

Stock Code: 000541, 200541

Stock Name: FSL, FSL-B

Announcement No. 2018-027

# FOSHAN ELECTRICAL AND LIGHTING CO., LTD.

## INTERIM REPORT 2018 (SUMMARY)

### Part I Important Notes

This Summary is based on the full text of the 2018 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	Lin Yihui	Huang Yufen	
Office address	No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province, P.R.China	No. 64, Fenjiang North Road, Chancheng District, Foshan City, Guangdong Province, P.R.China	

Tel.	0757-82810239	0757-82966028
E-mail address	fsl-yh@126.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 2018	H1 2017	Change (%)
Operating revenue (RMB)	2,064,779,289.99	2,023,925,582.84	2.02%
Net profit attributable to the listed company's shareholders (RMB)	229,277,455.82	228,494,660.57	0.34%
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	228,028,236.71	227,184,233.70	0.37%
Net cash generated from/used in operating activities (RMB)	144,723,778.38	-31,063,187.22	565.90%
Basic earnings per share (RMB/share)	0.1638	0.1633	0.31%
Diluted earnings per share (RMB/share)	0.1638	0.1633	0.31%
Weighted average return on equity (%)	5.32%	4.99%	0.33%
	30 June 2018	31 December 2017	Change (%)
Total assets (RMB)	5,238,861,184.94	5,675,811,824.29	-7.70%
Equity attributable to the listed company's shareholders (RMB)	4,266,885,850.25	4,779,115,459.39	-10.72%

## 3. Shareholders and Their Holdings at Period-End

Unit: share

Number of ordinary shareholders		93,117		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	Pledged or frozen shares		
					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	25,300,000	
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., Ltd.	State-owned legal person	2.42%	33,878,900			
Essence International Securities (Hong Kong) Co., Ltd.	Foreign legal person	2.09%	29,313,386			
Hong Kong Rising Investment Development Co., Ltd.	Foreign legal person	1.82%	25,482,252			
DBS Vickers (Hong Kong) Ltd A/C Clients	Foreign legal person	1.70%	23,811,009			
China Merchants Securities (Hong Kong) Co., Ltd	Foreign legal person	0.88%	12,322,811			
Peng Weiyuan	Domestic natural person	0.86%	12,032,113			
Related or acting-in-concert parties among shareholders above	Among the top 10 shareholders, Hong Kong Wah Shing Holding Company Limited, Shenzhen Rising Investment Development Co., Ltd., Guangdong Electronics Information Industry Group Ltd. and Hong Kong Rising Investment Development Co., Ltd. are acting-in-concert parties. 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 conducting margin trading (if any)	Among the top 10 shareholders, natural person Peng Weiyuan holds 0 shares in the Company through her common stock accounts and 12,032,113 shares in the Company through her accounts of collateral securities for margin trading, representing a total holding of 12,032,113 shares in the Company.					

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

Change of the controlling shareholder in the Reporting Period:

Applicable  Not applicable

The controlling shareholder remained the same in the Reporting Period.

Change of the actual controller in the Reporting Period:

Applicable  Not applicable

The actual controller remained the same in the Reporting Period.

#### 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 undue 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 Reporting Period

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

No.

The first half of 2018 saw changes in China's economy with mounting pressure on foreign trade. Domestically, in spite of a steady economy, growth in investment and consumption demand registered new lows amid deleveraging. Internationally, export growth was under greater pressure caused by the tightening monetary policies of developed economies, decreasing liquidity across the globe and rising trade frictions. In face of these economic changes and the fierce competition industrywide, the Company's management continued to focus on the strategic objectives of "Cutting-Edge Technologies, Internationally-Famous Brands and Large-Scale Production" the Board had put forward, strengthening innovation, optimizing the product mix and improving manufacturing and management. As a result, the Company delivered a good operating performance for the Reporting Period. For this period, the Company recorded operating revenue of RMB 2.065 billion, up 2.02% compared to the same period of last year, and net profit attributable to the listed company's shareholders of RMB 0.229 billion, representing a year-on-year growth of 0.34%.

The work that the Company has done in the first half of 2018 is summarized as follows:

#### A. Strengthening market expansion for better competitiveness

(a) Domestically, the Company has made new changes to its distribution channels for better competitiveness.

In light of changes in the industry, the Company has reformed its distribution channels, helping distributors shift from passivity to initiative, adopting flat management on distribution channels, and strengthening control over channel terminals. Additionally, the Company has adjusted and integrated its distribution channels, and has made clear the priorities for all these channels, so as to increase competitiveness in this respect.

(b) As for export, the Company continued to maintain good and stable cooperation with valued customers. Orders kept increasing as the Company further extended its product range, offered products with high added value and enhanced customer service. In addition, continuous effort was spent on attracting new customers to drive future

growth.

#### B. Enhancing innovation and improving manufacturing

The Company has enhanced innovation in the Reporting Period. A greater focus was given on smart lighting, healthy lighting and smart electrical products. It also focused on product transitions and the development of new products, particularly high-end products. To do so, it brought in high-end R&D talent and reformed the performance appraisal system for R&D personnel so as to further stimulate their creativity.

To reduce marginal costs in procurement, manufacturing, equipment, etc., modularization, standardization and generalization were promoted in product design. Meanwhile, the Company continued to automate its production lines in a deeper and faster manner. It was trying to improve manufacturing through lean management and automation.

#### C. Optimizing the product mix with smart lighting products being launched to the market one after another

During the Reporting Period, the Company reinforced the development of smart lighting products and successfully developed 129 specifications. And it also showed its strength in smart lighting and electrical products to the market at large international and domestic lighting exhibitions and smart showrooms including the Light + Building exhibition at Frankfurt, Germany and the Guangzhou International Lighting Exhibition. The Company's smart lighting products have started to generate sales revenue in the Reporting Period, and the Company will strengthen the marketing of these products in the second half of the year.

In addition to a greater investment in smart products, the Company also continued to promote the shift of its products from light sources to luminaries through enriching the luminary portfolio with a higher proportion of medium- and high-end luminaries.

#### D. Reinforcing control over costs and expenses for more economic benefits

The Company got down to details in production management and enhanced control over process indexes. It kept material consumption and product quality indexes well under control with a double-appraisal system. It also enhanced control over costs and expenses, seeking better economic benefits. Additionally, product cost estimates and production analyses were made on a monthly basis and production summaries were given in a timely manner to prevent risks.

## 2. Matters Related to Financial Reporting

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

Applicable     Not applicable

No such changes.

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

Applicable  Not applicable

No such cases.

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

Applicable  Not applicable

No such changes.

The Board of Directors

Foshan Electrical and Lighting Co., Ltd.

28 August 2018