

FOSHAN ELECTRICAL AND LIGHTING CO., LTD.
THIRD QUARTER REPORT 2018

October 2018

Part I Important Notes

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. (together with its consolidated subsidiaries, the “Company”, except where the context otherwise requires) 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.

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

He Yong, the Company’s legal representative, Liu Xingming, the Company’s General Manager, and Tang Qionglan, the Company’s Chief Financial Officer (CFO) hereby guarantee that the financial statements carried in this Report are factual, accurate and complete.

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

Part II Key Corporate Information

I Key Consolidated Financial Information

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

Yes No

	30 September 2018	31 December 2017	Change (%)	
Total assets (RMB)	5,655,661,465.49	5,675,811,824.29	-0.36%	
Equity attributable to the listed company's shareholders (RMB)	4,350,922,524.65	4,779,115,459.39	-8.96%	
	Q3 2018	YoY change (%)	Q1-Q3 2018	YoY change (%)
Operating revenue (RMB)	820,735,540.10	-11.40%	2,885,514,830.09	-2.19%
Net profit attributable to the listed company's shareholders (RMB)	94,389,387.69	-79.03%	323,666,843.51	-52.30%
Net profit attributable to the listed company's shareholders before exceptional items (RMB)	94,550,677.32	43.79%	322,578,914.03	10.12%
Net cash generated from/used in operating activities (RMB)	--	--	510,441,096.28	591.72%
Basic earnings per share (RMB/share)	0.0675	-79.01%	0.2313	-52.30%
Diluted earnings per share (RMB/share)	0.0675	-79.01%	0.2313	-52.30%
Weighted average return on equity (%)	1.66%	-6.77%	6.98%	-6.44%

Exceptional gains and losses:

Applicable Not applicable

Unit: RMB

Item	Q1-Q3 2018	Note
Gain or loss on disposal of non-current assets (inclusive of impairment allowance write-offs)	-137,807.23	
Government subsidies charged to current profit or loss (exclusive of government subsidies given in the Company's ordinary course of business at fixed quotas or amounts as per government's	1,078,870.94	

uniform standards)		
Non-operating income and expense other than above	136,989.67	
Less: Income tax effects	114,938.42	
Non-controlling interests effects (net of tax)	-124,814.52	
Total	1,087,929.48	--

Explanation of why the Company reclassifies as recurrent an exceptional gain/loss item defined or 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.

II Total Number of Shareholders and Holdings of Top 10 Shareholders at 30 September 2018

1. Numbers of Ordinary Shareholders and Preferred Shareholders with Resumed Voting Rights as well as Holdings of Top 10 Shareholders

Unit: share

Number of ordinary shareholders		91,412		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	28,300,000
Guangdong Electronics Information Industry Group Ltd.	State-owned legal person	4.74%	66,393,501		In pledge	32,532,815
Central Huijin	State-owned legal person	2.42%	33,878,900			

Asset Management Co., Ltd.	person					
Essence International Securities (Hong Kong) Limited	Foreign legal person	2.09%	29,313,386			
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 (HK) Co., Limited	Foreign legal person	0.88%	12,381,736			
Peng Weiyan	Foreign natural person	0.86%	12,032,113			
Top 10 unrestricted shareholders						
Name of shareholder	Unrestricted shares	Shares by type				
		Type	Shares			
Hong Kong 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 stock	146,934,857			
Shenzhen Rising Investment Development Co., Ltd.	71,696,136	RMB-denominated ordinary stock	71,696,136			
Guangdong Electronics Information Industry Group Ltd.	66,393,501	RMB-denominated ordinary stock	66,393,501			
Central Huijin Asset Management Co., Ltd.	33,878,900	RMB-denominated ordinary stock	33,878,900			
Essence International Securities (Hong Kong) Limited	29,313,386	Domestically listed foreign stock	29,313,386			
Rising Investment Development Limited	25,482,252	Domestically listed foreign stock	25,482,252			
DBS Vickers (Hong Kong) Ltd A/C Clients	22,102,137	Domestically listed foreign stock	22,102,137			

China Merchants Securities (HK) Co., Limited	12,381,736	Domestically listed stock	12,381,736
Peng Weiyan	12,032,113	RMB-denominated ordinary stock	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 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)	Among the top 10 unrestricted shareholders, natural person Peng Weiyan 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.		

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.

Yea No

No such cases in the Reporting Period.

2. Number of Preferred Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

Part III Significant Events

I Changes in Selected Consolidated Financial Statement Line Items and Explanation of why

√ Applicable □ Not applicable

Unit: RMB

Item	30 September 2018 (or Q1~Q3 2018)	31 December 2017 (or Q1~Q3 2017)	Change (%)	Explanation of why
Monetary capital	749,538,531.36	570,184,208.96	31.46%	Reclassification into this item of mature structured deposits and wealth management products purchased from bank
Prepayments	22,321,352.49	33,095,313.35	-32.55%	Decline in advances to suppliers
Construction in progress	224,495,198.68	162,814,991.68	37.88%	More investments in the expansion of the plant in Gaoming
Financial liabilities at fair value through profit or loss	4,819,200.00			Trading financial assets or liabilities were recognized at fair value on the forward forex settlement contracts entered into during the Reporting Period
Notes and accounts payable	1,018,391,858.14	539,303,554.54	88.83%	More bank acceptance bills were used in the settlement with suppliers
Deferred income	1,600,076.52	11,858,330.49	-86.51%	Return of government subsidy in the current period
Deferred income tax liabilities	67,637,756.02	126,460,250.96	-46.51%	Decline in the fair value of available-for-sale financial assets
Capital reserves	158,608,173.07	285,821,459.07	-44.51%	Bonus issue from capital reserves in the current period
Other comprehensive income	383,279,269.10	716,607,333.78	-46.51%	Decline in the fair value of available-for-sale financial assets
R&D expense	35,259,823.24	24,371,396.18	44.68%	Rise in R&D expense in this item
Finance costs	-27,223,983.79	-6,116,872.70	-345.06%	Higher exchange income resulted from the depreciation of the RMB against the U.S. dollar
Interest income	7,691,616.90	19,973,130.75	-61.49%	More bank deposits were used to purchase wealth management

				products, from which the income generated was recognized in investment income
Gain on changes in fair value	-4,819,200.00			Trading financial assets or liabilities were recognized at fair value on the forward forex settlement contracts entered into during the Reporting Period
Investment income	49,921,007.70	499,104,903.93	-90.00%	Sale of holdings in Qinghai Fozhao (associate) and Guoxuan High-tech in the same period of last year
Share of profit or loss of joint ventures and associates	6,515,462.53	185,758,558.04	-96.49%	Sale of holdings in Qinghai Fozhao (associate) in the same period of last year
Asset disposal income	-78,039.44	-10,790.68	-623.21%	Sale of non-current assets
Other income	27,330,963.26	3,609,964.36	657.10%	More government subsidies received during the ordinary course of business
Operating profit	387,876,055.36	799,290,326.43	-51.47%	Higher investment income in the same period of last year due to the sale of holdings in Qinghai Fozhao (associate) and Guoxuan High-tech, while there were no such events in the current period
Non-operating expense	884,191.93	4,838,741.81	-81.73%	Reduction in the loss on non-current asset disposal
Profit before tax	389,032,148.18	797,243,162.69	-51.20%	Higher investment income in the same period of last year due to the sale of holdings in Qinghai Fozhao (associate) and Guoxuan High-tech, while there were no such events in the current period
Income tax expense	62,530,147.85	114,494,430.09	-45.39%	Decline in profit before tax
Net profit	326,502,000.33	682,748,732.60	-52.18%	Higher investment income in the same period of last year due to the sale of holdings in Qinghai Fozhao (associate) and Guoxuan High-tech, while there were no such events in

				the current period
Net profit attributable to owners of the Company as the parent	323,666,843.51	678,531,026.31	-52.30%	Higher investment income in the same period of last year due to the sale of holdings in Qinghai Fozhao (associate) and Guoxuan High-tech, while there were no such events in the current period
Net profit attributable to non-controlling interests	2,835,156.82	4,217,706.29	-32.78%	Decline in subsidiaries' profit
Other comprehensive income, net of tax	-333,328,064.68	-213,210,507.23	-56.34%	Decline in the fair value of available-for-sale financial assets
Total comprehensive income	-6,826,064.35	469,538,225.37	-101.45%	Decline in the fair value of available-for-sale financial assets
Net cash generated from/used in operating activities	510,441,096.28	-103,806,526.11	591.72%	More bank acceptance bills were used in the settlement with suppliers in Q3, and the longer days of such payables outstanding resulted in a decrease in cash used in operating activities
Net cash generated from/used in investing activities	-20,911,229.55	12,659,213.62	-265.19%	Sale of holdings in Qinghai Fozhao (associate) and Guoxuan High-tech in the same period of last year
Effect of foreign exchange rate changes on cash and cash equivalents	5,036,692.65	-3,350,808.67	250.31%	Higher exchange income resulted from the depreciation of the RMB
Net increase in cash and cash equivalents	89,402,795.38	-616,566,537.99	114.50%	Rise in net cash generated from operating activities

II Progress, Influence and Solutions Associated with Significant Events

Applicable Not applicable

III Commitments that the Company's Actual Controller, Shareholders, Related Parties and Acquirers, as well as the Company Itself and Other Parties, Failed to Fulfill on Time during Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

IV 2018 Annual Operating Performance Forecast

Warning of a forecast loss on or a forecast significant year-on-year change in net profit for year 2018, as well as explanation of why:

Applicable Not applicable

V Securities Investments

Applicable Not applicable

Unit: RMB

Security type	Security code	Security name	Initial investment cost	Measurement method	Beginning carrying amount	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/loss in Reporting Period	Ending carrying amount	Accounting title	Funding source
Domestically/Overseas listed stock	002074	Guoxuan High-tech	160,000,000.00	Fair value method	1,011,838,873.50		-389,553,420.75			4,545,547.50	622,285,452.75	Available-for-sale financial assets	Self-funded
Domestically/Overseas listed stock	601818	China Everbright Bank	30,828,816.00	Fair value method	75,114,353.70		-2,596,545.56			3,356,962.47	72,517,808.14	Available-for-sale financial assets	Self-funded
Domestically/Overseas listed stock	N/A	Xiamen Bank	292,574,133.00	Cost method	292,574,133.00					10,971,417.60	292,574,133.00	Available-for-sale financial assets	Self-funded
Domestically/Overseas listed stock	N/A	Foshan branch	500,000.00	Cost method	500,000.00						500,000.00	Available-for-sale	Self-funded

Shares listed		of Guangdong Development Bank										Financial assets	
Total			483,902,949.00	--	1,380,027,360.20	0.00	-392,149,966.31	0.00	0.00	18,873,927.57	987,877,393.89	--	--
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)													

VI Wealth Management Entrustment

Applicable Not applicable

Unit: RMB'0,000 (in RMB ten thousand yuan)

Type of wealth management	Funding source	Principal	Outstanding amount before maturity	Overdue amount
Wealth management product purchased from bank	Self-funded	50,000	21,000	0
Structural deposits	Self-funded	61,000	61,000	0
Total		111,000	82,000	0

High-risk wealth management entrustments with amounts that are individually significant, or with low security, low liquidity, or no protection of the principal:

Applicable Not applicable

Trustee	Type of trustee	Type of wealth management product	Principal	Funding source	Start date	End date	Investment with principal	Way of payback	Reference annualized return (%)	Expected return (if any)	Actual gain/loss in Reporting Period	Collection/payment of gain/loss in	Impairment allowance (if any)	Through prescribed procedure or	Any plan for further entrustment	Overview and index to more

												Report ing Period		not		infor matio n (if any)
China Guang fa Bank (Guan gzhou Devel opmen t Distric t sub-br anch)	Bank	Princip al-prot ected with floatin g-rate income	3,000	Self-o wned idle capital	6 August 2018	8 Octob er 2018	Invest ment	Payme nt of princi pal and interes t upon maturi ty	4.85%	37.47	34.28	To be collect ed	0	Yes	Yes	www. cninfo .com.c n
Industr ial Bank (Guan gzhou Baiyu n sub-br anch)	Bank	Princip al-prot ected with floatin g-rate income	6,000	Self-o wned idle capital	6 July 2018	6 Octob er 2018	Invest ment	Payme nt of princi pal and interes t upon maturi ty	4.50%	69.53	63.62	To be collect ed	0	Yes	Yes	www. cninfo .com.c n
Huaxi a Bank (Fosha n branch)	Bank	Princip al-prot ected with floatin g-rate income	3,000	Self-o wned idle capital	10 July 2018	10 Octob er 2018	Invest ment	Payme nt of princi pal and interes t upon maturi ty	4.30%	32.52	28.98	To be collect ed	0	Yes	Yes	www. cninfo .com.c n
PingA n Bank (Fosha n Jiangw an sub-br anch)	Bank	Princip al-prot ected with floatin g-rate income	3,000	Self-o wned idle capital	6 August 2018	6 Nove mber 2018	Invest ment	Payme nt of princi pal and interes t upon maturi ty	4.45%	33.65	20.48	To be collect ed	0	Yes	Yes	www. cninfo .com.c n

(Foshan branch)			settlement portfolio			er 2018							
Industrial and Commercial Bank of China (Foshan branch)	Not related	Not	Forward forex settlement portfolio	US\$12 million	19 June 2018	21 December 2018		US\$12 million			US\$6 million	0.94%	
China Construction Bank (Foshan branch)	Not related	Not	Forward forex settlement portfolio	US\$12 million	12 July 2018	14 January 2019		US\$12 million			US\$8 million	1.26%	
Agricultural Bank of China (Foshan branch)	Not related	Not	Forward forex settlement portfolio	US\$12 million	2 August 2018	1 February 2019		US\$12 million			US\$10 million	1.57%	
Total				US\$48 million	--	--	0	US\$48 million	0		US\$28 million	4.40%	US\$0.5771 million
Funding source	Self-funded												
Legal matters involved (if applicable)	N/A												
Disclosure date of board announcement approving derivative investment (if any)	23 May 2018												
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, liquidity risk, credit risk, operational risk, legal risk, etc.)	<p>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 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</p>												

	<p>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 reviewed and 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>At present, the Company has invested various derivatives including Forward Exchange Settlement 3+3 Portfolio. This product portfolio is superior to other ordinary forward settlement products during the same period. The first three sessions of vesting conditions of this portfolio are: the spot exchange rate at maturity is lower than the agreed front-end exchange rate, and the exchange settlement shall be carried out based on the agreed front-end exchange rate; if the spot exchange rate at maturity is higher than the agreed front-end exchange rate, the Company can choose not to settle the exchange or choose to settle the exchange based on the spot exchange rate at maturity. The back-end three sessions of vesting conditions are: the spot exchange rate at maturity is lower than the agreed back-end exchange rate, and the Company can choose not to settle the exchange or choose to settle the exchange based on the spot exchange rate at maturity; if the spot exchange rate at maturity is higher than the agreed back-end exchange rate, the exchange settlement shall be carried out based on the agreed back-end exchange rate.</p>
Major changes in accounting policies and specific accounting principles adopted for derivative investments in Reporting Period compared to last reporting period	N/A
Opinion of independent directors on derivative investments and risk control	The independent directors of the Company are of the opinion that during the Reporting Period, the Company carried out forward forex settlement in strict compliance with the Company Law,

	the Regulations of the People's Bank of China on Foreign Exchange Settlement, Sale and Payment and the Company's Management Rules for Forward Foreign Exchange Settlement and Sale, among others, as well as within the Board's authorization. Such trading is primarily aimed to prevent exchange rate fluctuations from impacting the Company's export business and operating earnings, with no speculative trading involved. It is a necessity, and the risk is well under control.
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VIII Visits Paid to the Company for Purposes of Research, Communication, Interview, etc. during Reporting Period

Applicable Not applicable

No such cases in the Reporting Period.

IX Irregularities in Provision of Guarantees for External Parties

Applicable Not applicable

No such cases in the Reporting Period.

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

Applicable Not applicable

No such cases in the Reporting Period.

Part IV Financial Statements

I Financial Statements

1. Consolidated Balance Sheet

Prepared by Foshan Electrical and Lighting Co., Ltd.

30 September 2018

Unit: RMB

Item	30 September 2018	31 December 2017
Current assets:		
Monetary capital	749,538,531.36	570,184,208.96
Settlement reserve		
Interbank loans granted		
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes and accounts receivable	964,049,240.32	824,659,624.97
Including: Notes receivable	57,849,304.52	68,368,192.41
Accounts receivable	906,199,935.80	756,291,432.56
Prepayments	22,321,352.49	33,095,313.35
Premiums receivable		
Reinsurance receivables		
Receivable reinsurance contract reserve		
Other receivables	33,684,051.70	33,643,667.01
Financial assets purchased under resale agreements		
Inventories	866,754,132.32	746,466,889.87
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	860,560,643.22	1,006,062,102.56
Total current assets	3,496,907,951.41	3,214,111,806.72
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	998,431,570.29	1,390,581,536.60

Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	182,808,981.92	179,414,105.14
Investment property		
Fixed assets	510,562,776.79	483,520,866.64
Construction in progress	224,495,198.68	162,814,991.68
Productive living assets		
Oil and gas assets		
Intangible assets	152,308,807.07	155,544,720.36
R&D expense		
Goodwill		
Long-term prepaid expense	7,244,514.48	9,088,933.56
Deferred income tax assets	34,833,190.83	37,675,828.79
Other non-current assets	48,068,474.02	43,059,034.80
Total non-current assets	2,158,753,514.08	2,461,700,017.57
Total assets	5,655,661,465.49	5,675,811,824.29
Current liabilities:		
Short-term borrowings		
Borrowings from central bank		
Customer deposits and interbank deposits		
Interbank loans obtained		
Financial liabilities at fair value through profit or loss	4,819,200.00	
Derivative financial liabilities		
Notes and accounts payable	1,018,391,858.14	539,303,554.54
Advances from customers	38,982,523.04	48,706,778.49
Financial assets sold under repurchase agreements		
Handling charges and commissions payable		
Payroll payable	74,050,420.24	81,948,630.59
Taxes payable	31,677,981.39	27,350,670.40
Other payables	44,224,308.27	40,548,489.03
Reinsurance payables		
Insurance contract reserve		

Payables for acting trading of securities		
Payables for underwriting of securities		
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	1,212,146,291.08	737,858,123.05
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Provisions		
Deferred income	1,600,076.52	11,858,330.49
Deferred income tax liabilities	67,637,756.02	126,460,250.96
Other non-current liabilities		
Total non-current liabilities	69,237,832.54	138,318,581.45
Total liabilities	1,281,384,123.62	876,176,704.50
Owners' equity:		
Share capital	1,399,346,154.00	1,272,132,868.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	158,608,173.07	285,821,459.07
Less: Treasury stock		
Other comprehensive income	383,279,269.10	716,607,333.78
Specific reserve		
Surplus reserves	772,953,002.36	772,953,002.36
General reserve		
Retained earnings	1,636,735,926.12	1,731,600,796.18
Total equity attributable to owners of the Company as the parent	4,350,922,524.65	4,779,115,459.39
Non-controlling interests	23,354,817.22	20,519,660.40

Total owners' equity	4,374,277,341.87	4,799,635,119.79
Total liabilities and owners' equity	5,655,661,465.49	5,675,811,824.29

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

2. Balance Sheet of the Company as the Parent

Unit: RMB

Item	30 September 2018	31 December 2017
Current assets:		
Monetary capital	693,814,281.32	502,169,100.40
Financial assets at fair value through profit or loss		
Derivative financial assets		
Notes and accounts receivable	967,352,000.98	814,698,352.02
Including: Notes receivable	56,887,304.52	67,268,192.41
Accounts receivable	910,464,696.46	747,430,159.61
Prepayments	31,148,101.99	70,580,941.09
Other receivables	62,459,291.31	51,918,913.09
Inventories	785,672,315.61	670,527,529.71
Assets classified as held for sale		
Current portion of non-current assets		
Other current assets	847,914,047.61	777,495,203.31
Total current assets	3,388,360,038.82	2,887,390,039.62
Non-current assets:		
Available-for-sale financial assets	998,431,570.29	1,390,581,536.60
Held-to-maturity investments		
Long-term receivables		
Long-term equity investments	466,602,084.18	663,207,207.40
Investment property		
Fixed assets	425,089,236.42	404,667,257.11
Construction in progress	222,803,290.28	161,024,975.28
Productive living assets		
Oil and gas assets		
Intangible assets	108,677,310.57	112,251,734.86
R&D expense		

Goodwill		
Long-term prepaid expense	6,202,381.60	8,209,699.77
Deferred income tax assets	32,516,908.25	32,985,075.62
Other non-current assets	46,278,074.02	42,661,573.80
Total non-current assets	2,306,600,855.61	2,815,589,060.44
Total assets	5,694,960,894.43	5,702,979,100.06
Current liabilities:		
Short-term borrowings		
Financial liabilities at fair value through profit or loss	4,819,200.00	
Derivative financial liabilities		
Notes and accounts payable	1,194,704,799.17	719,912,246.75
Advances from customers	37,719,898.28	47,306,971.94
Payroll payable	55,154,399.63	60,345,714.81
Taxes payable	22,801,429.04	13,294,037.24
Other payables	117,443,683.70	96,824,757.90
Liabilities directly associated with assets classified as held for sale		
Current portion of non-current liabilities		
Other current liabilities		
Total current liabilities	1,432,643,409.82	937,683,728.64
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Including: Preferred shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Provisions		
Deferred income	1,406,326.23	11,548,330.26
Deferred income tax liabilities	67,637,756.02	126,460,250.96
Other non-current liabilities		
Total non-current liabilities	69,044,082.25	138,008,581.22
Total liabilities	1,501,687,492.07	1,075,692,309.86
Owners' equity:		

Share capital	1,399,346,154.00	1,272,132,868.00
Other equity instruments		
Including: Preferred shares		
Perpetual bonds		
Capital reserves	166,211,779.15	293,425,065.15
Less: Treasury stock		
Other comprehensive income	383,280,617.41	716,608,088.78
Specific reserve		
Surplus reserves	772,953,002.36	772,953,002.36
Retained earnings	1,471,481,849.44	1,572,167,765.91
Total owners' equity	4,193,273,402.36	4,627,286,790.20
Total liabilities and owners' equity	5,694,960,894.43	5,702,979,100.06

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qioglan

3. Consolidated Income Statement for Q3

Unit: RMB

Item	Q3 2018	Q3 2017
1. Revenue	820,735,540.10	926,328,050.98
Including: Operating revenue	820,735,540.10	926,328,050.98
Interest income		
Premium income		
Handling charge and commission income		
2. Operating costs and expenses	757,426,684.91	888,962,375.54
Including: Cost of sales	619,459,583.91	760,791,362.20
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		

Taxes and surcharges	7,110,901.52	10,388,130.08
Selling expense	67,625,662.29	67,350,699.34
Administrative expense	45,731,759.35	37,516,789.65
R&D expense	16,316,330.46	10,162,478.73
Finance costs	-14,138,507.18	999,034.66
Including: Interest expense		
Interest income	2,812,177.03	4,363,967.48
Asset impairment loss	15,320,954.56	1,753,880.88
Add: Other income	26,312,578.09	306,970.00
Investment income (“-” for loss)	25,411,137.34	485,095,621.91
Including: Share of profit or loss of joint ventures and associates	6,335,680.97	184,214,592.25
Gain on changes in fair value (“-” for loss)	-4,819,200.00	
Foreign exchange gain (“-” for loss)		
Asset disposal income (“-” for loss)	-78,039.44	
3. Operating profit (“-” for loss)	110,135,331.18	522,768,267.35
Add: Non-operating income	370,428.32	72,176.55
Less: Non-operating expense	692,442.51	79,758.80
4. Profit before tax (“-” for loss)	109,813,316.99	522,760,685.10
Less: Income tax expense	15,486,002.15	71,896,928.74
5. Net profit (“-” for net loss)	94,327,314.84	450,863,756.36
5.1 Net profit from continuing operations (“-” for net loss)	94,327,314.84	450,863,756.36
5.2 Net profit from discontinued operations (“-” for net loss)		
Net profit attributable to owners of the Company as the parent	94,389,387.69	450,036,365.74
Net profit attributable to non-controlling interests	-62,072.85	827,390.62
6. Other comprehensive income, net of tax	-10,352,713.29	-236,235,978.37
Attributable to owners of the Company as the parent	-10,352,713.29	-236,235,978.37

6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes in net liabilities or assets caused by remeasurements on defined benefit pension schemes		
6.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
6.2 Items that may subsequently be reclassified to profit or loss	-10,352,713.29	-236,235,978.37
6.2.1 Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method		-21,831,908.42
6.2.2 Gain/Loss on changes in fair value of available-for-sale financial assets	-10,354,561.67	-214,404,069.95
6.2.3 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
6.2.4 Effective gain/loss on cash flow hedges		
6.2.5 Differences arising from translation of foreign currency-denominated financial statements	1,848.38	
6.2.6 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	83,974,601.55	214,627,777.99
Attributable to owners of the Company as the parent	84,036,674.40	213,800,387.37
Attributable to non-controlling interests	-62,072.85	827,390.62
8. Earnings per share		
8.1 Basic earnings per share	0.0675	0.3216
8.2 Diluted earnings per share	0.0675	0.3216

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 the same period of last year being RMB0.00.

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

4. Income Statement of the Company as the Parent for Q3

Unit: RMB

Item	Q3 2018	Q3 2017
1. Operating revenue	806,761,538.76	903,446,254.75
Less: Cost of sales	629,785,452.97	763,482,738.06
Taxes and surcharges	4,807,080.85	7,416,305.60
Selling expense	59,544,684.51	62,278,091.63
Administrative expense	42,369,376.35	38,062,103.46
R&D expense	15,372,638.99	7,969,145.28
Finance costs	-13,703,097.66	2,362,018.02
Including: Interest expense		
Interest income	2,367,541.27	2,994,352.24
Asset impairment loss	15,359,989.07	1,617,784.82
Add: Other income	24,812,879.00	306,970.00
Investment income (“-” for loss)	57,357,355.93	484,167,951.90
Including: Share of profit or loss of joint ventures and associates	6,335,680.97	184,214,592.25
Gain on changes in fair value (“-” for loss)	-4,819,200.00	
Asset disposal income (“-” for loss)		
2. Operating profit (“-” for loss)	130,576,448.61	504,732,989.78
Add: Non-operating income	330,267.62	14,884.74
Less: Non-operating expense	192,865.77	49,663.66
3. Profit before tax (“-” for loss)	130,713,850.46	504,698,210.86
Less: Income tax expense	12,679,416.15	67,376,029.03
4. Net profit (“-” for net loss)	118,034,434.31	437,322,181.83
4.1 Net profit from continuing operations (“-” for net loss)	118,034,434.31	437,322,181.83
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	-10,354,561.67	-236,235,978.37
5.1 Items that will not be reclassified		

to profit or loss		
5.1.1 Changes in net liabilities or assets caused by remeasurements on defined benefit pension schemes		
5.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
5.2 Items that may subsequently be reclassified to profit or loss	-10,354,561.67	-236,235,978.37
5.2.1 Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method		-21,831,908.42
5.2.2 Gain/Loss on changes in fair value of available-for-sale financial assets	-10,354,561.67	-214,404,069.95
5.2.3 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
5.2.4 Effective gain/loss on cash flow hedges		
5.2.5 Differences arising from translation of foreign currency-denominated financial statements		
5.2.6 Other		
6. Total comprehensive income	107,679,872.64	201,086,203.46
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

5. Consolidated Income Statement for Q1~Q3

Unit: RMB

Item	Q1~Q3 2018	Q1~Q3 2017
1. Revenue	2,885,514,830.09	2,950,253,633.82
Including: Operating revenue	2,885,514,830.09	2,950,253,633.82
Interest income		

Premium income		
Handling charge and commission income		
2. Operating costs and expenses	2,569,993,506.25	2,653,667,385.00
Including: Cost of sales	2,198,751,451.80	2,307,723,142.05
Interest expense		
Handling charge and commission expense		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium expense		
Taxes and surcharges	29,073,419.76	30,774,732.41
Selling expense	171,542,672.76	149,002,693.03
Administrative expense	131,262,298.09	122,098,693.80
R&D expense	35,259,823.24	24,371,396.18
Finance costs	-27,223,983.79	-6,116,872.70
Including: Interest expense		
Interest income	7,691,616.90	19,973,130.75
Asset impairment loss	31,327,824.39	25,813,600.23
Add: Other income	27,330,963.26	3,609,964.36
Investment income (“-” for loss)	49,921,007.70	499,104,903.93
Including: Share of profit or loss of joint ventures and associates	6,515,462.53	185,758,558.04
Gain on changes in fair value (“-” for loss)	-4,819,200.00	
Foreign exchange gain (“-” for loss)		
Asset disposal income (“-” for loss)	-78,039.44	-10,790.68
3. Operating profit (“-” for loss)	387,876,055.36	799,290,326.43
Add: Non-operating income	2,040,284.75	2,791,578.07

Less: Non-operating expense	884,191.93	4,838,741.81
4. Profit before tax (“-” for loss)	389,032,148.18	797,243,162.69
Less: Income tax expense	62,530,147.85	114,494,430.09
5. Net profit (“-” for net loss)	326,502,000.33	682,748,732.60
5.1 Net profit from continuing operations (“-” for net loss)	326,502,000.33	682,748,732.60
5.2 Net profit from discontinued operations (“-” for net loss)		
Net profit attributable to owners of the Company as the parent	323,666,843.51	678,531,026.31
Net profit attributable to non-controlling interests	2,835,156.82	4,217,706.29
6. Other comprehensive income, net of tax	-333,328,064.68	-213,210,507.23
Attributable to owners of the Company as the parent	-333,328,064.68	-213,210,507.23
6.1 Items that will not be reclassified to profit or loss		
6.1.1 Changes in net liabilities or assets caused by remeasurements on defined benefit pension schemes		
6.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
6.2 Items that may subsequently be reclassified to profit or loss	-333,328,064.68	-213,210,507.23
6.2.1 Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method		-21,831,908.42
6.2.2 Gain/Loss on changes in fair value of available-for-sale financial assets	-333,327,471.37	-191,378,598.81
6.2.3 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
6.2.4 Effective gain/loss on cash flow hedges		
6.2.5 Differences arising from translation of foreign	-593.31	

currency-denominated financial statements		
6.2.6 Other		
Attributable to non-controlling interests		
7. Total comprehensive income	-6,826,064.35	469,538,225.37
Attributable to owners of the Company as the parent	-9,661,221.17	465,320,519.08
Attributable to non-controlling interests	2,835,156.82	4,217,706.29
8. Earnings per share		
8.1 Basic earnings per share	0.2313	0.4849
8.2 Diluted earnings per share	0.2313	0.4849

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 the same period of last year being RMB0.00.

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

6. Income Statement of the Company as the Parent for Q1~Q3

Unit: RMB

Item	Q1~Q3 2018	Q1~Q3 2017
1. Operating revenue	2,811,049,983.52	2,883,642,659.04
Less: Cost of sales	2,217,179,773.50	2,313,440,394.16
Taxes and surcharges	22,021,486.96	21,444,604.66
Selling expense	150,661,877.23	136,340,918.02
Administrative expense	119,997,288.25	122,757,707.29
R&D expense	33,985,885.56	21,672,079.82
Finance costs	-26,358,156.78	-2,112,235.62
Including: Interest expense		
Interest income	6,799,775.32	15,944,654.30
Asset impairment loss	30,584,644.12	24,670,993.37
Add: Other income	25,374,222.06	3,592,210.00
Investment income (“-” for loss)	78,395,196.25	497,071,428.38
Including: Share of profit or loss of joint ventures and associates	6,515,462.53	185,758,558.04
Gain on changes in fair value (“-” for loss)	-4,819,200.00	

Asset disposal income (“-” for loss)		
2. Operating profit (“-” for loss)	361,927,402.99	746,091,835.72
Add: Non-operating income	1,902,719.21	2,476,478.15
Less: Non-operating expense	356,969.86	2,091,041.16
3. Profit before tax (“-” for loss)	363,473,152.34	746,477,272.71
Less: Income tax expense	45,627,355.24	101,422,029.01
4. Net profit (“-” for net loss)	317,845,797.10	645,055,243.70
4.1 Net profit from continuing operations (“-” for net loss)	317,845,797.10	645,055,243.70
4.2 Net profit from discontinued operations (“-” for net loss)		
5. Other comprehensive income, net of tax	-333,327,471.37	-213,210,507.23
5.1 Items that will not be reclassified to profit or loss		
5.1.1 Changes in net liabilities or assets caused by remeasurements on defined benefit pension schemes		
5.1.2 Share of other comprehensive income of investees that will not be reclassified to profit or loss under equity method		
5.2 Items that may subsequently be reclassified to profit or loss	-333,327,471.37	-213,210,507.23
5.2.1 Share of other comprehensive income of investees that will be reclassified to profit or loss under equity method		-21,831,908.42
5.2.2 Gain/Loss on changes in fair value of available-for-sale financial assets	-333,327,471.37	-191,378,598.81
5.2.3 Gain/Loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets		
5.2.4 Effective gain/loss on cash flow hedges		
5.2.5 Differences arising from translation of foreign currency-denominated financial statements		

5.2.6 Other		
6. Total comprehensive income	-15,481,674.27	431,844,736.47
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

7. Consolidated Cash Flow Statement for Q1~Q3

Unit: RMB

Item	Q1~Q3 2018	Q1~Q3 2017
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	2,646,375,234.95	2,689,003,504.65
Net increase in customer deposits and interbank deposits		
Net increase in borrowings from 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		
Net increase in proceeds from disposal of financial assets at fair value through profit or loss		
Interest, handling charges and commissions received		
Net increase in interbank loans obtained		
Net increase in proceeds from repurchase transactions		
Tax rebates	109,951,990.96	74,944,574.17
Cash generated from other operating activities	71,257,187.00	40,868,251.39
Subtotal of cash generated from operating activities	2,827,584,412.91	2,804,816,330.21
Payments for commodities and	1,462,982,460.41	1,873,635,380.49

services		
Net increase in loans and advances to customers		
Net increase in deposits in central bank and in interbank loans granted		
Payments for claims on original insurance contracts		
Interest, handling charges and commissions paid		
Policy dividends paid		
Cash paid to and for employees	501,231,015.45	538,117,713.71
Taxes paid	195,992,337.25	328,954,823.22
Cash used in other operating activities	156,937,503.52	167,914,938.90
Subtotal of cash used in operating activities	2,317,143,316.63	2,908,622,856.32
Net cash generated from/used in operating activities	510,441,096.28	-103,806,526.11
2. Cash flows from investing activities:		
Proceeds from disinvestment	160,000,000.00	19,221,175.20
Investment income	45,348,316.28	479,129,177.90
Net proceeds from disposal of fixed assets, intangible assets and other long-lived assets	507,597.20	1,626,000.00
Net proceeds from disposal of subsidiaries or other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	205,855,913.48	499,976,353.10
Payments for acquisition of fixed assets, intangible assets and other long-lived assets	136,815,616.01	177,317,139.48
Payments for investments		310,000,000.00
Net increase in pledged loans granted		
Net payments for acquisition of subsidiaries and other business units		
Cash used in other investing activities	89,951,527.02	
Subtotal of cash used in investing activities	226,767,143.03	487,317,139.48

Net cash generated from/used in investing activities	-20,911,229.55	12,659,213.62
3. Cash flows from financing activities:		
Capital contributions received		
Including: Capital contributions by non-controlling interests to subsidiaries		
Increase in borrowings obtained		
Net proceeds from issuance of bonds		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayment of borrowings		
Payments for interest and dividends	405,163,764.00	522,068,416.83
Including: Dividends paid by subsidiaries to non-controlling interests		5,660,290.78
Cash used in other financing activities		
Subtotal of cash used in financing activities	405,163,764.00	522,068,416.83
Net cash generated from/used in financing activities	-405,163,764.00	-522,068,416.83
4. Effect of foreign exchange rate changes on cash and cash equivalents	5,036,692.65	-3,350,808.67
5. Net increase in cash and cash equivalents	89,402,795.38	-616,566,537.99
Add: Cash and cash equivalents, beginning of the period	570,184,208.96	1,479,283,642.54
6. Cash and cash equivalents, end of the period	659,587,004.34	862,717,104.55

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

8. Cash Flow Statement of the Company as the Parent for Q1~Q3

Unit: RMB

Item	Q1~Q3 2018	Q1~Q3 2017
1. Cash flows from operating activities:		
Proceeds from sale of commodities and rendering of services	2,555,607,130.21	2,602,335,552.74
Tax rebates	109,928,355.77	74,944,574.17

Cash generated from other operating activities	57,831,655.01	33,784,521.55
Subtotal of cash generated from operating activities	2,723,367,140.99	2,711,064,648.46
Payments for commodities and services	1,638,169,956.39	2,191,779,261.68
Cash paid to and for employees	311,008,108.99	236,224,216.19
Taxes paid	124,616,603.82	242,191,570.41
Cash used in other operating activities	141,247,884.47	172,691,140.62
Subtotal of cash used in operating activities	2,215,042,553.67	2,842,886,188.90
Net cash generated from/used in operating activities	508,324,587.32	-131,821,540.44
2. Cash flows from investing activities:		
Proceeds from disinvestment	140,000,000.00	19,221,175.20
Investment income	73,422,562.27	492,162,728.87
Net proceeds from disposal of fixed assets, intangible assets and other long-lived assets		1,580,000.00
Net proceeds from disposal of subsidiaries or other business units		
Cash generated from other investing activities		
Subtotal of cash generated from investing activities	213,422,562.27	512,963,904.07
Payments for acquisition of fixed assets, intangible assets and other long-lived assets	129,942,619.86	164,644,278.87
Payments for investments		265,000,000.00
Net payments for acquisition of subsidiaries and other business units		
Cash used in other investing activities	89,951,527.02	
Subtotal of cash used in investing activities	219,894,146.88	429,644,278.87
Net cash generated from/used in investing activities	-6,471,584.61	83,319,625.20
3. Cash flows from financing activities:		
Capital contributions received		
Increase in borrowings obtained		

Net proceeds from issuance of bonds		
Cash generated from other financing activities		
Subtotal of cash generated from financing activities		
Repayment of borrowings		
Payments for interest and dividends	405,163,764.00	516,408,126.05
Cash used in other financing activities		
Sub-total of cash used in financing activities	405,163,764.00	516,408,126.05
Net cash generated from/used in financing activities	-405,163,764.00	-516,408,126.05
4. Effect of foreign exchange rate changes on cash and cash equivalents	5,004,415.19	-3,350,808.67
5. Net increase in cash and cash equivalents	101,693,653.90	-568,260,849.96
Add: Cash and cash equivalents, beginning of the period	502,169,100.40	1,235,417,964.88
6. Cash and cash equivalents, end of the period	603,862,754.30	667,157,114.92

Legal representative: He Yong

General Manager: Liu Xingming

Chief Financial Officer: Tang Qionglan

II Independent Auditor's Report

Indicate by tick mark whether the financial statements above have been audited by an independent auditor.

Yes No

These financial statements have not been audited by such an auditor.

The Board of Directors

Foshan Electrical and Lighting Co., Ltd.

25 October 2018