

Stock Code: 000541, 200541

Stock Name: FSL, FSL-B

Announcement No. 2019-027

# FOSHAN ELECTRICAL AND LIGHTING CO., LTD.

## INTERIM REPORT 2019 (SUMMARY)

### Part I Important Notes

This Summary is based on the full text of the 2019 Interim Report of Foshan Electrical and Lighting Co., Ltd. (together with its consolidated subsidiaries, the “Company”, except where the context otherwise requires). In order for a full understanding of the Company’s operating results, financial condition and future development plans, investors should carefully read the aforesaid full text, which has been disclosed together with this Summary on the media designated by the China Securities Regulatory Commission (the “CSRC”).

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

Independent auditor’s modified opinion:

Applicable  Not applicable

Board-approved interim cash and/or stock dividend plan for ordinary shareholders:

Applicable  Not applicable

The Company has no interim dividend plan, either in the form of cash or stock.

Board-approved interim cash and/or stock dividend plan for preferred shareholders:

Applicable  Not applicable

### Part II Key Corporate Information

#### 1. Stock Profile

Stock name	FSL, FSL-B	Stock code	000541, 200541
Stock exchange for stock listing	Shenzhen Stock Exchange		
Contact information	Board Secretary	Securities Representative	
Name	He Yong	Huang Yufen	
Office address	No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province,	No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province,	

	P.R.China	P.R.China
Tel.	0757-82810239	0757-82966028
E-mail address	yh888@chinafsl.com	fslhyf@163.com

## 2. Key Financial Information

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

Yes  No

	H1 2019	H1 2018	Change (%)
Operating revenue (RMB)	1,687,184,660.86	2,064,779,289.99	-18.29%
Net profit attributable to the listed company's shareholders (RMB)	167,275,725.75	229,277,455.82	-27.04%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	154,517,987.66	228,028,236.71	-32.24%
Net cash generated from/used in operating activities (RMB)	190,681,833.48	144,723,778.38	31.76%
Basic earnings per share (RMB/share)	0.1195	0.1638	-27.05%
Diluted earnings per share (RMB/share)	0.1195	0.1638	-27.05%
Weighted average return on equity (%)	3.77%	5.32%	-1.55%
	30 June 2019	31 December 2018	Change (%)
Total assets (RMB)	5,478,348,482.66	5,588,166,699.30	-1.97%
Equity attributable to the listed company's shareholders (RMB)	4,329,873,031.84	4,319,259,418.46	0.25%

## 3. Shareholders and Their Holdings as at 30 June 2019

Unit: share

Number of ordinary shareholders		86,354		Number of preferred shareholders with resumed voting rights (if any)		0	
Top 10 shareholders							
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares	Restricted shares	Shares in pledge or frozen		
					Status	Shares	
Hong Kong Wah Shing Holding Company Limited	Foreign legal person	13.47%	188,496,430		In pledge	92,363,251	
Prosperity Lamps & Components Limited	Foreign legal person	10.50%	146,934,857				
Shenzhen Rising Investment Development Co., Ltd.	State-owned legal person	5.12%	71,696,136		In pledge	35,800,000	
Guangdong Electronics Information Industry Group Ltd.	State-owned legal person	4.74%	66,393,501		In pledge	32,532,815	
Central Huijin Asset Management Co.,	State-owned legal person	2.42%	33,878,900				

Ltd.						
Essence International Securities (Hong Kong) Co., Ltd.	Foreign legal person	2.14%	30,007,711			
Rising Investment Development Limited	Foreign legal person	1.82%	25,482,252			
DBS Vickers (Hong Kong) Ltd A/C Clients	Foreign legal person	1.58%	22,102,137			
China Merchants Securities (Hong Kong) Co., Ltd	Foreign legal person	0.87%	12,226,036			
Zhuang Jianyi	Foreign natural person	0.85%	11,903,509	8,927,632		
Related or acting-in-concert parties among the shareholders above	Among the top 10 shareholders, Hong Kong Wah Shing Holding Company Limited, Shenzhen Rising Investment Development Co., Ltd., Guangdong Electronics Information Industry Group Ltd. and 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.					
Shareholders involved in securities margin trading (if any)	Among the top 10 unrestricted shareholders, Shenzhen Xingsen Asset Management Co., Ltd—Phase II Private Fund of Xingsen holds 0 shares in the Company through its common stock accounts and 8,616,776 shares in the Company through its accounts of collateral securities for margin trading, representing a total holding of 8,616,776 shares in the Company.					

#### 4. Change of the Controlling Shareholder or the Actual Controller in the Reporting Period

Change of the controlling shareholder in the Reporting Period:

Applicable  Not applicable

The controlling shareholder remained the same in the Reporting Period.

Change of the actual controller in the Reporting Period:

Applicable  Not applicable

The actual controller remained the same in the Reporting Period.

#### 5. Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable  Not applicable

No preferred shareholders in the Reporting Period.

#### 6. Corporate bonds

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

No.

## Part III Operating Performance Discussion and Analysis

### 1. Business Overview of the Reporting Period

Is the Company subject to any industry-specific disclosure requirements?

No.

In the first half of 2019, China's economy was under great pressure for growth. From an international perspective, global economic growth slowed down, US-China trade conflicts continued to escalate, the international trade was in confusion, and overseas market demand played a weaker role in driving China's economic development; from a domestic perspective, real estate regulation policies remained tight, disparity among manufacturers was getting increasingly evident, and many challenges posed a threat to economic development. For lighting companies, on one hand, LED lighting has developed at a fast pace, the penetration rate of LED lighting products has continued to increase, and the growth of market demand has slowed down in recent years. On the other hand, companies have released their expanded capacity one after another, resulting in continuously sliding retail prices of lighting products and increasingly fierce competition between industries. In light of the macroeconomic pressure, slowed industrial growth and fierce market competition environment, the Company continued to deepen technical renovations and the upgrading of intelligent manufacturing for its main products by centering around the strategic goal of "Cutting-edge Technology, International Brand and Market and Large-scale Production" raised by the board of directors. Additionally, it dealt with the pressure of market competition through internal reorganization and team coordination and the integration of various advantaged resources. For the Reporting Period, the Company achieved operating revenue of RMB1687.1847 million, a year-on-year decrease of 18.29 %; and a net profit attributable to the listed company's shareholders of RMB167.2757 million, a year-on-year decrease of 27.04 %.

In the first half of 2019, the Company mainly focused on the following work:

#### 1. Integrated internal resources and developed market potentials in each segment

In the first half of 2019, the Company implemented the BU system reform. It set up four business units including R&D and sales, adjusted the BU organizational structure and talent structure, and sorted out BU process and authorization to enable fast response to changing goals of market. At the same time, it improved the remuneration

and incentive system of business units, proactively mobilized staff enthusiasm, strengthened the development of leadership, and kept exploring and innovating in incentive mechanism. It encouraged the orientation by problem solving and the joint creation of value and sharing of results by everyone who should have a sense of engagement. In terms of domestic sales, the Company explored and promoted the high-end development of its products, set up stores for the experience of a high-end, intelligent and healthy household life, and enhanced the image of Foshan Lighting in consumers' mind through the export at the windows of the experience stores; it proactively developed engineering channel business with a focus on education, real estate, rail transit and brand franchising to increase its market shares on engineering channel; it continued to develop high quality automotive lamp projects and new LED module projects and increase LED module application vehicle models in an attempt to raise its markets shares in lamp factories and main device factories. In terms of overseas sales, to deal with the impact of US-China trade conflicts, the Company beefed up the promotion of intelligent products and made joint efforts to develop new products based on the demands of key accounts; it made active steps to explore overseas e-commerce channel and further expanded marketing channels; it made use of the development opportunities brought by "Belt and Road" to vigorously expand the markets in "Belt and Road" countries, strengthen brand promotion overseas, enhance the influence of self-owned brands, and propel the pace of brand internationalization.

## 2. Improved intelligent product technologies and product categories, resulting in considerable growth in the sales of intelligent products

During the Reporting Period, the Company continued to enrich the categories of intelligent products and maintained the upgrading and improvement of intelligent control technologies. It connected with more influential mainstream cloud platforms both at home and abroad, including China's Huawei, Alibaba, Tencent and Jingdong, and foreign Amazon, Google, WIZ and key accounts platforms. Meanwhile, it upgraded its own cloud platform and continued to provide users with solutions from the intelligent control of single product to scenario-based intelligent household solutions. During the Reporting Period, the Company proactively carried out interdisciplinary cooperation with other platform enterprises in the field of intelligence. It made use of Huawei's HiLink intelligent technology to connect with Huawei's intelligent ecological chain and carried out in-depth cooperation with Huawei in intelligent household lighting; it took the initiative to discuss deep cooperation with Baidu and Alibaba Cloud in intelligent household life. In the first half of 2019, the Company achieved sales

revenue of RMB20,305,900 from its intelligent products, including a centralized purchase order of one million lamps by Alibaba's Tmall Genie and a new sales revenue of RMB754,000 from intelligent electrical products.

### 3. Strengthened efforts in intelligent manufacturing to speed up fast response

The Company's production automation has improved substantially over recent years' continuous development in production automation. On the basis of that, the Company continued to center around the goal of "Automation, Flexibility and Large Scale", optimized process automation for some production lines based on the actual production conditions, and tried to push the standard and modular process from front end to back end, in an effort to enhance the flexibility and compatibility of production automation. At the same time, the Company accelerated the level of information building. On the basis of the existing SAP system, OA system and HR system, it established the SRM (supply chain) system, WMS (warehouse) system and PDM (R&D) system and promoted the integration of its automated production lines and information systems, aiming to achieve inter-connectivity and integration and open up its business data chains in different segments, including R&D, purchase, manufacturing, warehousing and sales. Thus, it will help the Company's management to quickly understand production conditions, expedite the adjustment of its production according to market demands and enhance its overall response speed and management abilities, providing customers with better delivery experience and achieving the goal of win-win results between the Company and its customers.

## 2. Matters Related to Financial Reporting

### (1) Changes to Accounting Policies, Accounting Estimates or Measurement Methods Compared to the Last Accounting Period

Applicable    Not applicable

In 2017, the Ministry of Finance revised and issued the Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No.24-Hedge Accounting, Accounting Standards for Business Enterprises No.37-Presentation of Financial Instruments and required enterprises listed both domestically and overseas as well as companies listed overseas with financial report prepared in accordance with International Financial Reporting Standards or Accounting Standards for Business Enterprises to carry out the revised accounting standards since 1 January 2018, required

other domestically listed companies to carry out the revised standards since 1 January 2019, and required unlisted enterprises implementing Accounting Standards for Business Enterprises to carry out the revised standards since 1 January 2021. Thus the Company starts to implement the changed new standards governing financial instruments since 1 January 2019. For details, refer to the Announcement on Changes in Accounting Policies (Announcement No.: 2019-020) disclosed on [cninfo.com.cn](http://cninfo.com.cn).

**(2) Retrospective Restatements due to the Correction of Material Accounting Errors in the Reporting Period**

Applicable  Not applicable

No such cases.

**(3) Changes to the Scope of Consolidated Financial Statements Compared to the Last Accounting Period**

Applicable  Not applicable

The Company convened the 26<sup>th</sup> Meeting of the 8<sup>th</sup> Board of Directors on 7 September 2018, which reviewed and approved the Proposal on the De-Registration of Wholly-owned Subsidiary Guangdong Fozhao Finance Lease Co., Ltd. (hereinafter referred to as “Fozhao Lease”). Upon the receipt of the Notice on Approval of De-Registration from the Foshan Administration for Market Regulation on 26 March 2019, the de-registration procedure of Fozhao Lease has been completed and Fozhao Lease has been excluded from the scope of the Company’s consolidated financial statements.

The Board of Directors

Foshan Electrical and Lighting Co., Ltd.

28 August 2019