

Stock Code: 000016, 200016

Stock Name: Konka A, Konka B

Announcement No.: 2017-43

KONKA GROUP CO., LTD. SEMI-ANNUAL REPORT 2017 (ABSTRACT)

I Important Notes

This Abstract is based on the full text of the Semi-Annual Report. In order for a full understanding of the operating results, financial condition and future development planning of the Company, investors are kindly reminded to read the full text carefully on the media designated by the China Securities Regulatory Commission (the “CSRC”).

Objections against this Report raised by the directors, supervisors and senior management:

Name	Office title	Objection and reason

Statement:

Except for the following directors, all the other directors attended in person the board meeting for the review of this Report.

Name	Office title	Reason for not attending in person	Proxy

This Abstract has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

Modified auditor’s opinion:

Applicable Not applicable

Proposal for profit distribution to or converting capital reserve into share capital for common shareholders for the Reporting Period, which has been considered and approved by the Board:

Applicable Not applicable

The Company plans not to distribute cash dividends or bonus shares or convert capital reserve into share capital.

Proposal for profit distribution to preference shareholders for the Reporting Period, which has been considered and approved by the Board:

Applicable Not applicable

II Company Profile

1. Stock Profile

Stock name	Konka A, Konka B	Stock code	000016, 200016
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Stock exchange	Shenzhen Stock Exchange	
Changed stock name (if any)	N/A	
Contact information	Board Secretary	Securities Representative
Name	Wu Yongjun	Miao Leiqiang
Office address	Board Secretariat, 24/F, Konka R&D Center, 28 Keji South Twelfth Road, Science and Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, China	Board Secretariat, 24/F, Konka R&D Center, 28 Keji South Twelfth Road, Science and Technology Park, Yuehai Street, Nanshan District, Shenzhen, Guangdong Province, China
Tel.	0755-26608866	0755-26608866
E-mail	szkonka@konka.com	szkonka@konka.com

2. Key Consolidated Operating Results

Indicate by tick mark whether the Company needs to retroactively restate any of its accounting data.

Yes No

	Reporting Period	Same period of last year	+/- (%)
Operating revenues (RMB)	11,405,965,979.43	8,609,080,822.24	32.49%
Net profit attributable to shareholders of the Company (RMB)	30,871,267.86	12,834,736.76	140.53%
Net profit attributable to shareholders of the Company before exceptional gains and losses (RMB)	-44,456,212.17	-28,736,147.20	-54.70%
Net cash from operating activities (RMB)	-2,264,014,704.88	-125,542,056.42	-1,703.39%
Basic earnings per share (RMB/share)	0.0128	0.0053	141.51%
Diluted earnings per share (RMB/share)	0.0128	0.0053	141.51%
Weighted average return on equity (%)	1.06%	0.46%	0.60%
	End of Reporting Period	End of last year	+/- (%)
Total assets (RMB)	20,666,059,935.37	17,243,119,597.97	19.85%
Net assets attributable to shareholders of the Company (RMB)	2,928,936,565.96	2,901,481,607.04	0.95%

3. Shareholders and Their Holdings at Period-End

Unit: share

Total number of common shareholders at period-end	115,362		Total number of preference shareholders with resumed voting rights at period-end (if any)	0		
Top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Total shares held	Restricted shares held	Pledged or frozen shares	
					Status	Number
OCT ENTERPRISES CO.	State-owned corporation	21.75%	523,746,932	0		
CITIC SECURITIES BROKERAG (HK) CO., LIMITED	Foreign corporation	7.56%	182,100,202	0		
HOLY TIME GROUP LIMITED	Foreign corporation	2.33%	56,049,824	0		
GUOYUAN SECURITIES BROKERAGE (HK) CO.,	Foreign	2.27%	54,755,145	0		

LIMITED	corporation					
GAOLING FUND, L.P.	Foreign corporation	2.19%	52,801,250	0		
CHINA MERCHANTS SECURITIES (HK) CO., LTD.	State-owned corporation	0.94%	22,662,120	0		
NAM NGAI	Foreign individual	0.94%	22,535,240	0		
NANHUA FUTURES CO., LIMITED-NANHUA FUTURES NO.5 SILVER LEAF ASSET MANAGEMENT PLAN	Other	0.86%	20,713,937	0		
YUNNAN INTERNATIONAL TRUST CO., LTD. – JULI SINGLE FUND TRUST PLAN NO. 48	Other	0.84%	20,216,860	0		
CSI CAPITAL MANAGEMENT LIMITED	Foreign corporation	0.83%	20,050,928	0		
Related or acting-in-concert parties among shareholders above	The wholly owned subsidiary Jialong Investment Co., Ltd. of the first majority shareholder Overseas Chinese Town Enterprises Co. respectively hold the common share of the Company of 180,001,110 shares and 18,360,000 shares through CITIC Securities Brokerage (HK) Co., Limited and China Merchants Securities (HK) Co., Ltd., and Jialong Investment Co., Ltd. and Overseas Chinese Town Enterprises Co. were persons acting in concert; the Company does not know whether the other shareholders are related parties and whether they are acting-in-concert parties.					
Shareholders conducting securities margin trading	N/A					

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 Preference Shareholders and Shareholdings of Top 10 of Them

Applicable Not applicable

No preference shareholders in the Reporting Period.

6. Corporate bonds

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

No.

III Performance Discussion and Analysis

1. Performance Review for Reporting Period

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

No.

For the Reporting Period, the Company achieved, on a consolidated basis, operating revenues of RMB11.406 billion, up 32.49% compared to the same period of last year; net profit attributable to the Company's shareholders of RMB30.8713 million, representing a year-on-year rise of 140.53%; and earnings per share (EPS) of RMB0.0128.

In the Reporting Period, the Company proactively promoted reform in its system and kept integrating resources to accelerate transformation. As a result, its efforts have been rewarded by improved earnings. The work that the Company has accomplished in the Reporting Period is detailed as follows:

(1) In the Reporting Period, the Company continued to promote reform in its system. New senior management has been hired through an open recruitment in the first quarter of this year. Meanwhile, certain business units are carrying out a market-oriented reform in a steady manner.

(2) In the Reporting Period, the Company made good use of its partners' resource advantages. The Company and China Mobile have jointly launched the Migu-Konka TV. In addition, the Company has become a top sponsor of the Jiangsu Suning Football Club. These moves will help set up win-win cooperations. In addition, the Company has signed on July 28, 2017 to be an official partner of La Liga in China, which will bring new vitality to the Company's brand.

(3) The Reporting Period saw a significant year-on-year increase in both the operating revenues and net profit generated by the Company's smart TV operation business. Moreover, the Company has developed on its own a series of new products including E-learning, E-shopping, K Video and World of Games, increasing attractiveness to users and the soft power in brand, as well as promoting the upgrade in its main business from a traditional model of profiting through adding value on hardware to a new model of "hardware + software" and "smart TV + end users".

(4) In the Reporting Period, the Company integrated the development, production and supply chain systems and optimized the product structure, trying to provide more competitive products. The increasingly fierce market competition and the rising prices of raw materials, however, led to decreased gross profit margins and losses in certain of the Company's main business segments (including color TVs and white goods).

(5) Exceptional gains and losses have an effect of RMB75.3275 million on net profit in the Reporting Period.

2. Matters Related to Financial Report

(1) Changes in Accounting Policies, Accounting Estimations and Measurement Methods Compared to Last Accounting Period

Applicable Not applicable

No such cases.

(2) Retroactive Restatements due to Correction of Significant Accounting Errors in Reporting Period

Applicable Not applicable

No such cases.

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

Applicable Not applicable

① Anhui Konka Electronic Co., Ltd., one of the Company's subsidiaries, incorporated wholly-owned subsidiary Anhui Kangzhi Trade Co., Ltd. in Anhui on March 8, 2017 with a registered capital of RMB5 million. As of the balance sheet date, the money was unpaid by Anhui Konka Electronic. For the Company has control over Anhui Kangzhi Trade, it has been included in the consolidation scope since March 8, 2017.

② Anhui Konka Tongchuang Household Appliances Co., Ltd., one of the Company's subsidiaries, merged on May 17, 2017 its wholly-owned subsidiary Anhui Konka Household Appliances Co., Ltd., which has been cancelled with the industrial and commercial administration on that day.

The Board of Directors
Konka Group Co., Ltd.
August 24, 2017