

Stock Code: 000521, 200521

Notice No.: 2017-055

Short Form of the Stock: MEILING DIANQI, WANMEILING B

HEFEI MEILING CO., LTD

Summary of Semi-Annual Report 2017

1. Important Notice

(1) The summary of semi-annual report is excerpted from the full text of the semi-annual report. For the details, investors should carefully read the full text of the semi-annual report published on Juchao Information website (www.cninfo.com.cn) and Shenzhen Stock Exchange Website etc., appointed by CSRC.

(2) The Company did not have directors, supervisors and senior executives of the Company could not guarantee the reality, accuracy and completion of the whole contents or have objections.

(3) All the directors attended the board meeting on deliberating the Report on site and by communication.

(4) Modified audit opinions notes

Applicable Not applicable

(5) Profit distribution pre-plan or capitalizing of common reserves pre-plan deliberated by the Board in the semi-annual period

Applicable Not applicable

The Company has no plans of cash distribution, bonus shares and capitalizing of common reserves either.

(6) Profit distribution for preferred shares approved by the Board

Applicable Not applicable

II. Company information

(1) Profile

Short form for share	MEILING DIANQI, WANMEILING B	Code for share	000521, 200521
Listing stock exchange	Shenzhen Stock Exchange		
Short form of the Stock after changed (if applicable)	N/A		
Contact person and ways	Secretary of the Board	Representative of Securities affairs	
Name	Li Xia	Zhu Wenjie	
Office add.	No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei	No. 2163, Lianhua Road, Economic and Technology Development Zone, Hefei	
Tel.	0551-62219021	0551-62219021	
Fax.	0551-62219021	0551-62219021	
E-mail	lixia@meiling.com	wenjie.zhu@meiling.com	

(ii) Main financial data and financial index

Whether it has retroactive adjustment or re-statement on previous accounting data or not

Yes No

	Current period	Same period of last year	Increase/decrease in this report y-o-y
Operating income (RMB)	8,517,794,193.10	6,866,631,262.68	24.05%
Net profit attributable to shareholders of the listed company(RMB)	92,075,039.77	109,992,701.28	-16.29%
Net profit attributable to shareholders of the listed company after deducting non-recurring gains and losses(RMB)	66,905,338.98	90,801,654.71	-26.32%
Net cash flow arising from operating activities(RMB)	484,230,697.91	871,689,504.89	-44.45%
Basic earnings per share (RMB/Share)	0.0881	0.1440	-38.82%
Diluted earnings per share (RMB/Share)	0.0881	0.1440	-38.82%
Weighted average ROE	1.79%	3.12%	1.33 percentage points down
	End of current period	End of last period	Increase/decrease in this report-end over that of last period-end
Total assets (RMB)	16,689,509,751.32	12,507,567,310.84	33.44%
Net assets attributable to shareholder of listed company (RMB)	5,119,376,181.33	5,095,160,291.91	0.48%

Note: the earnings per share calculated at same period of last year were based on total shares of 763,739,205, and the Company offering 280,858,676 common shares (A-stock) by privately placement in October 2016, total shares capital of the Company goes to 1,044,597,881 shares. Therefore, the earnings per shares calculated in the period were based on total shares of 1,044,597,881.

(iii) Amount of shareholders of the Company and particulars about shares holding

In share

Total common shareholders in reporting period-end	66,201	Total preference shareholders with voting rights recovered at end of reporting period (if applicable)	0			
top 10 shares holding						
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Shares held	Amount of restricted shares held	Number of share pledged/frozen	
					State of share	Amount

Sichuan Changhong Electric Co., Ltd.	State-owned legal person	22.47%	234,705,968	69,877,638	--	--
Hefei Industry Investment Holding (Group) Co., Ltd.	State-owned legal person	4.58%	47,823,401	0	--	--
Changhong (Hong Kong) Trading Company Limited (note 1)	Foreign legal person	2.63%	27,465,397	0	--	--
Ping An Annuity Insurance Company of China, Ltd. – Ping An Pension Ruifu private placement No.1 Asset Management Products	Domestic non state-owned corporate	2.26%	23,613,595	23,613,595	--	--
Golden Egle- SPD-U Trust-U Trust JinYue No.4 Collected Asset Trust Plan	Domestic non state-owned corporate	2.26%	23,613,595	23,613,595	--	--
CAO SHENGCHUN	Foreign natural person	1.32%	13,823,183	0	--	--
Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd.	Domestic non state-owned corporate	1.20%	12,522,361	12,522,361	--	--
Ping An Bank – Ping An UOB Dingtai Flexible Mix Stock Investment Fund	Domestic non state-owned corporate	1.20%	12,522,361	12,522,361	--	--
Caitong Fund- Ningbo Bank-Haitong Xingtai (Anhui) Emerging Industry Investment Fund (Limited Partnership)	Domestic non state-owned corporate	1.03%	10,733,452	10,733,452	--	--
National Social Security Funds-504	Domestic non state-owned corporate	0.94%	9,838,998	9,838,998	--	--
Harvest Fund- Ping An Bank- Huaxia Asset Management Co., Ltd.	Domestic non state-owned corporate	0.94%	9,838,998	9,838,998	--	--
Explanation on associated relationship among the aforesaid shareholders	Among the above shareholders, Changhong (Hong Kong) Trade Co., Ltd. is the wholly-owned subsidiary of Sichuan Changhong Electronic Co., Ltd.; there existed no associated relationship or belong to the concerted actors as specified in the Measures for the Administration of Information Disclosure of Shareholder Equity Changes of Listed Companies among Sichuan Changhong Electronic Co., Ltd., Changhong (Hong Kong) Trade Co., Ltd. and other top 8 shareholders; and top ten shareholders with					

	<p>unrestricted subscription;</p> <p>" Ping An UOB-Ping An Bank-Guohai Securities Co., Ltd. " and " Ping An Bank – Ping An UOB Dingtai Flexible Mix Stock Investment Fund " have subscribed the products managed by Ping An Dahua Fund Management Co., Ltd. in the Company's non-public offering of shares in 2016; "“National Social Security Funds-504 ”和“Harvest Fund-Ping An Bank- Huaxia Asset Management Co., Ltd. ” have subscribed the products managed by Harvest Fund Management Co., Ltd. in the Company's non-public offering of shares in 2016. The company neither knows whether there is any association among other shareholders, nor knows whether other shareholders belong to the persons acting in concert that is stipulated in the “Administrative Measures on Information Disclosure of Changes in Shareholding of Listed Companies”.</p>
Explanation on common shareholders involving margin business (if applicable)	Not applicable

Note 1: At end of the reporting period, the person acting in concert with controlling shareholder Sichuan Changhong-- Changhong (Hong Kong) Trading Company Limited, holds B-stock of the Company as 27,465,397 shares, among which, 387,600 shares are held through Philip Securities (H.K.) Co., Ltd.

(iv) Changes of controlling shareholder or actual controller

Changes of controlling shareholder in reporting period

Applicable Not applicable

No change of controlling shareholder in reporting period.

2. Changes of actual controller in reporting period

Applicable Not applicable

No changes of actual controller in reporting period.

(v) Total preferred shareholders and top 10 shares held by preferred shareholders

Applicable Not applicable

The Company has no preferred shareholders

(vi) Corporate bond

Whether the Company has a corporation bonds that issuance publicly and listed on stock exchange and without due on the date when semi-annual report approved for released or fail to cash in full on due: Nil

III. Discussion and analysis of operation

(i) Operation status in the period

Investors are advised to read the full text of semi-annual report, and pay particular attention to the following risk factors.

In the year of 2017, faced with the more intense competition in home appliance market and other objective factors, the enterprise will have worse survival environment. In the future, the company will face the weak macroeconomic growth, severe industry situation, intensifying competition, rising costs, new business models and the impact of Internet era and other risks.

Does the Company need to comply with disclosure requirements of the special industry: No

1. Introduction

In the first half of 2017, under the strategic guidance of “Meiling Dream” and “Double Three One Core”, the company insisted on the operating principle of “product leading, marketing force, manufacturing breakthrough, mechanism protection”, overcame the negative factors such as weak increase in macro economy and continuous decline in industry market with the joint efforts of all staff, the domestic refrigerator sales outperformed the industry market, the e-commerce business greatly increased, the market position of export refrigerators (freezers) has been consolidated; air conditioning industry had a rapid growth; washing machine rapidly developed; kitchen and bath and small appliances also had a rapid growth. In first half of 2017, the Company has achieved operating income of RMB 8.518 billion, an increase of 24.05% on a year-on-year basis; net profit attributable to the parent company of RMB 92.075 million, a decrease of 16.29% on a year-on-year basis.

2. Main Business Analysis

(I) Overview

In first half of 2017, refrigerator and freezer business achieved revenue of approximately RMB 3.712 billion, 5.71% increased on a y-o-y basis; air-conditioning business achieved revenue of approximately RMB 3.831 billion, 48.55% up y-o-y; washing machine business achieve revenue around RMB 0.227 billion, with year-on-year growth of 5.93 %; other business of small home appliance and kitchen & toilet products have revenue approximately as RMB 0.363 billion with 9.94% up y-o-y. At the same time, revenue from exportation gains RMB 2.12 billion, a y-o-y growth of 29.63%.

(2) Progress of the Company's development strategy and business plan during the reporting period

During the reporting period, in accordance with the development strategy and 2017 operating principles, the Company has deployed the annual business plan, arranged the production and management, and carried out the following activities:

Product leading:

During the reporting period, the company continued to focus on “intelligent and variable frequency strategy”

and carry out the product upgrading, in the first half year, the sales of intelligent refrigerator increased by 1.1 percent point compared with the same period of last year, and the sales of inverter refrigerator increased by 16.8 percent point compared with the same period of last year, both achieved the expected goal. In technical research, the company adhered to the fundamental research upgrade of core technology, maintained the existing technological superiority, expanded the innovation and upgrading in technology field, broke through the differentiation, and led the industry benchmark.

Marketing force:

During the reporting period, the company's domestic refrigerator and washing machine sales outperformed the industry market, the market position has been further consolidated and enhanced. From the offline market sales, CMM's data showed the retail sales of refrigerator industry declined by 1.23% on a year-on-year basis, but the retail sales of the company's refrigerator rose by 2.17% on a year-on-year basis; the retail sales of air-conditioning industry rose by 14.75% on a year-on-year basis, while the retail sales of the company's air-conditioning rose by 8.86% on a year-on-year basis; the retail sales of washing machine industry rose by 0.25% on a year-on-year basis, while the retail sales of the company's washing machine greatly rose by 15.45% on a year-on-year basis.

From the online sales, AVC (All View Cloud) data showed that the company's online refrigerator and air conditioning sales have further enlarged the results. Among them, the retail sales of refrigerator industry rose by 64.04% on a year-on-year basis, and the retail sales of the company's refrigerator rose by 93.05% on a year-on-year basis; the retail sales of air-conditioning industry rose by 128.79% on a year-on-year basis, while the retail sales of the company's air-conditioning rose by 91.95% on a year-on-year basis.

As for the export business, the company's refrigerator and air-conditioning product lines have continued to maintain a rapid growth like a few years ago. According to the customs data and statistics, the amount of exports of refrigerator industry rose by 19.75% on a year-on-year basis, and the company's amount of exports rose by 17.45% on a year-on-year basis; the amount of exports of air conditioning industry rose by 2.23% on a year-on-year basis, while the amount of exports of the company's air conditioning rose by 15.87% on a year-on-year basis, and achieved good development.

Manufacturing breakthrough:

During the reporting period, the intelligent manufacturing, efficient production line project in Jiangxi Province, large refrigerator efficiency enhancing project, recruit upgrade projects and other projects advanced in an orderly manner, which overall pulled the improvement of manufacturing efficiency.

Mechanism protection:

During the reporting period, the company further implemented the incentive mechanism to activate the team, constantly explored the team potential and enhanced the competitiveness of the company by implementing the medium and long term performance incentive plan and continuously promoting the operation activation plan and other multilevel, multiform incentive sharing.

In the talent mechanism, the company continued to promote the 100 people echelon project to select and train all kinds of key employees; in the innovation mechanism, brought the innovative spirit and fault-tolerant mechanism into the relevant management system; in the accountability mechanism, confirmed the main idea of accountability system construction, sorted out the key and core system of main business process, and defined the accountability subject and assess the specific objectives; in the benchmarking mechanism, 32 projects have been proposed and promoted after assessment by establishing working mechanism during the reporting period.

(ii) Matters relevant to financial report

1. Particulars about the changes in aspect of accounting policy, estimates and calculation method compared with the financial report of last year

Applicable Not applicable

The “Accounting Standards for Business Enterprises No.16- Government grants” promulgate in May 2017 from Ministry of Finance come into force since 12 June 2017. According to the connection of the new rules, as for the government grants dated 1 January 2017 under the name of the Company, will treat by prospective application. The new government grants occurred from 1 January 2017 to the cut-in-date, will adjust in line with the aforesaid rules.

2. Particulars about retroactive restatement on major correction for accounting errors in reporting period

Applicable Not applicable

No particulars about retroactive restatement on major correction for accounting errors in reporting period.

(3) Particulars about the change of consolidation range compared with the financial report of last year

Applicable Not applicable

The Company’s consolidated financial statement included 50 subsidiaries including Sichuan Changhong Air-Conditioner Company Limited, Zhongshan Changhong Electric Company Limited, Zhongke Meiling Cryogenic Technology Company Limited and Guangdong Changhong Ridian Technology Co., Ltd., etc. As compared to previous year, in the reporting period, Meiling Candy Washing Machine Company Limited, Zhongshan Hongling Trade Company Limited and Guangzhou Changhong Trade Company Limited were newly included in the consolidate statement; moreover, Xi’an Meizhilai Appliances Marketing Company Limited was excluded due to liquidation in the period

Found more in “VII Change of Consolidate Statement” and VIII Equity in other main body carried in Section XI Financial Report of the Semi-Annual Report 2017, released on 10 August 2017

Hefei Meiling Co., Ltd.

Chairman: Li Wei

10 August 2017