

合肥美菱股份有限公司



2007 年度中期报告

Mid-term Report Of Hefei Meiling Co., Ltd.



[Important Notice]

Board of Directors and Supervisory Committee of Hefei Meiling Co., Ltd. (hereinafter referred to as the Company) and its directors, supervisors and senior executives hereby assure that there are no false records, misleading statements or significant omissions in this report, and would shoulder any individual and joint responsibility concerning the authenticity, accuracy and completeness of the contents in this report.

Mr. Zhao Yong, Principal of the Company, Vice-president Mr. Yu Wanchun and Secretary of Financial Dept. Mr. Kong Tansheng hereby confirm that the Financial Report of the Semi-annual Report is true and complete.

The Semi-annual Financial Report of the Company has not been audited.



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Financial indexes	Jun. 30, 2007	Dec. 31, 2006	Increase/decrease at the end of this report period compared with the year-begin (%)
Current assets	1,698,669,027.93	1,111,673,860.21	52.80
Current liabilities	1,978,115,230.66	1,419,812,058.45	39.32
Total assets	2,955,152,592.04	2,386,127,601.48	23.85
Shareholders' equity	899,676,003.41	889,122,325.36	1.19
Net assets per share	2.18	2.15	1.40
Net assets per share after adjustment	2.18	2.09	3.83
Financial indexes	Jan.-Jun. 2007	Jan.-Jun. 2006	Increase/decrease in this report period compared with the same period of last year (%)
Net profit	10,875,171.61	8,755,953.63	24.20
Net profit after deducting non-recurring gains and losses	-26,632,997.19	9,493,504.82	-380.54
Earnings per share	0.0263	0.0212	24.06
Return on equity (%)	1.21	1.00	21.00
Net cash flow arising out of operating activities	70,621,718.43	79,624,204.90	-11.31

Notes: items of non-recurring gains and losses deducted and amounts:

Number	Item	Amount
1	Income from disposal of long-term equity investment	35,532,277.20
2	Net income from penalty	204,767.72
3	Income from subsidy	1,871,300.00
4	Switching back provision for losses from the depreciation of inventories of the report period	
5	Net losses from disposal of fixed assets	100,176.12
6	Donation expenditure	
7	Penalty expenditure	
8	Amount of non-recurring gains and losses impact	37,508,168.80

III. Impact on net profit after adjustment in line with IAS:

Unit: RMB'000

Item	Net profit	Net assets
As reported under Accounting System of Enterprise	10,875	899,676
Adjustment based on IFRS:	---	---
Provision for warranty expenses	(1,600)	(15,528)
Recalculation of financial assets in according with IAS 39	(2,800)	(237,334)
Depreciation of fixed assets	(450)	13,012
Other	---	(19,063)
According to International Accounting Standards	6,025	640,763

IV. Supplementary profit statement

Items	Profit in the report period	Profit ration of net assets		Earnings per share	
		Fully diluted	Weighted average	Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders	10,875,171.61	1.21%	1.22%	0.0263	0.0263
Net profit attributable to common shareholders after deducting the non-recurring losses and gains	-26,632,997.19	-2.96%	-2.98%	-0.0644	-0.0644

Section II. Changes in Share Capital and Particulars about Shares Held by Main Shareholders

I. Particulars about change in share capital during the report period

Unit: Share

Share types	Before the change		Increase/decrease of this time (+, -)						After the change	
	Amount	proportion	Ratio ned share	Bonus shares	Capitaliza- tion of public reserve	Addi- tion al issu- ance	Others	Su- bto- tal	Amount	proportion
I. Unlisted shares	149,012,606	36.02%							149,012,606	36.02%
1. Promoter's shares	44,129,967	10.67%							44,129,967	10.67%
Including: State-owned shares	40,543,692	9.80%							40,543,692	9.80%

Domestic legal person's shares	3,586,275	0.87%							3,586,275	0.87%
Foreign legal person's shares	0	0.00%							0	0.00%
Others	0	0.00%							0	0.00%
2. Raised legal person's shares	22,029,956	5.33%							22,029,956	5.33%
3. Inner employees' shares	0	0.00%							0	0.00%
4. Preference shares or others	82,852,683	20.03%							82,852,683	20.03%
II. Listed shares	264,630,343	63.98%							264,630,343	63.98%
1. RMB ordinary shares	151,530,343	36.63%							151,530,343	36.63%
2. Domestically listed foreign-funded shares	113,100,000	27.34%							113,100,000	27.34%
3. Overseas listed foreign-funded shares	0	0.00%							0	0.00%
4. Others	0	0.00%							0	0.00%
III. Total shares	413,642,949	100.00%							413,642,949	100.00%

II. About shareholders

1. Particular about amount of shareholders and shares held by the shareholders

Unit: Share

Total amount of shareholders	68,317				
Particulars about shares held by the top ten shareholders					
Full name of Shareholders	Nature of shareholder	Proportion of shares held	Total of shares held	Numbers of non-circulating shares held	Number of share pledged/frozen
Hefei Meiling (Group) Holdings Co., Ltd.	State shares	29.83%	123,396,375	123,396,375	0
China Minsheng Banking Corp., Ltd.-Oriental Selective Combined Development Securities Investment Fund	Domestic non-state-owned legal person	2.89%	11,960,133	0	0
CAO SHENGCHUN	Domestic non-state-owned legal person	1.30%	5,377,926	0	0
HANG SENG CONSUMER SECTOR FLEXIPOWER FUND	Domestic non-state-owned legal person	0.58%	2,406,900	0	0
WU WEN JIAN	Domestic natural person	0.54%	2,237,500	0	0
Anhui GuoFeng Group Co., Ltd.	State-owned legal person	0.41%	1,707,750	0	0

Hefei Industrial and Commercial Bank	State-owned legal person	0.41%	1,707,750	0	0
An'hui Province Technology Import& Export Corporation	State-owned legal person	0.37%	1,536,975	0	0
China Cinda Assets Management Company	State-owned legal person	0.37%	1,536,975	0	0
Anhui Industrial and Commercial Bank International Business Department	State-owned legal person	0.37%	1,536,975	0	0
Particulars about shares held by the top ten shareholders of circulation shares					
Full name of Shareholders		Number of circulation shares held		Types	
China Minsheng Banking Corp., Ltd.-Oriental Selective Combined Development Securities Investment Fund		11,960,133		RMB common share	
CAO SHENGCHUN		5,377,926		Domestically listed foreign share	
HANG SENG CONSUMER SECTOR FLEXIPOWER FUND		2,406,900		Domestically listed foreign share	
WU WEN JIAN		2,237,500		RMB common share	
CHEN YI QING		1,582,759		Domestically listed foreign share	
CHEN RONG SHENG		1,426,497		Domestically listed foreign share	
Yongsheng Industrial Co., Ltd.		1,321,000		Domestically listed foreign share	
LI XOXONG		1,230,000		Domestically listed foreign share	
LONG QIN FANG		1,060,266		Domestically listed foreign share	
CAO RI HONG		554,033		Domestically listed foreign share	
Explanation on associated relationship among the aforesaid shareholders		Among the top ten shareholders, there existed no associated relationship or belong to the concerted actors as specified in the Measures for Controlling Information Disclosure of Alternation in the Shares Held by Shareholders in Listed Companies; as the Company has no idea on whether there exists any business relationship among other shareholders of circulating shares or they belong to the concerted actors as specified in the Measures for Controlling Information Disclosure of Alternation in the Shares Held by Shareholders in Listed Companies.			

2. Related information on the shares held by the top ten shareholders

①In accordance with Hefei Arbitration Commission Arbitration Letter-(2006) HZZi No.104, Hefei Meiling (Group) Holdings Co., Ltd holds 123,396,375 shares of the Company which accounted for 29.83% in total issued shares of the Company.

②On May 18, 2006 and Jan.11, 2007, Meiling Group respectively signed Share Transfer Agreement of Meiling Electric Appliance and Share Transfer Supplementary Agreement of Meiling Electric Appliance with Sichuan Changhong Electric Appliance Co., Ltd and Sichuan Changhong Electric Group Co., Ltd. Meiling Group planed to transfer its holding 82,852,683 shares among 123,396,375 shares to Sichuan Changhong and Changhong Group in the method of agreement transfer, of which Sichuan Changhong Electric Appliance Co., Ltd accepted 45,000,000 shares and Sichuan Changhong Electric



Group Co., Ltd accepted 37,852,683 shares.

③In March 2007, the Company has already received GZCQ [2007] No.253 promulgated by GZW of the State Council on Reply of Relevant Problems of Hefei Meiling (Group) Holdings Co., Ltd. Transferring Parts of State-owned Shares, which agrees that Hefei Meiling (Group) Holdings Co., Ltd. can transfer 37,852,683 shares in 82,852,683 shares of Hefei Meiling (Group) Holdings Co., Ltd. to Sichuan Changhong Electric Group Co., Ltd. and 45,000,000 shares to Sichuan Changhong Electric Appliance Co., Ltd.

④In July 2007, the Company has already received the Opinions on Publishing the Acquisition Report of Hefei Meiling Co., Ltd by Sichuan Changhong Co., Ltd and Sichuan Changhong Electric Group Co., Ltd from CSRC (ZJGSZi [2007] No.107) in which no comments on Acquisition Report of Hefei Meiling Co., Ltd by Sichuan Changhong Co., Ltd and Sichuan Changhong Electric Group Co., Ltd in accordance with the regulations of Management Method on Acquisition of Listed Companies.

⑤ On August 16, 2007, the Company received the Registration and Transfer Confirmation from Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, Sichuan Changhong accepted 45,000,000 shares of the Company held by Meiling Group and Changhong Group accepted 37,852,683 shares of the Company held by Meiling Group which both were accomplished the procedure on transferring the ownerships. Since transferring the ownership, Sichuan Changhong became the first largest shareholder of the Company for holding 45,000,000 shares of the Company which accounts for 10.88% in total shares of the Company; and Meiling Group became the second largest shareholder of the Company for holding 40,543,692 shares of the Company which accounts for 9.80% in total shares of the Company, and Changhong Group became the third largest shareholder of the Company for holding 37,852,683 shares of the Company which accounts for 9.15% in total shares of the Company.

3. Brief introduction on controlling shareholder and actual controller

Sichuan Changhong Electric Appliance Co., Ltd.: Legal representative: Mr. Zhao Yong; registered capital: RMB 1,898,210,000; registered address: No. 35, Mianxing (E) Road, Hi-tech Zone, Mianyang, Sichuan; business scope: production, sales and road transportation of video products, audiovisual products, air-conditioner products, companion products of butterfly, network products, companion products of laser reading and writing, satellite TV & Broadcast ground receiving equipment, video movie, electric medicine products, electrical equipment, security technology, organization products, digital camera, communication and computer products and chemical industry products; packaging goods and technical service; maintenance and sales of electric products and components; house leasing; transit trade, e-commerce, hi-tech risk investment and other state-permitted business.

Sichuan Changhong Electric Group Co., Ltd.: Legal representative: Mr. Zhao Yong; registered capital: RMB 398,540,000; registered address: Hi-tech Development Zone, Mianyang, Sichuan; business scope: manufacturing and sales of household appliance, automobile electrical appliance, electronic products and components, products of information network, electronic commerce, new materials, electrical products, environmental products, equipment for communication transmission, and manufacturing and sales of electrical material.

Controlling shareholder of Sichuan Changhong Electric Appliance Co., Ltd is Sichuan Changhong Electric Group Co., Ltd which holds 576,203,793 shares of Sichuan



Changhong Electric Appliance Co., Ltd accounting for 30.36% in total shares of Sichuan Changhong.

Section III. Directors, Supervisors, and Senior Executives

I. In the report period, the changes in shares held by directors, supervisors, and senior executives of the Company.

In the report period, the shares held by directors, supervisors, and senior executives of the Company haven't occurred any changes. At the end of the period, Mr. Wang Jiazhang totally held "Meiling Electric Appliance" amounting to 77,977 shares, and Mr. Jiang Jizhi totally held "Meiling Electric Appliance" amounting to 10,800 shares.

II. New engagement and dismissal of directors, supervisors and senior executives of the Company:

1. The 21st meeting of 5th board of directors of the Company was held on Apr.16, 2007, the Meeting approved the Proposal on Changes in part Senior Executives of the Company, and the board of directors of the Company engaged Mr. Yu Wanchun as vice-president of the Company.

2. The 24th extraordinary meeting of 5th board of directors of the Company was held on Jul.12, 2007, the Meeting approved Proposal on Engaging Mr. Liu Hongwei as Executive Vice-president of the Company, owing to the demand of production and operation, according to the nomination of the Company's president Mr. Wang Yong, the board of directors decided to engage Mr. Liu Hongwei as Executive Vice-President of the Company.

Section IV. Discussion and Analysis on the Management

I. Analysis on financial status and operational results of the Company

In the report period, the Company firmly carried out the operating guideline of "People-oriented, make top-quality products, well establish the new region, striving for first level with keeping second".

1. In aspect of marketing, the Company continued to enhance the domestic and oversea sales amount. The center of gravity of domestic marketing continued to move down, strengthen channel construction, network construction, regional market construction, marketing team construction, product and market planning. The Company improved operating management ability of branches, network coverage, market share of 3rd and 4th stage market, brand value, and market occupancy. On domestic market, aiming at the 3rd and 4th stage market, we implemented "Gold Triangle" engineering, invested resources to consummate channel construction and network construction.

In international market, in order to build special and international professional marketing team, establish oversea marketing cadre, strengthen the construction of regional marketing management function, take measures of adjusting and optimizing the product structure, customer structure and market structure, enhanced the market responding speed, realized well integration of technique, business affairs, and management, at the same time, took market as the lead, optimized the structure of customer, product, and market, developed the very product that satisfying the demand of customers and market through finding out international regional market demand.

2. Speed up development technique of new product, continuously producing new product
The Company speeded up the speed of new product development and coming into the

market, especially paid attention to the development of top-grade new product and middle and low grade product suiting the market demand in town, in the first half year, we totally put 13 series which was approximately 38 new products into market.

3. The quality of product of manufacturing system continuously improved

At the same time of continuously carrying on technics fine activity and live 5S activity, implement top-grade engineering, improved the product quality fundamentally, and enhanced productive efficiency.

4. The operating management acquired strengthened

Aiming at the pressure on cost resulted from the increased price of raw material, established Strategically Reducing Cost Committee, wholly speeded up to carry on strategically reducing cost, strengthened information construction, and ERP system has already been overall on line operated.

Through the aforesaid measures, the Company's operation acquired rapid development, and production and sales situation were operated well. Production increased 39% year-on-year, sales increased 31% year-on-year, especially the sales on domestic market, which increased 30% on the basis of rapid increase in last year; and overseas market also increased 33% year-on-year.

5. Analysis on operating result:

Unit: RMB

Item	Jan. to Jun. 2007	Jan. to Jun. 2006	Increase/decrease in changing scope (%)
Operating revenue	1,819,435,867.78	1,490,485,382.07	22.07
Operating cost	1,522,100,665.88	1,253,669,206.71	21.41
Gross profit of sales	300,695,423.63	236,816,175.36	26.97
Sales expense	225,225,836.48	158,052,414.07	42.50
Overhead expenses	51,688,445.74	48,315,041.46	6.98
Financial expenses	24,634,290.39	17,088,541.01	44.16
Net profit attributed to the owner of parent company	10,875,171.61	8,755,953.63	24.20

Analysis on reasons for changes:

i. The main reason for increase in operating revenue was the investment on sales increased in current period, and sales amount increased.

ii. The increase in sales expense was mainly resulted from the market investment such as market construction expense, advertisement expense, transport expense, customer service expense etc. increased along with the sales scale.

iii. The increase in financial expenses was mainly resulted from the continuously appreciated RMB, and the increase in exchange loss of export products.

6. Analysis on financial status

Unit: RMB

Item	Jun.30, 2007	Dec.31, 2006	Changing scope (%)
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Notes receivable	402,419,896.75	145,033,876.33	177.47
Account receivable	166,055,090.84	270,510,386.36	-38.61
Advance to suppliers	135,246,474.84	47,113,046.31	187.07
Inventory	636,117,490.48	337,003,731.60	88.76
Account payable	904,102,625.11	484,068,935.71	86.77
Advance from customers	172,332,864.66	181,167,883.01	-4.88
Tax payable	-20,457,614.09	-14,585,602.09	-40.26

Analysis on reasons for changes:

- i. The main reason for increase in notes receivable was the note balancing increased resulted from the increasing sales in current period as well as the note held in order to decrease discount increased in the report period.
- ii. The main reason for decreased account receivable was that the sales balance period of the Company with main agent shortened in current period, which speeded up the fund reflowing.
- iii. The advance to suppliers was mainly prepaid material price amount, and was mainly resulted from already accepted goods but not yet received its invoice so not yet sent in an account and balanced.
- iv. The increase in inventory was mainly resulted from the Company strategically removed in the second half year, which increased sales stocking up.
- v. The increase in account payable was resulted from the increase in output which relatively increased using material and stocking up, and the payment for goods not yet expired.
- vi. The decrease in tax payable was resulted from the urban maintenance and construction tax, education surcharge etc. local tax that haven't been paid at then end of last year were paid in current year.

II. Operation in the report period

1. Main business scope of the Company and its operation status

The Company belongs to home electric appliance enterprise, with mains business scope of R&D, manufacture, sales and service of various household refrigerator, ice chest, low temperature medical refrigerator and its components, sales and service of other home electric appliance products.

i. Statement of main business classified according to industries or products

Unit: RMB

	Revenue from main operation	Cost of main operation	Gross profit ratio (%)	Increase/decrease in revenue from main operation year-on-year (%)	Increase/decrease in cost of main operation year-on-year (%)	Increase/decrease in gross profit ratio year-on-year (%)
Industry						
Household appliance	1,943,688,639.63	1,642,993,216.00	15.47	30.41	31.05	-2.64
Product						

Refrigerator	1,943,688,639.63	1,642,993,216.00	15.47	30.41	31.05	-2.64
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ii. Statement of operation classified according to area in the report period

Unit: RMB

Area	Operating revenue in current period	Operating revenue in previous period	Increase/decrease in operating revenue (%)
Domestic sales	1,511,303,986.10	1,175,071,268.29	28.61
Export products	432,384,653.53	315,414,113.78	37.08
Total	1,943,688,639.63	1,490,485,382.07	30.41

2. In the report period, the profit composition, main business or its structure as well as profit-earning ability of the Company haven't changed significantly.

3. There's no other operating business activity that has significant influence on profit in the report period.

4. There's no investment yield of single share holding company that has over 10% influences on net profit of the Company in the report period.

5. Problems and difficulties in the operation:

Difficulties the Company faced at present:

i. In the first half year, the price of partial raw material increased too fast, and pressure from cost increased.

ii. Productive capability was significantly insufficient, which can't satisfy the rapid increasing market demand.

iii. RMB appreciated, the pressure from export cost increased.

In order to prevent various disadvantages, the Company actively answered, made a series of operation strategy:

i. Through product innovation, technique innovation, and adjustment on product structure, improves profit-earning ability of the enterprise.

ii. Through overall implementing strategic reducing cost, reduce operating cost.

iii. Try to complete factory remove and putting into production work after the remove as soon as possible, enhance the scale of productive capability rapidly, ease the pressure of lack of productive capability.

III. Investment of the Company

1. The Company hasn't raised fund in the report period, nor has fund raised before not yet been fully used.

2. The Company hasn't any investment by non-raised fund in the report period.

Section V. Significant Events

I. Corporate governance

In the report period, the Company continues to enforce the company administration activities. Especially, the Company conducted a serious self-examination on its administration and made a rectification plan, in accordance with the requirements of ZJGSZi [2007] No.28 – Notice on Relevant Issues of Carrying Out the Special Activities

of Enforcing the Administration of Listed Companies and WZJHZi [2007] No.75 – Notice on Doing Relevant Work Well in Self-examination Phase of the Special Activities of Enforcing the Administration of Listed Companies in Jurisdiction Area promulgated by China Securities Regulatory Commission. The Company will enforce and further improve the company administration and relevant work in the following aspects:

1. Related transaction: At present, Sichuan Changhong and Hefei Changhong Meiling Refrigeration Co., Ltd. sell the series of Meiling Refrigerator as agents, with related transactions of big sum of money; in addition, Changhong Refrigeration processes series refrigerators of Meiling Brand for the Company at the same time.
2. For the continuously changing of shareholders in the recent 3years, the Company has not set up relevant subordinate special committee of Board of Directors up to now, and has not fully exerted and utilized the function of special committee and the professional knowledge of professionals in members of Board of Directors.
3. The Management System for Information Disclosure and other partial rules and regulations need further improvement.
4. Management for investors' relation needs to be further improved; the Company needs to try its best to promote the quality of information disclosure.
5. For the standard operation of the Company, it is still needed to be enhanced.

In the report period, the Company has conducted the rectification according to the self-examination report and rectification plan. The 23rd Meeting of the 5th Board of Directors of the Company examined and approved the Management System for Information Disclosure Affairs, Management System for Investor Management Relations and Management Measures for Use of Raised Funds (Revised in 2007); The 23rd Meeting of the 5th Board of Directors of the Company examined and approved the Self-examination Report and Rectification Plan of Hefei Meiling Co., Ltd. on Special Administration of Listed Companies.

II. In the report period, the Company had no material lawsuits or arbitrations.

III. In the report period, the Company had no material purchase or sale of assets or assets reorganization.

IV. Material related transactions in the report period

1. Purchase of goods

(1) Policy for setting price

The Company's purchase of materials from related enterprises was all conducted in the form of public bidding according to market prices.

(2) Statement on the purchase of goods from related parties

Unit: RMB'0000

Names of enterprises	Jan.-Jun. 2007		Jan.-Jun. 2006	
	Amount	Proportion in purchase of goods in the period (%)	Amount	Proportion in purchase of goods in the period (%)
Hefei Meiling Precision Tube Co., Ltd.	2,780.66	1.97	4,457.08	4.36
Hefei Meiling Non-ferrous Metal Products Co., Ltd.	1,716.81	1.22	2,799.39	2.74
Hefei Meiling Hengtong Glass Co., Ltd.	1,512.47	1.07	2,244.97	2.19
Meiling-Equator Household Appliance (Hefei) Co., Ltd.	64.8	0.05	144.62	0.14
Meiling Electronic Co., Ltd.	173.27	0.12	80.71	0.08

Hefei Meiling Packaging Co., Ltd.	5,695.88	4.05	8,689.40	8.50
Sichuan Changhong Electric Appliance Co., Ltd	4,300.37	3.05	82.69	0.08
Hefei Changhong Meiling Refrigeration Co., Ltd.	81.36	0.06	781.81	0.76
Meiling Aokai Electric Appliance Co., Ltd.	1,633.57	1.16	752.37	0.74
Hefei Meiling Economic Development Co., Ltd.	1,657.37	1.18	2,006.54	1.96
Total	19,616.56	13.93	22,039.58	21.55

2. Sale of goods

(1) Policy for setting price

The Company's sale to Meiling Washing Machine Company and Anhong Plastic Co., Ltd. were mainly conducted publicly according to the market prices of the goods of the same variety.

(2) Particular sheet of sales goods to related parties

Unit: RMB'0000

Names of enterprises	Jan.-Jun. 2007		Jan.-Jun. 2006	
	Amount	Proportion in the sale of goods of the period (%)	Amount	Proportion in the sale of goods of the period (%)
Hefei Meiling Hengtong Glass Products Co., Ltd.	430.40	0.22	250.63	0.17
Meiling Electronic Co., Ltd.	34.53	0.02	65.02	0.04
Meiling Aokai Electric Appliance Co., Ltd.	1,326.66	0.68	112.84	0.08
Hefei Changhong Meiling Refrigeration Co., Ltd.	151,302.71	77.84	0.00	0.00
Sichuan Changhong Electric Appliance Co., Ltd	10,472.80	5.39	8,684.34	5.83
Total	163,567.10	84.15	9,112.83	6.11

3. Claims and debts or guarantees between the Company and related parties in the report period:

(1) Claims and debts or guarantees between the Company and related parties

Unit: RMB'0000

Name of related parties	Relation with the listed company	Fund provided by the listed companies to related parties		Fund provided by related parties to the listed companies	
		Occurred amount	Balance	Occurred amount	Balance
Hefei Meiling Real Estate Development Co., Ltd.		6.12	7.72		
Meiling Property Management Co., Ltd.		2.31	8.17		
Hefei Changhong Meiling Refrigeration Co., Ltd.		381.16	442.51		
Meiling Group Holdings Co., Ltd.				0.60	5.44
Total		389.59	458.40	0.60	5.44

Among which: Occurred amount of fund provided by the listed company to controlling shareholder and its subsidiaries in the report period was RMB 3,895,900, balance RMB 4,584,000.

(2) Guarantees between the Company and related parties in the report period

① Ended Jun.30, 2007, guarantee provided by the controlling shareholder Hefei Meiling Group Holdings Co., Ltd for the Company for loans totaled to RMB 110,000,000.

② External guarantees, guarantees for subsidiaries and irregular guarantees of the Company

Unit: RMB'0000

External guarantees (excluding guarantees for controlling subsidiaries)						
Name of warrantee	Date of happening (date of agreement signing)	Guarantee amount	Guarantee type	Guarantee term	Accomplished or not	For related parties or not (yes or no)
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Total guarantee amount happened in the report period						0.00
Total guarantee balance of the report period (A)						0.00
Guarantees for controlling subsidiaries						
Total guarantee amount for controlling subsidiaries of the report period						0.00
Total guarantee balance for controlling subsidiaries at the end of the report period (B)						4000.00
Total guarantees (including guarantees for controlling subsidiaries)						
Total guarantees (A+B)						4000.00
Proportion of guarantees to net assets of the Company						4.45%
Including:						
Guarantees for shareholders, actual controller and related parties(C)						0.00
Guarantee amount provided directly or indirectly for those with an asset-liability ratio of over 70% (D)						0.00
The part of the total guarantee amount exceeding 50% of net assets (E)						0.00
Total of the aforementioned three guarantees* (C+D+E)						0.00

The aforementioned warrantees are the Company's controlling subsidiaries. These companies run normally, bringing no negative influence on the Company's financial status. Details are as followings:

Unit: RMB'0000

Guarantees provided by the Company to controlling subsidiaries			
Name of warrantees	Amount of guarantee	Term of guarantee	Accomplished or not
China-tech Meiling Freezer Technology Co. Ltd.	2,000	Sep.6, 2006- Jul.25, 2007	No

China-tech Meiling Freezer Technology Co. Ltd.	2,000	Dec.25, 2006- Dec.25, 2007	No
Total balance at report period-end for controlling subsidiaries			4,000
Proportion of guarantees to net assets of the Company			4.45%

V. Material contracts and their implementations in the report period

1. In the report period, the Company has no significant custody, contract or lease of assets of other companies, nor vice visa.
2. The Company has no material guarantee in the report period or that happening before the period but extending to the period.
3. The Company has not entrusted others with cash management or financial management in the report period.

VI. In the report period, neither the Company nor shareholders holding more than 5% shares have made any commitments that would likely exert great influence on the operation achievements and financial status, nor had there been any such commitment made in previous periods and lasted to the report period.

VII. Particulars about occupation of funds by controlling shareholder or its subsidiaries, and independent directors' explanations on the Company's accumulated and current external guarantees and the guarantees violating rules

1. The first largest shareholder, actual controller and the subsidiaries have not occupied fund of the Company.
2. According to the requirements of Notification on Standardizing the Capital Current between Listed Companies and the Related Parties and Several Problems about the External Guarantee of Listed Companies (ZJF [2003] No.56) promulgated by CSRC and State-owned Assets Supervision and Administration Commission of the State Council, there was no guarantee provided by the Company for related parties ended the report period or happening in the previous periods but lasting into the report period.

3. Special explanation and independent opinions on the Company's accumulated external guarantees and external guarantees of the current period by independent directors
According to the spirits of Notification on Standardizing the Capital Current between Listed Companies and the Related Parties and Several Problems about the External Guarantee of Listed Companies (ZJF [2003] No.56), as independent directors of Hefei Meiling Co., Ltd., we conducted a serious inspection in the principle of seeking truth from facts on the Company's external guarantees, and the inspection opinions are as follows:

Ended Jun.30, 2007, Hefei Meiling Co., Ltd. has not provide guarantee for the controlling shareholder or other related parties, of which the Company held less than 50% share equity, and any non-corporate unit or individuals. The controlling shareholder has not enforced the Company to provide guarantee for any others. All directors of the Company treated the risk arising from external guarantee prudently. The Company reedited and

added the guarantees issues in Articles of Association, which effectively protected the interests of vast shareholders earnestly and reduced the operation risks of the enterprise.

Independent Directors: Wei Wei, Zhuo Wenyan and Wu Hanhong

VIII. Index of the public notices in the report period

Date of the notice	Contents of the notice	Newspapers for information disclosure
Apr.25, 2007	Notice on Related Transactions	China Securities, Securities Times, Wen Wei Po
Apr.25, 2007	Notice on the 22 nd Meeting of the 5 th Board of Directors	China Securities, Securities Times, Wen Wei Po
May 19, 2007	Notice of Resolution of Shareholders' General Meeting	China Securities, Securities Times, Wen Wei Po
Jul.11, 2007	Notice on the Self-examination Report and Rectification Plan on Special Administration of Listed Companies	China Securities, Securities Times, Wen Wei Po
Jul.16, 2007	Notice on the 24 th Meeting of the 5 th Board of Directors	China Securities, Securities Times, Wen Wei Po
Jul.18, 2007	Notice on Acquiring No Objection Letter of CSRC	China Securities, Securities Times, Wen Wei Po
Jul.18, 2007	Notice on Acquiring Report	China Securities, Securities Times, Wen Wei Po
Jul.20, 2007	Notice on Notification of Holding Relevant Shareholders' General Meeting Concerning Share Merger Reform	China Securities, Securities Times, Wen Wei Po
Aug.9, 2007	Notice on Report of Change on Shares Held by Shareholders	China Securities, Securities Times, Wen Wei Po
Aug.23, 2007	Notice on Implementation of Share Merger Reform	China Securities, Securities Times, Wen Wei Po

The aforesaid information disclosure was published in the internet website: <http://www.cninfo.com.cn> designated by CSRC at the same time. The investors are welcome to inquire by inputting the stock code of the Company in "Shares Information".

Section V. Financial Report (Un-audited)

Consolidation and Balance Sheet of Parent Company

Prepared by Hefei Meiling Co., Ltd.

June 30, 2007

Unit: RMB

Items	Amount at period-end		Amount at period-begin	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	321,829,191.48	308,397,635.45	287,161,840.15	250,130,230.82
Settlement provisions				
Capital lent				
Transaction finance asset				
Notes receivable	402,419,896.75	402,419,896.75	145,033,876.33	145,033,876.33
Accounts receivable	166,055,090.84	167,977,997.34	270,510,386.36	251,855,259.19
Accounts in advance	135,246,474.84	135,246,474.84	47,113,046.31	45,631,199.21
Insurance receivable				
Reinsurance receivables				
Contract reserve of reinsurance receivable				
Interest receivable				
Other receivables	33,112,204.84	30,350,898.47	19,726,875.41	19,160,351.58
Purchase restituted finance asset				
Inventories	636,117,490.48	615,298,256.14	337,003,731.60	323,986,517.07
Non-current asset due within one year				
Other current assets	3,888,678.70	3,888,678.70	5,124,104.05	5,124,104.05
Total current assets	1,698,669,027.93	1,663,579,837.69	1,111,673,860.21	1,040,921,538.25
Non-current assets:				
Granted loans and advances				
Finance asset available sales				
Held-to-maturity securities				
Long-term account receivable				
Long-term equity investment	52,666,304.06	108,701,128.34	58,559,101.70	114,593,925.98
Investment property	4,279,659.90	4,279,659.90	4,345,484.78	4,345,484.78
Fixed assets:	454,284,558.18	433,190,203.46	470,756,442.44	448,655,787.13
Construction in progress	29,218,523.44	28,928,523.44	16,560,753.49	16,386,753.49
Engineering material				
Disposal of fixed asset				
Consumable biological asset				
Oil and gas asset				
Intangible assets	705,183,203.90	697,308,203.90	713,380,644.23	704,380,644.23

Expense on Research and Development				
Goodwill				
Long-term expenses to be apportioned				
Deferred income tax asset	10,851,314.63	9,791,669.42	10,851,314.63	9,791,669.42
Other non-current asset				
Total non-current asset	1,256,483,564.11	1,282,199,388.46	1,274,453,741.27	1,298,154,265.03
Total assets	2,955,152,592.04	2,945,779,226.15	2,386,127,601.48	2,339,075,803.28
Current liabilities:				
Short-term loans	403,408,789.51	363,408,789.51	415,500,000.00	375,500,000.00
Loan from central bank				
Absorbing deposit and interbank deposit				
Capital borrowed				
Transaction financial liabilities				
Notes payable	306,000,000.00	306,000,000.00	237,000,000.00	227,000,000.00
Accounts payable	904,102,625.11	956,666,947.79	484,068,935.71	510,696,002.35
Accounts received in advance	172,332,864.66	172,332,864.66	181,167,883.01	181,039,487.01
Selling financial asset of repurchase				
Commission charge and commission payable				
Wage payable	44,180,335.47	42,233,544.58	41,903,680.64	40,355,052.99
Taxes payable	-20,457,614.09	-20,453,465.62	-14,585,602.09	-16,169,244.65
Interest payable				
Other accounts payable	168,548,230.00	167,413,853.93	74,757,161.18	73,699,260.08
Reinsurance payables				
Insurance contract reserve				
Security trading of agency				
Security sales of agency				
Long-term liabilities due within 1 year				
Other current liabilities				
Total current liabilities	1,978,115,230.66	1,987,602,534.85	1,419,812,058.45	1,392,120,557.78
Non-current liabilities:				
Long-term loans	37,500,000.00	37,500,000.00	37,500,000.00	37,500,000.00
Bonds payable				
Long-term account payable				
Special accounts payable				
Projected liabilities	21,392,565.35	21,392,565.35	21,392,565.35	21,392,565.35
Deferred income tax liabilities				
Other non-current liabilities				

Total non-current liabilities	58,892,565.35	58,892,565.35	58,892,565.35	58,892,565.35
Total liabilities	2,037,007,796.01	2,046,495,100.20	1,478,704,623.80	1,451,013,123.13
Owner's equity (or shareholders' equity):				
Paid-in capital (or share capital)	413,642,949.00	413,642,949.00	413,642,949.00	413,642,949.00
Capital public reserve	578,853,878.72	578,853,878.72	578,857,478.72	578,857,478.72
Less: Inventory shares				
Surplus public reserve	284,889,548.51	284,889,548.51	284,889,548.51	284,889,548.51
Provision of general risk				
Retained profit	-377,710,372.82	-378,102,250.28	-388,585,544.43	-389,327,296.08
Balance difference of foreign currency translation				
Total owner's equity attributable to parent company	899,676,003.41	899,284,125.95	888,804,431.80	888,062,680.15
Minority interests	18,468,792.62		18,618,545.88	
Total owner's equity	918,144,796.03	899,284,125.95	907,422,977.68	888,062,680.15
Total liabilities and owner's equity	2,955,152,592.04	2,945,779,226.15	2,386,127,601.48	2,339,075,803.28

Consolidation and Profit Statement of Parent Company

Prepared by Hefei Meiling Co., Ltd.

Jan.-Jun., 2007

Unit: RMB

Items	This period		Same period of last year	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total operating income	1,943,688,639.63	1,936,325,217.10	1,490,485,382.07	1,479,422,956.45
Including: Operating income	1,943,688,639.63	1,936,325,217.10	1,490,485,382.07	1,479,422,956.45
Interest income				
Insurance gained				
Commission charge and commission income				
II. Total operating cost	1,970,728,472.44	1,962,865,422.46	1,481,685,307.80	1,469,185,980.17
Including: Operating cost	1,642,993,216.00	1,642,474,513.47	1,253,669,206.71	1,247,667,861.97
Interest expense				
Commission charge and commission expense				
Cash surrender value				
Net amount of expense of compensation				
Net amount of withdrawal of insurance contract reserve				
Bonus expense of guarantee slip				
Reinsurance expense				
Operating tax and extras	5,876,367.94	5,853,807.82	4,560,104.55	4,438,713.69
Sales expenses	225,225,836.48	222,827,863.70	158,052,414.07	155,960,026.25
Administration expenses	51,688,445.74	47,964,398.50	48,315,041.46	44,946,165.88
Financial expenses	24,634,290.39	23,497,238.82	17,088,541.01	16,173,212.38
Losses of devaluation of asset	20,310,315.89	20,247,600.15		
Add: Changing income of fair value(Loss is listed with "-")				
Investment income (Loss is listed with "-")	35,789,359.56	35,789,359.56	262,359.95	262,359.95
Including: Investment income on affiliated company and joint venture	257,082.36	257,082.36	262,359.95	262,359.95
Exchange income (Loss is listed with "-")				
III. Operating profit (Loss is listed with "-")	8,749,526.75	9,249,154.20	9,062,434.22	10,499,336.23
Add: Non-operating income	2,076,067.72	2,076,067.72	119,529.63	119,529.63
Less: Non-operating expense	100,176.12	100,176.12	857,080.82	857,080.82
Including: Disposal loss of non-current asset				
IV. Total Profit (Loss is	10,725,418.35	11,225,045.80	8,324,883.03	9,761,785.04

listed with “-”)				
Less: Income tax				
V. Net profit (Net loss is listed with “-”)	10,725,418.35	11,225,045.80	8,324,883.03	9,761,785.04
Net profit attributable to owner’s equity of parent company	10,875,171.61		8,755,953.63	
Minority shareholders’ gains and losses	-149,753.26		-431,070.60	
VI. Earnings per share				
i. Basic earnings per share	0.0263		0.0212	
ii. Diluted earnings per share	0.0263		0.0212	

Legal representative: Zhao Yong

Person in Charge of Accounting Works: Yu Wanchun

Person in Charge of Accounting Institution: Kong Tansheng

Consolidation and Cash Flow of Parent Company

Prepared by Hefei Meiling Co., Ltd.

Jan.-Jun., 2007

Unit: RMB

Items	This period		Same period of last year	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	1,130,858,706.27	1,104,362,051.32	1,621,890,992.31	1,614,091,918.31
Net increase of customer deposit and interbank deposit				
Net increase of loan from central bank				
Net increase of capital borrowed from other financial institution				
Cash received from original insurance contract fee				
Net cash received from reinsurance business				
Insured savings and net increase of investment				
Net increase of disposal of transaction financial asset				
Cash received from interest, commission charge and commission				
Net increase of capital borrowed				
Net increase of returned business capital				
Write-back of tax received	973,647.42	973,647.42	23,932,255.91	23,932,255.91
Other cash received concerning operating activities	421,567.72	421,567.72	140,276.83	119,529.63
Subtotal of cash inflow arising from operating activities	1,132,253,921.41	1,105,757,266.46	1,645,963,525.05	1,638,143,703.85
Cash paid for purchasing commodities and receiving labor service	838,275,685.83	817,039,287.86	1,353,462,952.86	1,346,375,333.03
Net increase of customer loans and advances				
Net increase of deposits in central bank and interbank				
Cash paid for original insurance contract				

compensation				
Cash paid for interest, commission charge and commission				
Cash paid for bonus of guarantee slip				
Cash paid to/for staff and workers	63,007,908.61	60,135,870.62	37,637,599.11	35,043,239.98
Taxes paid	34,801,067.22	32,757,422.44	39,314,627.98	37,237,986.02
Other cash paid concerning operating activities	125,547,541.32	121,474,459.51	135,924,140.20	132,959,438.86
Subtotal of cash outflow arising from operating activities	1,061,632,202.98	1,031,407,040.43	1,566,339,320.15	1,551,615,997.89
Net cash flows arising from operating activities	70,621,718.43	74,350,226.03	79,624,204.90	86,527,705.96
II. Cash flows arising from investing activities:				
Cash received from recovering investment				
Cash received from investment income	41,682,157.20	41,682,157.20		
Net cash received from disposal of fixed, intangible and other long-term assets				
Net cash received from disposal of subsidiaries and other units				
Other cash received concerning investing activities	3,184,478.25	3,151,093.13		
Subtotal of cash inflow from investing activities	44,866,635.45	44,833,250.33		
Cash paid for purchasing fixed, intangible and other long-term assets	16,009,939.06	15,272,671.06	4,705,720.55	4,679,810.55
Cash paid for investment			2,000,000.00	2,000,000.00
Net increase of mortgaged loans				
Net cash received from subsidiaries and other units				
Other cash paid concerning investing activities				
Subtotal of cash outflow from investing activities	16,009,939.06	15,272,671.06	6,705,720.55	6,679,810.55
Net cash flows arising from investing activities	28,856,696.39	29,560,579.27	-6,705,720.55	-6,679,810.55
III. Cash flows arising from financing activities				
Cash received from				

absorbing investment				
Including: Cash received from absorbing minority shareholders' investment by subsidiaries				
Cash received from loans	218,832,872.00	218,832,872.00	502,354,322.58	482,354,322.58
Cash received from issuing bonds				
Other cash received concerning financing activities		18,000,000.00		
Subtotal of cash inflow from financing activities	218,832,872.00	236,832,872.00	502,354,322.58	482,354,322.58
Cash paid for settling debts	267,892,530.14	267,892,530.14	556,261,085.58	536,261,085.58
Cash paid for dividend and profit distributing or interest paying	10,904,407.01	9,736,744.19	17,075,854.45	16,173,212.38
Including: Dividend and profit of minority shareholder paid by subsidiaries				
Other cash paid concerning financing activities				
Subtotal of cash outflow from financing activities	278,796,937.15	277,629,274.33	573,336,940.03	552,434,297.96
Net cash flows arising from financing activities	-59,964,065.15	-40,796,402.33	-70,982,617.45	-70,079,975.38
IV. Influence on cash due to fluctuation in exchange rate	-4,846,998.34	-4,846,998.34		
V. Net increase of cash and cash equivalents	34,667,351.33	58,267,404.63	1,935,866.90	9,767,920.03
Add: Balance of cash and cash equivalents at the period -begin	287,161,840.15	250,130,230.82	306,453,395.83	271,090,842.99
VI. Balance of cash and cash equivalents at the period-end	321,829,191.48	308,397,635.45	308,389,262.73	280,858,763.02
Supplementary materials				
I. Cash flow from operating activities adjusted from net profit				
Net profit	10,725,418.35	11,225,045.80	8,324,883.03	9,761,785.04
Add: Provision for devaluation of asset	20,310,315.89	20,247,600.15		
Depreciations of fixed asset, oil asset consumption and productive biological asset	22,710,386.47	21,033,071.88	22,868,294.21	21,208,164.11
Amortization of intangible asset	8,197,440.33	7,072,440.33	14,900,270.58	13,775,270.58

Amortization of long-term expense to be apportioned				
Losses from disposal of fixed asset, intangible asset and other long-term asset(Income is listed with “-”)	100,176.12	100,176.12	857,080.82	857,080.82
Losses from rejection of fixed asset (Income is listed with “-”)				
Losses from change of fair value(Income is listed with “-”)				
Financial expense (Income is listed with “-”)	14,431,116.70	13,263,453.88	17,075,854.45	16,173,212.38
Investment loss(Income is listed with “-”)	-35,789,359.56	-35,789,359.56	-262,359.95	-262,359.95
Decrease of deferred income tax (Increase is listed with “-”)				
Increase of deferred income tax (Decrease is listed with “-”)				
Decrease of inventory (Increase is listed with “-”)	-299,113,758.88	-291,311,739.07	27,301,466.18	32,511,807.68
Decrease of operating items receivable (Increase is listed with “-”)	-281,006,775.99	-276,353,081.09	-124,000,772.78	-135,067,831.07
Increase of operating items payable (Decrease is listed with “-”)	610,056,759.00	604,862,617.59	112,559,488.36	127,570,576.37
Other				
Net cash flow arising from operating activities	70,621,718.43	74,350,226.03	79,624,204.90	86,527,705.96
II. Significant investment and financing activities involving no cash incomings and outgoings				
Debts transferred into capital				
Convertible bonds of the company due within 1 year				
Renting fixed assets for financing purpose				
III. Net increase of cash and cash equivalents				
Balance of cash at the period-end	321,829,191.48	308,397,635.45	308,389,262.73	280,858,763.02
Less: Balance of cash at the period-begin	287,161,840.15	250,130,230.82	306,453,395.83	271,090,842.99
Add: Balance of cash and				

cash equivalents at the period -end				
Less: Balance of cash and cash equivalents at the period -begin				
Net increase of cash and cash equivalents	34,667,351.33	58,267,404.63	1,935,866.90	9,767,920.03

Legal representative: Zhao Yong

Person in Charge of Accounting Works: Yu Wanchun

Person in Charge of Accounting Institution: Kong Tansheng



Consolidated Statement on Changes of Owners' Equity

Prepared by Hefei Meiling Co., Ltd.

Jan.-Jun., 2007

Unit: RMB

Items	Amount in this year								
	Owners' equity belonged to the parent company							Minority interest	Total owners' equity
	Paid-up capital (Share capital)	Capital reserves	Less: Treasur y Stock	Surplus reserves	General risk provision	Retained profit	Others		
I. Balance at the end of the last year	413,642,949.00	578,857,478.72		284,889,548.51		-401,890,175.03		18,300,652.32	893,800,453.52
Add: Changes of accounting policy						13,304,630.60		317,893.56	13,622,524.16
Error correction of the last period									
II. Balance at the beginning of this year	413,642,949.00	578,857,478.72		284,889,548.51		-388,585,544.43		18,618,545.88	907,422,977.68
III. Increase/ Decrease in this year (Decrease is listed with "-")									
(I) Net profit						10,875,171.61		-149,753.26	10,725,418.35
(II) Profits and losses calculating into owners' equity		-3,600.00							-3,600.00
1. Net changing amount									



of fair value of financial assets available for sale									
2. Effect of changes of other owners' equity of invested units under equity method									
3. Effect of income tax related to owners' equity									
4. Others		-3,600.00							-3,600.00
Subtotal of (I) and (II)		-3,600.00				10,875,171.61		-149,753.26	10,721,818.35
(III) Owners' devotion and decreased capital									
1. Owners' devotion capital									
2. Amount calculated into owners' equity paid in shares									
3. Others									
(IV) Profit distribution									
1. Withdrawal of surplus reserves									
2. Withdrawal of general risk provisions									
3. Distribution for owners (shareholders)									
4. Others									



(V) Carrying forward internal owners' equity									
1.Capital reserves converted to capital (share capital)									
2. Surplus reserves converted to capital (share capital)									
3.Remedying loss with profit surplus									
4.Others									
IV. Balance at the end of this report period	413,642,949.00	578,853,878.72		284,889,548.51		-377,710,372.82		18,468,792.62	918,144,796.03

Items	Amount in last year								
	Owners' equity belonged to the parent company							Minority interest	Total owners' equity
	Paid-up capital (Share capital)	Capital reserves	Less: Treasury Stock	Surplus reserves	General risk provision	Retained profit	Others		
I. Balance at the end of the last year	413,642,949.00	571,817,478.72		284,889,548.51		-413,855,891.57		15,717,727.40	872,211,912.06
Add: Changes of accounting policy									
Error correction of the last period									



II. Balance at the beginning of this year	413,642,949.00	571,817,478.72		284,889,548.51		-413,855,891.57		15,717,827.40	872,211,912.06
III. Increase/ Decrease in this year (Decrease is listed with "-")									
(I) Net profit						11,965,716.54		2,582,824.92	14,548,541.46
(II) Profits and losses calculating into owners' equity									
1. Net changing amount of fair value of financial assets available for sale									
2. Effect of changes of other owners' equity of invested units under equity method									
3. Effect of income tax related to owners' equity									
4. Others									
Subtotal of (I) and (II)						11,965,716.54		2,582,824.92	14,548,541.46
(III) Owners' devotion and decreased capital		7,040,000.00							7,040,000.00
1. Owners' devotion capital									
2. Amount calculated into owners' equity paid in									



shares									
3. Others		7,040,000.00							7,040,000.00
(IV) Profit distribution									
1. Withdrawal of surplus reserves									
2. Withdrawal of general risk provisions									
3. Distribution for owners (shareholders)									
4. Others									
(V) Carrying forward internal owners' equity									
1. Capital reserves converted to capital (share capital)									
2. Surplus reserves converted to capital (share capital)									
3. Remedying loss with profit surplus									
4. Others									
IV. Balance at the end of this report period	413,642,949.00	578,857,478.72		284,889,548.51		-401,890,175.03		18,300,652.32	893,800,453.52

Legal representative: Zhao Yong

Person in Charge of Accounting Works: Yu Wanchun

Person in Charge of Accounting Institution: Kong Tansheng

Section VII. Documents Available for Reference

- I. The text of semi-annual report carrying the signature of Chairman of the Board.
- II. The accounting statements carrying the signatures and seals of Chairman of the Board, Financial Principal and Principal of Accounting Institutes.
- III. Originals of all documents of the Company and manuscripts of public notices ever disclosed in the newspapers designated by CSRC in the report period.
- VI. Articles of Association of Hefei Meiling Co., Ltd.

The aforesaid documents are all available at headquarter of the Company. The Company would provide them timely when CSRC and Shenzhen Stock Exchange require or the shareholders need consultation according to the regulations and Articles of Association.

Chairman of the Board: Zhao Yong
Board of Directors of
Hefei Meiling Co., Ltd.

August 31, 2007