYZZ (BY) No.201906280001-2) with Guangzhou Branch of Industrial Bank Co., Ltd. Sigma will provide the maximum guarantee and pledge guarantee for the debt of Electronics Group, with the guarantee amount of RMB400 million (in words: RMB Four Hundred Million), and the guarantee will be valid from 28 June 2019 to 27 June 2022. Electronics Group promises that on the date of issuance of this Letter of Commitment, all the loans involved in the Maximum Guarantee Contract and the Maximum Pledge Contract for Stocks of Listed Companies have been repaid, there is no debt based on the guarantee under the above contracts, and 39,876,500 shares of NationStar Optoelectronics held by Sigma have been released from pledge. At the same time, Electronics Group further makes an irrevocable commitment that it will not add any new loans to Guangzhou Branch of Industrial Bank Co., Ltd. as a borrower before the expiration date of the Maximum Guarantee Contract and the Maximum Pledge Contract for Stocks of Listed Companies, so as to ensure that Sigma will not actually assume any guarantee responsibilities due to the above guarantee contracts. 2. Electronics Group promises that it will not arrange for Sigma to add any form of guarantee before the completion of the delivery of Sigma's equity in this trading. 3. In case of any violations of the above commitments, Electronics Group shall solve and eliminate the above situation within ten days, and bear corresponding legal responsibilities to Sigma and FSL.

Date of commitment making: 27 October 2021

Term of commitment: Until the completion of this trading.

Fulfillment: In execution.

14. Commitment on no ownership dispute in equity

Commitment maker: Sigma

Contents of Commitment: 1. Sigma promises that all its registered capital has been paid in. 2. Sigma promises that all existing shareholders contribute their own funds to hold shares, there is no situation such as holding shares on behalf of them, and there is no dispute or potential dispute between shareholders over their shares.

Date of commitment making: 27 October 2021

Term of commitment: Long-standing.

Fulfillment: In execution.

15. Commitment on explanation on litigation and administrative punishment

Commitment maker: Sigma

Contents of Commitment: As of the date of issuance of this note, Sigma and its wholly-owned and controlled subsidiaries have no outstanding or foreseeable major lawsuits, arbitrations and administrative penalties that have a significant adverse impact on this trading. As of the date of issuance of this note, the directors, supervisors and senior management personnel of Sigma have no pending or foreseeable major lawsuits, arbitrations and administrative penalties that have a significant adverse impact on this trading.

Date of commitment making: 27 October 2021

Term of commitment: Before the date of issuance of the commitment.

Fulfillment: Complete

16. About absence of insider trading

Commitment maker: Key management personnel of Rising Group, Electronics Group, and Rising Capital

Contents of Commitment: They promise that they will not disclose the relevant insider information of this trading or make use of the insider information for insider trading; 2. As of the issuance date of the *Report on Major Asset Purchase and Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft)*, they have not been placed on file for investigation or criminal investigation due to suspected insider trading related to this trading, and have not been subject to administrative punishment by the CSRC or criminal responsibility investigated by judicial organs according to law for insider trading related to any major asset restructuring, and have not been prohibited from engaging in any major asset restructuring of listed companies according to Article 13 of the *Interim Provisions on Strengthening the Supervision of Abnormal Stock Trading Related to Major Asset Restructuring of Listed Companies* in the last 36 months; 3. In case of violation of the above commitments, they will bear all losses caused to the listed company and its shareholders.

Date of commitment making: 27 October 2021

Term of commitment: From the date of the issuance of the letter of commitment until the completion of this trading

Fulfillment: In execution.

8. Other

Naught

XIII. Stock Payment

1. The Overall Situation of Stock Payment

Applicable Not applicable

2. The Stock Payment Settled in Equity

Applicable Not applicable

3. The Stock Payment Settled in Cash

Applicable Not applicable

4. Modification and Termination of the Stock Payment

Naught

5. Other

Naught

XIV. Commitments and Contingency

1. Significant Commitments

Significant commitments on the balance sheet date

1. Commitment about cash dividends

Commitment maker: The Company

Contents: The annual profits distributed in cash by the Company shall be not less than 30% of the distributable profits of the year.

Date of commitment making: 27 May 2009

Term of commitment: Long-standing

Fulfillment: In execution

2. Commitment on the development of Haikou plot

In November 2021, Hainan Technology, a wholly-owned subsidiary of the Company, acquired an industrial land located in Mei'an Science and Technology New City, Haikou, with a land area of 34,931.13 square meters and a land price of RMB26,596,784.43. In the same month, Hainan Technology signed the Agreement on Industrial Project Development and Land Access with Haikou National High-tech Industrial Development Zone Management Committee (hereinafter referred to as "Haikou Development Zone Management Committee"). The agreement stipulates that the above-mentioned plots are used for the development of marine lighting R&D and manufacturing base projects, and the investment in fixed assets is about RMB314 million (including plant, equipment and land, equivalent to RMB6 million per mu). Hainan Technology promises to complete the planning scheme design within two months from the date of signing the Confirmation of Listing and Transferring the Right to Use State-owned Construction Land; complete the construction drawing design within three months after completing the planning scheme design and obtain the Building Construction Permits and start construction at the same time (subject to the foundation concrete pouring of the main buildings). The project will be put into production within 18 months from the date of signing the Confirmation of Listing and Transferring the Right to Use State-owned Construction Land. From the date of signing the contract to the first year after the project is put into production, the accumulated tax payment is not less than RMB10 million, the accumulated tax payment in the first two years is not less than RMB27.4 million, the accumulated tax payment in the first three years is not less than RMB67.1 million, the accumulated tax payment in the first four years is not less than RMB117 million, and the accumulated tax payment in the five years is not less than RMB203 million. The total industrial output value (or revenue) in the first year after the project is put into production is not less than RMB218 million, the accumulated value in the first two years is not less than RMB433 million, the accumulated value in the first three years is not less than RMB929 million, the accumulated value in the first four years is not less than RMB1.548 billion, and the accumulated value in the five years is not less than RMB2.62 billion. If the project fails to start construction within 12 months from the date of signing the Confirmation of Listing and Transferring of State-owned Construction Land Use Rights due to Hainan Technology reasons, the Haikou Development Zone Management Committee has the right to unilaterally terminate the contract and the municipal government will recover the land use rights according to law; if the total amount of tax paid in the year after putting into production does not reach the annual agreement, Hainan Technology shall pay liquidated damages to Haikou Development Zone Management Committee according to the difference; if Hainan

Technology has idle land due to government reasons and force majeure, the municipal government shall collect idle land fees or recover the right to use state-owned construction land.

2. Contingency

(1) Significant Contingency on Balance Sheet Date

1. The lawsuit with Beijing Zhengshi

As Beijing Zhongao Zhengshi Lighting Appliance Co., Ltd. and its subordinate dealers (hereinafter referred to as "Beijing Zhengshi") defaulted on the Company's payment for goods, the Company filed a lawsuit with the Foshan Chancheng District People's Court in September 2017 (Case No.: (2017) Yue 0604 MC No. 13425), demanding an immediately settlement of the payment and overdue liquidated damages of the loan interest rate at the same period from 31 July 2017 from No. 1 defendant, Beijing Zhengshi, as well as jointly and severally liability for the above debt from No. 2 defendant Jiang Zhenghao. On 10 May 2018, in People's Court of Chancheng District, Foshan City (2017) Yue 0604 MC No. 13425 Civil Ruling, Beijing Zhengshi was adjudged to pay the payment for goods of RMB14,220,827.14 and liquidated damages for the Company and Jiang Zhenghao undertook the jointly and severally liability. Beijing Zhengshi and Jiang Zhenghao were not satisfied with the judgment and applied to the Foshan Intermediate People's Court on 24 May 2018 and asked for the revocation of the first instance judgment and rejection of all claims of the Company. On 28 October 2021, the Civil Judgment of Foshan Intermediate People's Court ((2018) Y06MZ No.6382) ruled that the preserved goods should be deducted from the payment of RMB3 million owed by Beijing Zhengshi, and Beijing Zhengshi should pay the balance of RMB11,220,827.14 and liquidated damages to the Company, and Jiang Zhenghao should bear joint and several liabilities. As of the date of this report, the above balance has not been implemented. On 16 December 2021, the Company applied to the court for compulsory enforcement, and on 21 February 2022, it received the court's order restricting the consumption of Beijing Zhengshi and Jiang Zhenghao.

2. Litigation between Foshan Kelian and some owners

Due to the late delivery of housing by Foshan Kelian, three owners (plaintiffs) of the housing filed a lawsuit against Foshan Kelian and Shenzhen Chuanglian Real Estate Agency Co., Ltd. (hereinafter referred to as "Shenzhen Chuanglian") with Chancheng District People's Court of Foshan City in October 2021 (case number: (2021) Y0604MC No.41627, No.41628 and No.41629 respectively), requesting: 1. Terminate the Commodity House Purchase and Sales Contract entered into between the plaintiffs and Foshan Kelian; 2. Order the two defendants to jointly refund the house price and interest of RMB1,999,544.00 (based on the total house price, calculated at an annual interest rate of 4.35% from 1 October 2020 to the actual refund date), compensate for losses of RMB71,185.48 (including property management and maintenance fund and deed tax), and bear liquidated damages of RMB 149,008.00 (calculated according to the total house price), totaling RMB2,219,737.48 3. The litigation costs in this case shall be borne by the two defendants. The above case has been heard on 30 December 2021, and as of the date of this report, the above case has not been concluded.

3. Litigation between Foshan Kelian and Shenzhen Chuanglian

In April 2021, Foshan Kelian and Shenzhen Chuanglian signed the Exclusive Sales Agreement of Property of Foshan Kelian Center Project. Both parties confirm that the original contract was terminated, Shenzhen Chuanglian's agency sales right was terminated, and it was unable to fulfill the exclusive purchase of the target property. However, Shenzhen Chuanglian was responsible for handling the follow-up related matters such as the decoration and repossession of 32 apartments that have been sold. On the premise that Shenzhen Chuanglian fulfills

the terms agreed in this agreement, Foshan Kelian will refund part of the deposit of the original contract in batches. In December 2021, Shenzhen Chuanglian filed a lawsuit with Chancheng District People's Court of Foshan City (Case No.: (2021) Y0604MC No.42183). On the grounds that Foshan Kelian failed to deliver the house to the owner before July 31, 2021, which made it impossible to achieve the conditions agreed in the termination agreement, it requested to order the Company to return the money of RMB5,572,000.00 and interest of RMB50,000.00 (provisional), pay the lawyer's fee of RMB98,000.00 to Shenzhen Chuanglian and bear all the litigation costs of this case, totaling RMB5,720,000.00 (provisional). The case was heard on 11 February 2022, and as of the date of this report, it has not yet been concluded. As of the date of this report, the case has not been concluded.

4. Sales contract disputes between Nanning Liaowang and Hubei Meiyang

Nanning Liaowang filed a lawsuit with Xiangyang High-tech Development Zone People's Court for a dispute over the sales contract with Hubei Meiyang Automobile Industry Co., Ltd. (hereinafter referred to as "Hubei Meiyang"), demanding that Hubei Meiyang pay RMB590,948.44 as payment for goods and RMB59,000 as liquidated damages. After coordination by the court, both parties voluntarily reached the following mediation agreement: Hubei Meiyang made the goods payment of RMB196,890.00 before June 30 and July 31 respectively and fully paid the remaining payment of RMB197,168.44 before 31 August, 2021. If the defendant Hubei Meiyang failed to fulfill the payment obligations as agreed in any of the above periods, Nanning Liaowang has the right to apply to the court for compulsory execution of the actual outstanding payment. Up to now, Hubei Meiyang has not fulfilled its payment obligations. Nanning Liaowang has applied for compulsory execution. The court has not found any enforceable property, and has returned the litigation costs borne by Nanning Liaowang.

5. Technology entrusted development contract disputes between Nanning Liaowang and Chongqing Meiwan

Nanning Liaowang has a dispute with Chongqing Meiwan New Energy Automobile Technology Co., Ltd. (hereinafter referred to as "Chongqing Meiwan") over the entrusted development contract of technology, and filed an arbitration application with China Chongqing Arbitration Commission (Case No.: (2020) YZ Zi No.3414), demanding that Chongqing Meiwan pay RMB4,702,100 for technology development, RMB707,300 for late payment and RMB50,000 for attorney fees, totaling RMB5,459,400 (the above amount is provisional).

On 19 March 2021, China Chongqing Arbitration Commission ruled as follows: Chongqing Meiwan paid RMB4,702,100 to Nanning Liaowang, paid liquidated damages for late payment (based on the payment, calculated according to the judgment), paid attorney fees of RMB50,000, and the arbitration fee of RMB55,200 in this case was borne by Chongqing Meiwan. This award is final. Because Chongqing Meiwan failed to fulfill its payment obligations according to the arbitration award, Nanning Liaowang applied to Chongqing No.1 Intermediate People's Court for compulsory execution, and was allowed to file a case for execution on 6 July, 2021 (Case No.: (2021) Y01Z No.1419). On 23 September, 2021, Chongqing No.1 Intermediate People's Court made an execution ruling: The execution procedure was terminated because no property available for execution was found yet.

On 6 December 2021, Chongqing No.5 Intermediate People's Court made a civil ruling ((2021) Y05PS No.504), ruling to accept the bankruptcy liquidation case of Chongqing Meiwan. On 16 December 2021, Chongqing No.5 Intermediate People's Court made a decision ((2021) Y05P No.343), appointing Sichuan Finding (Chongqing) Law Firm as the manager of Chongqing Meiwan. On 4 January 2022, Nanning Liaowang received the Notice of Creditor's Rights Declaration under Bankruptcy Liquidation of Chongqing Meiwan. On 26 January 2022, Nanning Liaowang collected the information according to the notice requirements and sent it to the administrator of this bankruptcy liquidation case. On 17 February 2022, the administrator of Chongqing Meiwan held the first creditors' meeting of the case. On 25 February 2022, the voting notice of the first creditors' meeting was received: The voting results of the first creditors' meeting of Chongqing Meiwan are as follows: The Debtor's Property Management Plan, Bankruptcy Estate Conversion Plan, Bankruptcy Estate Distribution Plan and Proposal for Off-site Voting deliberated by this creditors' meeting were all voted and adopted and are binding on all creditors.

6. Sales contract disputes between Nanning Liaowang and Hipro Polymer Materials

Nanning Liaowang has a dispute over the sales contract with Hipro Polymer Materials (Jiangsu) Co., Ltd. (hereinafter referred to as "Hipro Polymer Materials"), and filed a lawsuit with Nanning Intermediate People's Court of Guangxi Zhuang Autonomous Region (Case No.: (2021) G01MC No.1028), requesting Hipro Polymer Materials to compensate Nanning Liaowang for the loss of quality claim amount of RMB21.304 million and the loss of overdue interest on payment of goods of RMB2.876 million, totaling RMB24.1799 million. Nanning Liaowang provided the Sales Contract of Car Lamp Parts and Materials, Quality Assurance Agreement and Claim Agreement related to this case. Due to the quality problems of the surface hardening coating provided by Hipro Polymer Materials, Nanning Liaowang began to receive three packages of returned parts from the host customer due to the failure of the surface hardening coating in January 2018. As of 30 October 2020, Nanning Liaowang had 28 batches of car lamp products returned and claimed by the host customer, with a total of 29,657 car lamp products, resulting in a loss of RMB21.304 million. After many negotiations, both parties failed to reach a claim agreement.

Because of the emergence of new facts in this case, after comprehensive consideration, Nanning Liaowang decided to withdraw the lawsuit and then file a new lawsuit and submit evidence to the court. After Nanning Liaowang submitted the application for withdrawal, Nanning Intermediate People's Court made a ruling on 8 October 2021, allowing the plaintiff (Nanning Liaowang) to withdraw the lawsuit, and the case acceptance fee was halved (the application for withdrawal and refund of fees has been submitted to Nanning Intermediate People's Court for processing). At present, the evidence has been sorted out and is being submitted. At present, the evidence has basically been collected and sorted out and printed according to the requirements of the lawyer, the first batch of electronic mail and other evidence applications are notarized, and the second batch of evidence (OEM has sent an email, to be sorted and checked) are to be collected and notarized, and then submitted for prosecution after the notarization is completed.

7. Sales contract disputes between Chongqing Guinuo and Hubei Meiyang

Chongqing Guinuo filed a lawsuit with the People's Court of Xiangyang High-tech Development Zone because of the dispute over the sales contract with Hubei Meiyang, requesting the court to order Hubei Meiyang to pay RMB8,493,100 for goods and the loss of capital occupation. After the case was filed with the court on 16 August 2019, the court heard the case according to the summary procedure. After mediation by the court, Hubei Meiyang agreed to make the payment to Chongqing Guinuo in installments, but it actually failed to fulfill the payments. Chongqing Guinuo has applied to the court for enforcement, which is currently under implementation.

Chongqing Guinuo has a dispute over the sales contract with Hubei Meiyang and filed a lawsuit with the People's Court of Xiangyang High-tech Development Zone, requesting the court to order Hubei Meiyang to bear the loss of goods of RMB3,694,800. On 3 May 2021, the People's Court of Xiangyang High-tech Development Zone ruled that the parts purchase contract and price agreement between Chongqing Guinuo and Hubei Meiyang were dissolved, and other claims of Chongqing Guinuo were rejected. On 11 January 2022, Chongqing Guinuo applied to the court for compulsory enforcement, and the court took measures to restrict consumption in Hubei, and because there was no enforceable property, the court terminated this enforcement.

8. Labor disputes

(1) In June, 2021, a lighting equipment company moved to Gaoming District, Foshan City, and at the same time, it took compensatory measures such as providing shuttle bus or accommodation to all employees. However, 13 employees were still unwilling to resign with the relocation of the company, and asked the lighting equipment company to pay economic compensation. On 20 August 2021, Foshan Nanhai District Labor and Personnel Dispute Mediation and Arbitration Commission issued the Arbitration Order (FNLRZA Zi [2021] No.3423), rejecting the arbitration request for economic compensation of the above 13 persons. As a result, 12 of them refused to accept the above arbitration order, and filed a lawsuit with Nanhai District People's Court of Foshan City in September 2021,

requesting confirmation that the labor contract between them and the lighting equipment company was terminated on 28 June 2021, and ordered the lighting equipment company to pay economic compensation totaling RMB412,100.00 for terminating the labor contract and bear the litigation costs of this case. As of the date of this report, the above cases have not been concluded. The case was heard on 13 December 2021 and has not been concluded as of the date of this report.

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

There was no significant contingency in the Company.

3. Other

As of 31 December 2021, guarantees among Nanning Liaowang and its subsidiaries, Nanning Ruixiang Industrial Investment Co., Ltd. (formerly named Nanning Guige Precision Industry Technology Co., Ltd., hereinafter referred to as “Nanning Ruixiang”) were as follows (RMB’0,000):

Principal debtor	Principal debtee	Guarantor	Type of guarantee	Guarantee amount	Guarantee balance
Nanning Liaowang (note 1)	Nanning Branch of Industrial Bank	Kuang Linchang, Liang Xiaoling, Yang Shiyue, Gu Hanhua, Nanning Ruixiang, Qingdao Lighting, Liuzhou Lighting, Chongqing Guinuo	Joint-liability guarantee, mortgage	20,000.00	4,770.00
Nanning Liaowang (note 2)	Far Eastern International Financial Leasing Co., Ltd.	Nanning Liaowang, Nanning Ruixiang, Qingdao Lighting, Liuzhou Lighting, Kuang Linchang, Liang Xiaoling, Yang Shiyue, Gu Hanhua	Joint-liability guarantee	2,600.00	724.13
Liuzhou Lighting (note 3)	Nanning Branch of Industrial Bank	Nanning Liaowang, Liuzhou Lighting, Kuang Linchang, Liang Xiaoling, Yang Shiyue, Gu Hanhua	Joint-liability guarantee, mortgage	15,000.00	5,000.00
Chongqing Guinuo (note 4)	Far Eastern International Financial Leasing Co., Ltd.	Nanning Liaowang, Nanning Ruixiang, Qingdao Lighting, Liuzhou Lighting, Kuang Linchang, Liang Xiaoling, Yang Shiyue, Gu Hanhua	Joint-liability guarantee	3,990.00	1,218.23
Total	—	—	—	41,590.00	11,712.36

Note 1: Nanning Liaowang and Nanning Branch of Industrial Bank signed the Working Capital Loan Contract (XYGCBLJ Zi (2021) No.1001), with a loan amount of RMB47.7 million (from 1 February 2021 to 1 February 2022). Among them, Nanning Liaowang provides mortgage guarantee with the immovable property owned as collateral, and the balance of its creditor's rights does not exceed the maximum mortgage principal of RMB72.3444 million. The mortgaged real estate is a) YG (2017) NNSBDCQZ No.0065501; b) EG (2017) NNSBDCQZ No.0065499; c) SG (2017) NNSBDCQZ No.0065498; d) SG (2017) NNSBDCQZ No.0065497; Nanning Ruixiang provides mortgage guarantee with the immovable property owned as collateral, and the balance of its creditor's rights does not exceed the maximum mortgage principal of RMB24.0445 million. The mortgaged real estate is: e) WG (2017) NNSBDCQZ No.0064815; f) LG (2017) NNSBDCQZ No.0064833; g) QG (2017) NNSBDCQZ No.0064840. Kuang Linchang, Liang Xiaoling,

Yang Shiyue, Gu Hanhua, Nanning Ruixiang, Qingdao Lighting, Liuzhou Guige Lighting and Chongqing Guinuo jointly assume joint and several guarantee liabilities for all creditor's rights balances under the maximum principal limit of RMB200 million, and the guarantee amount is valid from 30 December 2019 to 30 December 2024.

In addition to the above mortgages and guarantees, Chongqing Guinuo takes its immovable property as collateral for the maximum balance of its main creditor's rights not exceeding RMB122,294,700, and the mortgage amount is valid from 15 June 2020 to 15 June 2023. The mortgaged real estate is a) YY (2020) LJXQBDCQ No.000436821, b) EY (2020) LJXQBDCQ No.000437330, c) SY (2020) LJXQBDCQ No.000437429 and d) SY (2020) LJXQBDCQ No.000437448.

Note 2: On 18 May 2020, Nanning Liaowang and Far East International Financial Leasing Co., Ltd. (hereinafter referred to as "Far East Leasing") signed the Sale Lease Contract (Contract No.: IFELC20DE24MZT-L-01), with a financing loan amount of RMB26 million, and the actual loan amount obtained was RMB24 million (the difference with the financing loan amount was RMB2 million as a deposit, which was withheld by Far East Leasing), and the loan term of finance lease is 30 months. Nanning Ruixiang, Liuzhou Guige Lighting, Qingdao Lighting, Yang Shiyue, Gu Hanhua, Kuang Linchang and Liang Xiaoling provide joint and several liability guarantee for this financing loan. Nanning Liaowang signed the Ownership Transfer Agreement with Far East Leasing. According to the General Terms and Conditions of the Sale and Return Lease Contract: Under the condition that Party B (Nanning Liaowang, the same below) enjoys all the rights under this contract and does not affect Party B's normal use, Party A (Far East Leasing, the same below) may transfer its ownership of the leased items to any third party, or mortgage the leased items and other guarantees, and the validity of the contract will not be affected. Party A undertakes not to adversely affect Party B's rights (especially the performance of this contract) due to the transfer/mortgage. Party B shall perform this contract according to the contract, and Party A shall guarantee that Party B shall have the right to use the leased items and the ownership after the expiration of the lease period according to the contract.

Note 3: Liuzhou Guige Lighting and Nanning Branch of Industrial Bank signed loan contracts numbered WYZH2021012600174, WYZH2021042100164 and WYZH2021042100146, borrowing RMB10 million (from 26 January 2021 to 26 January 2022), RMB20 million (from 21 April 2021 to 21 April 2022), and RMB20 million (from 22 April 2021 to 22 April 2022) respectively. Among them, Liuzhou Guige Lighting provides mortgage guarantee with the real estate owned by Liuzhou Guige Lighting as collateral for the maximum balance of its main creditor's rights not exceeding RMB150 million, and the guarantee amount is valid from 30 December 2019 to 30 December 2024. The mortgaged real estate is: a) YG (2019) LZSBDCQ No.0191988, located at No.1 Factory Building, No.12 Hengsi Road, Cheyuan; b) EG (2019) LZSBDCQ No.0191991, located in the mold center of No.12 Hengsi Road, Cheyuan; c) SG (2019) LZSBDCQ No.0191994, located in the logistics gate guard room at No.12 Hengsi Road, Cheyuan; d) SG (2019) LZSBDCQ No.0191995, located in the guard room of Gate 12, Hengsi Road, Cheyuan. Nanning Liaowang, Kuang Linchang, Liang Xiaoling, Yang Shiyue and Gu Hanhua provide joint and several liability guarantee with the maximum balance of principal creditor's rights not exceeding RMB150 million exposure, and the guarantee amount is valid from 30 December 2019 to 30 December 2024.

Note 4: On 21 June 2020, Chongqing Guinuo signed the Sale and Return Lease Contract with Far East Leasing (Contract No.: IFELC20DE2XZXM-L-01), with a financing loan amount of RMB39.9 million and an actual loan amount of RMB35.99 million (the difference with the financing loan amount is RMB4 million as a deposit, which is withheld by Far East Leasing), and the loan term of finance lease is 30 months. This financial lease loan is mortgaged by Chongqing Guinuo with 28 fixed assets and 104 molds owned by itself. Chongqing Guinuo signed the Ownership Transfer Agreement with Far East Leasing, and Nanning Liaowang, Nanning Ruixiang, Liuzhou Guige Lighting, Qingdao Lighting, Liang Xiaoling, Yang Shiyue, Gu Hanhua and Kuang Linchang provided joint and several liability guarantee for the lease loan. According to the General Terms and Conditions of the Sale and Return Lease Contract: Under the condition that Party B (Chongqing Guinuo, the same below) enjoys all the rights under this contract and does not affect Party B's normal use, Party A (Far East Leasing, the same below) may transfer its ownership of the leased items to any third party, or mortgage the leased items and other guarantees, and the validity of the contract will not be affected. Party A undertakes not to adversely affect Party B's rights (especially the performance of this contract) due to the transfer/mortgage. Party B shall perform this contract according to the contract, and Party A shall guarantee that Party B shall have the right to use the leased items and the ownership after the expiration of the lease period according to the contract.

XV. Events after Balance Sheet Date

1. Significant Non-adjusted Events

Naught

2. Profit Distribution

The Company's profit distribution plan for 2021 is as follows: Based on the total share capital of 1,361,994,647 shares disclosed in the Company's 2021 annual report, deducting 13 million A shares of the remaining repurchased shares in the Company's special repurchase account, that is, 1,348,994,647 shares, the Company intends to distribute a cash dividend of RMB1 (tax included and dividends for B-share holders to be paid in the Hong Kong dollars) for every 10 shares held by A-share and B-share holder.

3. Sales Return

N/A

4. Notes to Other Events after Balance Sheet Date

(I) Profit Distribution Plan

The Company's profit distribution plan for 2021 is as follows: Based on the total share capital of 1,361,994,647 shares disclosed in the Company's 2021 annual report, deducting 13 million A shares of the remaining repurchased shares in the Company's special repurchase account, that is, 1,348,994,647 shares, the Company intends to distribute a cash dividend of RMB1 (tax included) for every 10 shares held by A-share and B-share holder and 0 bonus shares (tax included and dividends for B-share holders to be paid in the Hong Kong dollars). Where the total shares of the Company with profit distribution rights change due to the issuance of new shares, the grant of equity incentives and other reasons during the implementation of this profit distribution plan, the Company will adjust the total dividends accordingly according to the principle of unchanged distribution ratio per share.

The proposal is still to be submitted to the 2021 Annual General Meeting for review.

(II) Cancellation of repurchased shares

The Company held the 26th meeting of the ninth Board of Directors on 14 January 2022, where the Proposal on Cancelling Some Shares of the Company's Repurchase Special Securities Account was deliberated and adopted, and used the repurchased 13 million A shares for the equity incentive plan. The remaining 18,952,995 A shares and 18,398,512 B shares were repurchased, totaling 37,351,507 shares. On 8 February 2022, it was confirmed by Shenzhen Branch of China Securities Depository and Clearing Co., Ltd. that the number of repurchased public shares cancelled this time was 37,351,507, accounting for 2.67% of the total share capital of the Company before cancellation, including 18,952,995 A shares and 18,398,512 B shares. Upon completion of this share cancellation, the total share capital of the Company was changed from 1,399,346,154 shares to 1,361,994,647 shares. Industrial and commercial change procedures are still in process.

(III) Progress in major asset restructuring

The Company held the 19th meeting of the ninth Board of Directors and the Third Extraordinary General Meeting in 2021 on 27 October 2021 and 31 December 2021 respectively, where the untport on Major Asset Purchase and

Related Party Trading of Foshan Electrical and Lighting Co., Ltd. (Draft) and Its Summary" and other proposals related to this trading was deliberated and adopted. It was agreed that the Company will purchase 100% equity of Sigma held by Electronics Group (Sigma holds 79,753,050 shares of NationStar Optoelectronics) and 52,051,945 tradable shares of NationStar Optoelectronics held by Rising Group and Rising Capital in total by paying cash.

According to the resolution of the Shareholders' General Meeting, the Company organized and implemented the work related to this major asset restructuring. As of 25 February 2022, the Company has completed the 100% equity transfer and industrial and commercial change procedures of Sigma, and Sigma has become a wholly-owned subsidiary of the Company. The 52,051,945 tradable shares of NationStar Optoelectronics held by Rising Group and Rising Capital with unlimited selling conditions have been transferred and registered to the Company, and the delivery of 52,051,945 shares of NationStar Optoelectronics has been completed. So far, the Company and its wholly-owned subsidiary Sigma hold a total of 132,819,895 shares of NationStar Optoelectronics, accounting for 21.48% of the total share capital of NationStar Optoelectronics, and the Company has become the controlling shareholder of NationStar Optoelectronics.

XVI. Other Significant Events

1. The Accounting Errors Correction in Previous Period

Naught

2. Debt Restructuring

Naught

3. Assets Replacement

Naught

4. Pension Plan

Naught

5. Discontinued Operations

Naught

6. Segment Information

Naught

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

Naught

8. Other

(I) Demolition Matters of Nanjing Fozhao

According to the Decision of Nanjing Lishui District People's Government on House Expropriation on State-owned Land of Honglan Street Affordable Housing Project in Lishui District (NLFZ Zi [2020] No.18), The house owned by Nanjing Fozhao, a wholly-owned subsidiary of the Company, located at 688 Jinniu North Road, Honglan Street, Lishui District, Nanjing (the total construction area of the house is 44,558.09 square meters, which is an industrial house; The land use right covers an area of 135,882.4 square meters, which is industrial land) belongs to the expropriation scope, and the compensation, relocation fee, loss fee of production and business suspension and other rewards of the expropriated assets total RMB183,855,895.00. As of 31 December 2021, Nanjing Fozhao has received 30% of the compensation, that is, RMB55,160,000.00, and the land use right certificate and house ownership certificate of the assets involved have been cancelled. As of the date of this report, the site handover is still in progress. After the demolition work is completed, Nanjing Fozhao plans to carry out liquidation and cancellation.

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

1. Accounts Receivable

(1) Category of Accounts Receivable

Unit: RMB

Item	Ending balance					Beginning balance				
	Carrying amount		Bad debt provision		Carrying value	Carrying amount		Bad debt provision		Carrying value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable for which bad debt provision separately accrued	11,220,827.14	1.00%	8,976,661.72	80.00%	2,244,165.42	15,257,662.85	1.40%	9,569,331.99	62.72%	5,688,330.86
Of which:										
Accounts receivable for which bad debt provision accrued by group	1,108,641,819.86	99.00%	51,950,320.95	4.69%	1,056,691,498.91	1,073,149,615.48	98.60%	48,124,872.12	4.48%	1,025,024,743.36
Of which:										
(1) Common business portfolio	1,022,005,643.56	91.26%	51,950,320.95	5.08%	970,055,322.61	1,012,031,374.59	92.98%	48,124,872.12	4.76%	963,906,502.47
(2) Internal business portfolio	86,636,176.30	7.74%			86,636,176.30	61,118,240.89	5.62%			61,118,240.89

Total	1,119,862,647.00	100.00%	60,926,982.67	5.44%	1,058,935,664.33	1,088,407,278.33	100.00%	57,694,204.11	5.30%	1,030,713,074.22
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Individual withdrawal of bad debt provision by single item:

Unit: RMB

Name	Ending balance			
	Carrying amount	Bad debt provision	Withdrawal proportion	Reason for withdrawal
Customer A	11,220,827.14	8,976,661.72	80.00%	Involved in the lawsuit; the Company won in the first instance judgment and not executed completely
Total	11,220,827.14	8,976,661.72	--	--

Withdrawal of bad debt provision by group:

Unit: RMB

Name	Ending balance		
	Carrying amount	Bad debt provision	Withdrawal proportion
Credit risk portfolio	1,108,641,819.86	51,950,320.95	4.69%

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

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	1,048,406,539.45
1 to 2 years	24,832,557.94
2 to 3 years	8,500,312.82
Over 3 years	38,123,236.79
3 to 4 years	17,208,975.28
4 to 5 years	11,978,176.23
Over 5 years	8,936,085.28
Total	1,119,862,647.00

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

The amount of expected credit loss accrued in the current period is RMB4,387,268.74, and the amount of expected credit loss recovered or reversed in the current period is RMB0.00.

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

Unit: RMB

Item	Amount
No. 1	1,036,835.71
No. 2	117,554.16
Other driblet small amount	100.31
Total	1,154,490.18

Of which, verification of significant accounts receivable:

Unit: RMB

Name of the entity	Nature	Amount	Reason	Procedure	Whether occurred because of related-party transactions
No. 1	Payment for goods	1,036,835.71	After litigation and compulsory execution, the other party has no enforceable property	The approval procedure is carried out according to the Company's rules for managing bad debt.	Not
No. 2	Payment for goods	117,554.16	Unrecoverable	The approval procedure is carried out according to the Company's rules for managing bad debt.	Yes
Other retails accounts	Payment for goods	100.31	Unrecoverable	The approval procedure is carried out according to the Company's rules for managing bad debt.	Not
Total	--	1,154,490.18	--	--	--

Note:

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

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

Unit: RMB

Name of units	Ending balance of accounts receivable	Proportion to total ending balance of accounts receivable (%)	Ending balance of bad debt provision
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No. 1	166,366,875.25	14.86%	4,991,006.26
No. 2	89,015,269.51	7.95%	2,670,458.09
No. 3	72,464,493.55	6.47%	
No. 4	26,525,457.91	2.37%	795,763.74
No. 5	25,411,814.39	2.27%	762,354.43
Total	379,783,910.61	33.92%	--

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

Naught

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

Naught

2. Other Receivables

Unit: RMB

Item	Ending balance	Beginning balance
Other receivables	511,056,231.24	462,284,585.09
Total	511,056,231.24	462,284,585.09

(1) Interest Receivable

Naught

2) Significant Overdue Interest

Naught

3) Information of Withdrawal of Bad Debt Provision

Applicable Not applicable

(2) Dividends Receivable

Naught

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

Unit: RMB

Nature	Ending carrying amount	Beginning carrying amount
Staff borrow and petty cash	3,486,778.81	7,403,907.26
Performance bond	5,597,832.99	4,025,073.30
Rent, water & electricity fees	2,564,557.87	2,989,445.13
VAT export tax refunds	4,674,335.06	195,141.85
Other intercourse	497,805,458.10	450,006,575.72
Total	514,128,962.83	464,620,143.26

2) Information of Withdrawal of Bad Debt Provision

Unit: RMB

Bad debt provision	First stage	Second stage	Third stage	Total
	Expected credit loss of the next 12 months	Expected loss in the duration (credit impairment not occurred)	Expected loss in the duration (credit impairment occurred)	
Balance of 1 January 2021	454,821.73	1,880,736.44		2,335,558.17
Balance of 1 January 2021 in the Current Period	—	—	—	—
Withdrawal of the Current Period	308,426.99	428,746.43		737,173.42
Balance of 31 December 2021	763,248.72	2,309,482.87		3,072,731.59

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

Applicable Not applicable

Disclosure by aging

Unit: RMB

Aging	Ending balance
Within 1 year (including 1 year)	488,303,376.34
1 to 2 years	19,335,851.40
2 to 3 years	2,598,983.38
Over 3 years	3,890,751.71

3 to 4 years	2,377,256.70
4 to 5 years	1,079,847.71
Over 5 years	433,647.30
Total	514,128,962.83

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

The amount of expected credit loss accrued in the current period is RMB 737,173.42, and the amount of expected credit loss recovered or reversed in the current period is RMB 0.00

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

Naught

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

Unit: RMB

Name of the entity	Nature	Ending balance	Aging	Proportion to total ending balance of other receivables (%)	Ending balance of bad debt provision
No. 1	Internal business group	395,836,356.26	Within 1 year	76.99%	
No. 2	Internal business group	69,983,015.32	Within 2 years	13.61%	
No. 3	Internal business group	11,931,264.29	Within 4 year	2.32%	
No. 4	Intercourse accounts	7,060,000.00	Within 1 year	1.37%	211,800.00
No. 5	VAT export tax refunds	4,674,335.06	Within 1 year	0.91%	140,230.05
Total	--	489,484,970.93	--	95.20%	352,030.05

6) Accounts Receivable Involving Government Grants

Naught

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

Naught

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

Naught

3. Long-term Equity Investment

Unit: RMB

Item	Ending balance			Beginning balance		
	Carrying amount	Depreciation reserve	Carrying value	Carrying amount	Depreciation reserve	Carrying value
Investment to subsidiaries	1,061,536,766.02		1,061,536,766.02	355,584,295.41		355,584,295.41
Investment to joint ventures and associated enterprises	181,545,123.09		181,545,123.09	181,365,016.32		181,365,016.32
Total	1,243,081,889.11		1,243,081,889.11	536,949,311.73		536,949,311.73

(1) Investment to Subsidiaries

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease				Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Depreciation reserves withdrawn	Other		
FSL Chanchang Optoelectronics Co., Ltd.	82,507,350.00					82,507,350.00	
Foshan Taimei Times Lamps and Lanterns Co., Ltd.	350,000.00					350,000.00	
Nanjing Fozhao Lighting Components Manufacturing Co., Ltd.	72,000,000.00					72,000,000.00	
Foshan Electrical & Lighting	35,418,439.76					35,418,439.76	

(Xinxiang) Co., Ltd.							
Guangdong Fozhao New Light Sources Technology Co., Ltd.	50,077,000.00		50,077,000.00				
Foshan Haolaite Lighting Co., Ltd.	16,685,000.00					16,685,000.00	
Foshan Lighting Lamps & Components Co., Ltd.	15,000,000.00					15,000,000.00	
FSL Zhida Electric Technology Co., Ltd.	25,500,000.00					25,500,000.00	
FSL Lighting GMBH	195,812.50					195,812.50	
Hunan Keda New Energy Investment and Development Co., Ltd.	57,850,693.15	40,000,000.00			-97,850,693.15		
Foshan Kelian New Energy Technology Co., Ltd.		57,000,000.00			113,000,000.00	170,000,000.00	
Fozhao (Hainan) Technology Co., Ltd.		150,000,000.00				150,000,000.00	
Nanning Liaowang Auto Lamp Co., Ltd.		493,880,163.76				493,880,163.76	
Total	355,584,295.41	740,880,163.76	50,077,000.00		15,149,306.85	1,061,536,766.02	

Note: For details, please refer to Section XVII Major Events of the Company's Subsidiaries, 2. Absorption and Merger of Hunan Keda, of this report.

(2) Investment to Joint Ventures and Associated Enterprises

Unit: RMB

Investee	Beginning balance (carrying value)	Increase/decrease								Ending balance (carrying value)	Ending balance of depreciation reserve
		Additional investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint ventures											
II. Associated enterprises											
Shenzhen Primatronix (Nanho) Electronics Ltd.	181,365,016.32			2,260,497.27			2,080,390.50			181,545,123.09	
Subtotal	181,365,016.32			2,260,497.27			2,080,390.50			181,545,123.09	
Total	181,365,016.32			2,260,497.27			2,080,390.50			181,545,123.09	

(3) Other Notes

Naught

4. Operating Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Operating revenue	Cost of sales	Operating revenue	Cost of sales
Main business	3,548,713,016.46	3,011,542,500.00	3,341,450,360.57	2,726,640,272.12
Other business	169,595,356.00	142,496,679.53	148,816,741.96	134,309,284.64
Total	3,718,308,372.46	3,154,039,179.53	3,490,267,102.53	2,860,949,556.76

5. Investment Income

Unit: RMB

Item	Reporting Period	Same period of last year
Long-term equity investment income accounted by cost method	38,645,385.25	
Long-term equity investment income accounted by equity method	2,260,497.27	2,351,681.39
Investment income from disposal of long-term equity investment	7,349,443.02	43,551,565.30
Investment income from holding of other equity instrument investment	23,643,370.02	14,940,422.96
Investment income from financial products and structural deposits	971,514.99	23,451,129.06
Other	6,013,450.00	3,678,150.00
Total	78,883,660.55	87,972,948.71

Note: Refer to dividends of the subsidiary Lamps & Components Limited.

6. Other

Naught

XVIII. Supplementary Materials

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

Applicable Not applicable

Unit: RMB

Item	Amount	Note
Gain/Loss arising from disposal of non-current assets	82,233,742.26	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the government's unified standards	15,971,903.24	
Capital occupation charges on non-financial enterprises that are recorded into current profit or loss	881,704.19	
Gain/loss from change of fair value of	10,663,119.44	

trading financial assets and liabilities, and investment gains from disposal of trading financial assets and liabilities, and available-for-sale financial assets, other than valid hedging related to the Company's common businesses		
Other non-operating income and expenses other than the above	10,640,975.11	
Less: Income tax effects	17,224,178.81	
Non-controlling interests effects	3,085,681.16	
Total	100,081,584.27	--

Others that meets the definition of non-recurring gain/loss:

Applicable Not applicable

No such cases in the Reporting Period.

Explain the reasons if the Company classifies any extraordinary gain/loss item mentioned in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Non-recurring Gains and Losses as a recurrent gain/loss item

Applicable Not applicable

2. Return on Equity and Earnings Per Share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to ordinary shareholders of the Company	4.23%	0.1854	0.1836
Net profit attributable to ordinary shareholders of the Company after deduction of non-recurring profit or loss	2.53%	0.1112	0.1101

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

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

Applicable Not applicable

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

Applicable Not applicable

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

Naught

4. Other

Naught

Wu Shenghui, legal representative
Foshan Electrical and Lighting Co., Ltd.

30 March 2022