

Stock Code: 000541, 200541

Stock Name: FSL, FSL-B

Announcement No. 2020-047

FOSHAN ELECTRICAL AND LIGHTING CO., LTD.

INTERIM REPORT 2020 (SUMMARY)

Part I Important Notes

This Summary is based on the full text of the 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	Wu Shenghui	Huang Yufen	
Office address	No. 64, Fenjiang North Road,	No. 64, Fenjiang North Road,	

	Chancheng District, Foshan City, Guangdong Province, P.R.China	Chancheng District, Foshan City, Guangdong Province, P.R.China
Tel.	0757-82810239	0757-82966028
E-mail address	fslsh@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 2020	H1 2019	Change (%)
Operating revenue (RMB)	1,522,884,127.04	1,687,184,660.86	-9.74%
Net profit attributable to the listed company's shareholders (RMB)	151,061,447.83	167,275,725.75	-9.69%
Net profit attributable to the listed company's shareholders before exceptional gains and losses (RMB)	150,434,836.00	154,517,987.66	-2.64%
Net cash generated from/used in operating activities (RMB)	201,077,703.45	190,681,833.48	5.45%
Basic earnings per share (RMB/share)	0.1080	0.1195	-9.62%
Diluted earnings per share (RMB/share)	0.1080	0.1195	-9.62%
Weighted average return on equity (%)	2.94%	3.77%	-0.83%
	30 June 2020	31 December 2019	Change (%)
Total assets (RMB)	6,517,507,782.65	6,175,200,008.24	5.54%
Equity attributable to the listed company's shareholders (RMB)	5,234,668,010.70	4,880,736,800.07	7.25%

3. Shareholders and Their Holdings as at the End of the Reporting Period

Unit: share

Number of ordinary shareholders		87,618		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	0	In pledge	92,363,251	
Prosperity Lamps & Components Limited	Foreign legal person	10.50%	146,934,857	0			
Shenzhen Rising Investment Development Co., Ltd.	State-owned legal person	5.12%	71,696,136	0	In pledge	35,800,000	
Guangdong Electronics Information Industry Group Ltd.	State-owned legal person	4.85%	67,876,801	0	In pledge	32,532,815	
Central Huijin Asset Management Co., Ltd.	State-owned legal person	2.42%	33,878,900	0			
Essence International	Foreign legal person	2.22%	31,059,913	0			

Securities (Hong Kong) Co., Ltd.	person					
Hong Kong Rising Investment Development Co., Ltd.	Foreign legal person	1.82%	25,482,252	0		
DBS Vickers(Hong Kong) Ltd A/C Clients	Foreign legal person	1.50%	20,929,637	0		
China Merchants Securities (Hong Kong) Co., Ltd	Foreign legal person	0.89%	12,494,704	0		
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 Hong Kong Rising Investment Development Co., Ltd. are acting-in-concert parties; and Prosperity Lamps & Components Limited and Zhuang Jianyi are acting-in-concert parties. Apart from that, it is unknown whether there is among the top 10 shareholders any other related parties or acting-in-concert parties as defined in the Administrative Measures for the Acquisition of Listed Companies.					
Shareholders involved in securities margin trading (if any)	None					

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.

The first half of 2020 saw a heavy hit by the COVID-19 pandemic to the global economy and consumer market. This, together with the fierce competition in the lighting industry, put companies under tremendous pressure. In face of the pressure and challenges, the Company forged ahead with great solidarity against headwinds. In addition to playing its part in the fight against the pandemic, the Company tapped potential internally and explored more markets externally. Through fully implementing the philosophy of “Focus on the Key Work, Improve Weak Links, Solve Bottlenecks, Increase Efficiency and Promote Growth”, as well as by paying more attention in various work, the Company has achieved a better level of production and operation. Due to the pandemic, for the Reporting Period, the Company achieved operating revenue of RMB1522.8841million, a year-on-year decrease of 9.74%; and a net profit attributable to the listed company’s shareholders of RMB151.0614million, a year-on-year decrease of 9.69%.

In the first half year of 2020, the Company has carried out work mainly in the following aspects:

1. Stepping up effort in scientific and technological innovation to strengthen the momentum of development

The Company has continued to increase R&D spending since the beginning of the year. In the first half year, it spent RMB64.96million on R&D, accounting for 4.27% of the operating revenue of the period. It completed the development of 335 new products, applied for 53 new patents and was granted with 42 patents. To meet new market demands in the context of COVID-19, the Company quickly mobilized forces to develop, upgrade and release series of new functional products with anti-epidemic and disinfecting functions and new healthy lighting products to the market. In addition, it further stepped up effort in the development and promotion of intelligent lighting products.,accessed the IoT platforms such as Alibaba Cloud, and developed smart home lighting products jointly with Alibaba (artificial intelligent lab o f Tmall Genie), Huiwei (Hilink) and Baidu (Duer) so as to provide more abundant products and home application scenarios for users.The Company continued to promote industry-education-research collaboration with key colleges and universities and professional research institutes across the country, and extended business into new segments to produce stronger impetus for development.

2. Focusing on marketing model innovation and market expansion to boost sales

First, the Company effectively enhanced market activity through new marketing models, such as “live streaming

and crowd funding”. By hosting large-scale live streaming targeting the whole country, the Company improved the operation efficiency of its online traffic, laying a solid foundation for raising sales revenue. Second, the Company focused on developing key accounts and projects and further developed the potentials of existing key accounts. While proactively entering into the centralized purchases of real estate companies, the Company continuously expanded cooperation with home decor companies, property management companies, large chain groups and other channel customers. On top of that, the Company actively developed the overseas market, increase the development of new customers. At the same time, the Company further developed the potentials of existing big accounts and provided quality services to them, so as to obtain more orders and develop more projects of intelligent products and new lamps.

3. Tightening effort in delicacy management to enhance corporate management efficacy

The Company worked hard to increase revenue and reduce expenditure to counter the impact of the epidemic on its production and operation. First, it controlled costs and cut expenses, analyzed and monitored budget execution, and made “belt-tightening” plans with strict control over non-operating expenses. It continued to advance the upgrading of production automation to cut labor costs and increase production efficiency. Second, it drove the collection of accounts receivable by establishing a warning mechanism for Accounts receivable. Through stronger effort in this aspect, the Company intended to prevent the risk of operating fund. Third, it improved its capacity for supply chain delivery. Through coordination and cooperation among different departments, the Company ensured timely receiving of materials and timely shipment of products.

4. Managing corporate culture and team building to enhance its cohesion

Guided by Party building, the Company set up multiple platforms, such as Key Party Members Pioneering Post, Key Party Members Responsibility Zone, and Key Party Members Fortification Team, gave play to the leading role of Party members. It published reports on meritorious deeds in lighting and the battle against the virus, and commended 31 “Lighting Pioneers”. By doing this, the Company aimed to create a favorable atmosphere for business development, make all staff pull together towards production and operation.

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

Changes in accounting policy	Approval procedure	Remark
On 5 July 2017, the Ministry of Finance	Approved by the 35 th Meeting of the 8 th	For details, refer to the Announcement on

<p>issued the Notice on Revising and Issuing the Accounting Standards for Business Enterprises No.14-Revenue (CK(2017)No.22 and required those enterprises both listed in domestic and aboard and those enterprises overseas listed with International Financial Reporting Standards or Accounting Standards for Business Enterprises for preparation of financial statements to implement it since 1 January 2018, required other domestically listed enterprises to implement it since 1 January 2020 and required non-listed enterprises carrying out the Accounting Standards for Business Enterprises to implement it since 1 January 2021. Thus, the Company starts to implement the new standards governing revenue since 1 January 2020 and has made the treatment in accordance with governing connection regulation.</p>	Board of Directors	Changes in Accounting Policies (Announcement No.: 2020-011) disclosed on cninfo.com.cn.
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(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

No such cases.

The Board of Directors

Foshan Electrical and Lighting Co., Ltd.

27 August 2020