

HEFEI MEILING CO., LTD.
THE THIRD QUARTERLY REPORT FOR 2011
(FULL TEXT)

§1. Important Notes

1.1 The Board of Directors and the Supervisory Committee of Hefei Meiling Co., Ltd. (hereinafter referred to as the Company), along with all its directors, supervisors and senior executives hereby confirm that there are no any important omissions, fictitious statements or serious misleading information carried in this report, and shall take all responsibilities, individual and/or joint, for the reality, accuracy and completion of the whole contents.

1.2 The Third Quarterly Financial Report 2011 of the Company has not been audited by CPAs.

1.3 Principal of the Company Mr. Zhao Yong, President Mr. Wang Yong, Person in Charge of Accounting Works Mr. Yu Wanchun and Person in Charge of Accounting Organ (Accounting Officer) Mr. Liu Bimin hereby confirm that the Financial Report of the Third Quarterly Report is true and complete.

§2. Company Profile

2.1 Main accounting highlights and financial indexes:

	In RMB Yuan			
	2011-9-30	2010-12-31	Increase/decrease scope (%)	
Total assets (RMB)	7,752,064,295.81	7,116,164,154.58	8.94%	
Owners' equities attributable to the shareholders of listed company (RMB)	2,821,652,862.43	2,717,294,371.76	3.84%	
Share capital (Share)	636,449,338.00	530,374,449.00	20.00%	
Net assets per share attributable to the shareholders of listed company (RMB/Share)	4.43	5.12	-13.48%	
	July-Sept. 2011	Increase/decrease over the same period of the last year (%)	Jan.-Sept. 2011	Increase/decrease over the same period of the last year (%)
Total operating income (RMB)	1,967,627,950.44	-15.28%	7,442,646,639.08	7.89%
Net profit attributable to the shareholders of listed company (RMB)	4,858,979.15	-93.86%	131,016,975.36	-56.00%
Net cash flow arising from operating activities (RMB)	-137,210,515.74	-205.64%	-681,544,211.55	-1,898.56%
Net cash flow arising from operating activities per share (RMB/Share)	-0.22	-168.66%	-1.07	-1,197.87%
Basic earnings per share (RMB/Share)	0.0076	-96.03%	0.2059	-71.40%
Diluted earnings per share (RMB/Share)	0.0076	-96.03%	0.2059	-71.40%
Weighted average return on equity (%)	0.17%	-5.22%	4.73%	-16.33%

Weighted average return on equity after deducting non-recurring gains and losses (%)	0.14%	-4.97%	4.33%	-6.85%
--------------------------------------------------------------------------------------	-------	--------	-------	--------

Items of non-recurring gains and losses

√Applicable □Inapplicable

In RMB Yuan

Items of non-recurring gains and losses	Amount	Remarks (If applicable)
Gains and losses from the disposal of non-current asset	8,637,159.10	
Governmental subsidy calculated into current gains and losses, while closely related with the business of the Company, excluding the fixed-amount or fixed-proportion governmental subsidy according to the unified national standard	4,870,212.66	
Other non-operating income and expenditure beside for the aforementioned items	-311,623.24	
Items of other gains and losses that met the definition of non-recurring gains and losses.	23,522.01	
Amount of impact on minority shareholders' interest.	-84,733.62	
Impact on income tax	-1,963,376.97	
Total	11,171,159.94	-

2.2 Total number of shareholders at the end of the report period and shares held by the top ten shareholders with unrestricted conditions

In Share

Total number of shareholders at the end of report period	58,918	
Particulars about the shares held by the top ten shareholders with unrestricted conditions		
Full name of shareholder	Unrestricted shares held at period-end	Type of shares
Sichuan Changhong Electric Co., Ltd.	89,390,342	RMB common share
Hefei Xingtai Holding Group Co., Ltd.	39,251,671	RMB common share
Changhong (Hong Kong) Trade Co., Ltd.	20,580,978	Domestically listed foreign share
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	13,716,769	Domestically listed foreign share
China Pacific Life Insurance Co., Ltd. –dividends – personal dividend	12,600,000	RMB common share
CAO SHENGCHUN	10,429,606	Domestically listed foreign share
Founder Securities Co., Ltd.	7,439,575	RMB common share
Donghai Securities – Bank of Communication—Donghai Securities Steady Value Integration	6,460,141	RMB common share

Assets Management Plan		
China Pacific Life Insurance Co., Ltd. –traditional – normal insurance products	5,856,960	RMB common share
Donghai Securities Co., Ltd.	4,044,870	RMB common share

§3. Significant events

3.1 Particulars about material changes in items of main accounting statement and financial index, and explanations of reasons

Applicable Inapplicable

3.1.1 Changes and explanation for items in balance sheet

In RMB Yuan

Items	Balance at period-end	Balance at year-begin	Changes %	Reasons
Monetary funds	1,181,828,365.90	1,986,440,504.29	-40.51%	Cash payment increased in this period for purchasing and projects raised fund for investment; short-term loans due for paid
Notes receivable	2,239,112,344.88	1,194,506,906.44	87.45%	Soaring sales and deduction of the bill discount
Accounts receivable	608,149,051.59	372,563,010.12	63.23%	Undue account receivable increased for expansion of sales scale
Other receivables	42,869,363.75	61,420,720.54	-30.20%	Due other account receivable at year-begin and take control in other account receivable in this period
Long-term equity investment	26,761,060.26	17,918,060.59	49.35%	Holding more equity of Hefei Xingmei Assets Management Co., Ltd in this period
Construction in progress	121,163,943.66	75,179,300.94	61.17%	Investment project that from raised fund increased in this period, capital has not been transfer yet for incomplete construction
Expense on Research and Development	27,392,874.13	13,505,659.94	102.83%	More investment for development of air-conditioner from Sichuan Changhong Air-conditioner Co., Ltd—subsidiary of the Company
Deferred income tax asset	84,838,951.23	48,138,723.05	76.24%	Accrued impairment provision of assets; the quality service expenses for “10-year warranty” in appliance countryside oriented, “refrigerator quality service”,

				together with predicted expenses of retirement welfare have recognized as deferred income tax assets
Short-term loans	146,000,000.00	238,923,801.11	-38.89%	Loans return to bank in this period
Notes payable	1,417,114,401.14	920,676,239.36	53.92%	Material acquisition increase settlement of bank acceptance bill
Accounts received in advance	617,933,814.09	922,047,156.39	-32.98%	speedy invoice for settlement, reduce accounts received in advance
Taxes payable	47,414,163.99	78,967,865.01	-39.96%	Previously income tax has been finally settle and paid in this period
Dividend payable	1,551,482.06	738,695.30	110.03%	Dividends distribute for 2010 profit distribution plan has not paid up totally
Other accounts payable	707,334,106.82	410,610,813.51	72.26%	Expenses have occurred in this period but without reimbursement increased
Non-current liabilities due within one year	2,487,706.60	1,189,452.90	109.15%	Long-term loans due within one year increased
Projected liabilities	292,722,331.00	203,421,595.00	43.90%	Accrued of quality service expense for 10-year free warranty in appliance countryside oriented, "refrigerator quality service" increased
Minority interests	57,062,008.03	28,895,887.29	97.47%	For marketing mode reforming, secondary marketing subsidiaries established in succession, more minority interests increased

3.1.2 Changes and explanation for items in profit statement

In RMB Yuan

Items	Amount in this period	Amount at same period of last year	Changes %	Reasons
Administration expenses	231,319,253.25	138,126,001.93	67.47%	Meiling Group together with its subordinate subsidiaries and marketing joint-ventures were added into consolidation range in this period, more investment for R&D increased
Financial	-33,250,531.86	-11,227,370.55	-196.16%	Interest income from raised

expenses				capital increased and cash discount by suppliers increased
Losses of devaluation of asset	9,529,505.74	19,464,223.91	-51.04%	Overdue account receivables were recover in this period and disposal of inventories results in a optimization age structure of account receivable and inventory structures
Investment income (Loss is listed with “-”)	2,257,469.01	140,917,222.76	-98.40%	Financial assets available for sale—iFLY TEK was sold at same period of last year for investment income obtained, no such income obtained in this period
Operating profit (Loss is listed with “-”)	15,200,968.14	225,737,021.37	-93.27%	Product costs and expenses soaring for higher price of materials and staffs that result from inflation and appreciation of RMB; refrigerator, main products of the Company, counter a gliding in price and volumes compare to same period of last year for intensify market competition; meanwhile, financial assets available for sale—iFLY TEK was sold at same period of last year for investment income obtained, no such income obtained in this period
Non-operating expense	3,242,460.35	718,315.80	351.40%	Retirement of fixed assets increased in this period
Disposal loss of non-current asset	2,294,798.27	525,192.34	336.94%	Same reason as “non-operating expenses”
Total Profit (Loss is listed with “-”)	133,534,784.40	353,020,779.22	-62.17%	Same reason as “operating profit”
Income tax expense	13,195,542.44	54,701,199.12	-75.88%	Income tax payable decreased
Net profit (Net loss is listed with “-”)	120,339,241.96	298,319,580.10	-59.66%	Same reason as “operating profit”
Net profit attributable to owner’s of parent company	131,016,975.36	297,760,905.90	-56.00%	Same reason as “operating profit”
Minority shareholders’	-10,677,733.40	558,674.20	-2011.26%	Part of the secondary subsidiaries and marketing

gains and losses				joint-ventures, newly established, came into deficit at early period of establishment
Basic earnings per share	0.21	0.72	-70.83%	Total share capital increased and profit reduced
Diluted earnings per share	0.21	0.72	-70.83%	Same reason as “Basic earnings per share”
Other consolidated income	-106,074.87	-107,555,556.24	99.90%	Financial assets available for sale, price at fair value, was disposed at same period of last year, no such income occurred in this year
Total consolidated income	120,233,167.09	190,764,023.86	-36.97%	Same reason as “operating profit”
Total consolidated income attributable to owners of parent company	130,910,900.49	190,205,349.66	-31.17%	Same reason as “operating profit”
Total consolidated income attributable to minority shareholders	-10,677,733.40	558,674.20	-2011.26%	Part of the secondary subsidiaries and marketing joint-ventures, newly established, came into deficit at early period of establishment

3.1.3 Changes and explanation for items in cash flow statement

In RMB Yuan

Items	Amount in this period	Amount at same period of last year	Changes %	Reasons
Write-back of tax received	56,902,243.75	12,350,382.54	360.73%	Export tax refund obtained by parent company and Zhongshan Changhong Air-conditioner Appliance Co., Ltd. (“Zhongshan Changhong”)
Other cash received concerning operating activities	160,715,258.22	82,448,095.83	94.93%	Energy-saving and citizen favorable grants were obtained by Changhong Air-conditioner
Cash paid for purchasing	3,268,082,361.83	1,797,490,929.02	81.81%	Discount for cash payment in purchasing and on due notes payment increased

commodities and receiving labor service				
Cash paid to/for staff and workers	401,947,468.96	256,125,936.85	56.93%	Soaring salary for employees; year-end bonus and every rewards of 2010 were paid
Taxes paid	341,699,457.59	254,815,080.50	34.10%	Income taxes of 2009 and 2010 were settle and paid
Cash received from recovering investment	1,000,000.00	7,356,806.06	-86.41%	Financial assets available for sale—iFLY TEK was sold at same period of last year for investment income obtained
Cash received from investment income	3,921,480.54	142,186,905.71	-97.24%	No investment income from disposal of financial assets available for sale obtained in this period
Net cash received from disposal of fixed, intangible and other long-term assets	81,152,480.73	90,951.53	89126.08%	Transfer amount and removing compensation were obtained from disposal of intangible assets(land use right) of Zhongshan Changhong, subsidiary of the Company, and Jiangxi Meiling Cooling Co., Ltd
Other cash received concerning investing activities	22,785,825.94	10,065,835.63	126.37%	Interest income and margin for projects increased
Cash paid for purchasing fixed, intangible and other long-term assets	164,884,385.79	53,273,584.72	209.50%	Purchasing of the production line equipment and investment for foundation construction of Athena Luxury refrigerator; foundation construction of capacity expansion for freezers and purchasing of match projects
Cash paid for investment	-21,753,532.00	-	-	Investment amount that paid last year was not consolidated for off-set due to failure registration in Industrial & Commercial Bureau from part

				of marketing subsidiaries; The abovementioned subsidiaries completed registration procedures in this period, investment amount was listed with minors in consolidation statement
Net cash received from subsidiaries and other units	978,687.97	271,597,181.63	-99.64%	Part of the equity of Caohu Marketing Company, a secondary marketing joint-venture, was transferred by the Company in this period. 100% equity amount of Meiling Group, transfer by the Company at same period of last year, and balance of air-conditioner business, purchased by the Company, were paid
Cash received from absorbing investment	35,926,000.00	-	-	Secondary marketing joint-venture, established in this period, absorb investment from minority shareholders
Cash received from loans	152,961,241.63	328,860,000.00	-53.49%	Loans decreased in this period
Cash paid for dividend and profit distributing or interest paying	34,916,771.52	8,690,844.35	301.77%	Cash dividend for Profit Distribution Plan 2010 was paid and interest of bank loans increased
Influence on cash due to fluctuation in exchange rate	4,764,243.63	-116,915.00	4174.96%	Appreciation of RMB in this period

3.2 Progress of significant events, their influences, and analysis and explanation of their solutions

3.2.1 Qualified opinion

Applicable Inapplicable

3.2.2 Particular about fund offers to controlling shareholders or associated parties and external guarantee that against the regulation.

Applicable Inapplicable

3.2.3 Particular about signing and implementation on significant contracts of ordinary management.

Applicable Inapplicable

1. Jiangxi Meiling Cooling Co., Ltd. entered into “State-owned Land Use Right Reserve Contract” with land reserve center of Jingde Town City

With the purpose of stimulating the assets reservation of Jiangxi Meiling Cooling Co., Ltd. (“Jiangxi Meiling Cooling”), raising construction capital for strategy moving, perfection the assets’ structure of Jiangxi Meiling Cooling, higher the quality of assets continuously as well as the combination of city plan of Jiangde Town government, the Proposal of Land Use Right Reserve by Jiangxi Meiling Cooling Co., Ltd. was deliberated and approved by 41st Meeting of 6th Session of the Board on January 20, 2011. The State-owned land use right reserve contract was signed between the Jiangxi Meiling Cooling and Land Reserve Center of Jingde Town City by consented. The land use right of are of 159,448.8 m² (239.17 mu by converted), No.0121 JTGY(2010), located on Guanzhuang, Cidu Avenue, owned by Jiangxi Meiling, deliver to Land Reserve Center of Jingde Town City for reserve with reserve compensation amounting to 65 million yuan.

According to the “State-owned Land Use Right Reserve Contract”, land reserve compensation 65 million yuan was received by Jiangxi Meiling Cooling till end of August 2011.

More details found in Notice public on appointed disclosure media dated 21 January 2011 with serial of No.:2011-004 and No.: 2011-006.

3.2.4 Other

Applicable Inapplicable

1. Particular about process of the fund raised and investment of fund raised in the report period

On 10 January 2011, the newly issuing A-share of 116,731,500 shares privately offering of 2010 was officially trading in Shenzhen Stock Exchange. Being privately offering completed, register capital of the Company increase to RMB 530,374,449. On 7 January 2011, according to relevant regulations, the *Agreement of Tripartite Regulatory for Raised Fund* have been signed between the Company and Taoxianglou Sub-branch of Hefei Branch of China Everbright Bank, Shouchunluqiao Sub-branch of Bank of Communication, Changjiang East Road Sub-branch of Hefei ICBC, Luyang Sub-branch of Hefei China Construction Bank and the sponsor institution China Merchants Securities Co., Ltd. respectively. On 20 January 2011, being consented by the Board, Supervisory Committee, Independent Directors and sponsor institution China Merchants Securities Co., Ltd, being approved by Shine Wing CPA Co., Ltd., the self-raised fund RMB 88,781,537.21 invested in advance for project recruitment agreed for replaced with the raised fund.

More details found in Notice of “Particular about Privately Offering of A-share and Listing Report ” and others that public on appointed disclosure media dated 7 January 2011, 17 January, 20 January and 21 January with serial of No.:2011-003, No.: 2011-004, No.: 2011-005 and No.:2011-007.

In accordance with the *Management Method on Proceeds for Listed Company* from Shenzhen Stock Exchanges and relevant regulations of the *Management System of Usage of Raised Fund of the Hefei Meiling Co., Ltd.*, for purpose of maximized the efficiency on proceeds, lower the financial expense and down the business cost. On the premise of satisfied capital requirement for investment project from raised fund, on 26 March 2011, partial idle raised fund RMB 60 million was used for current capital supply, being consented by the Board, Supervisory Committee, sponsor institution and Independent Directors. Terms for fund used limited in six months since the date approved by the Board. On 2 June 2011, idle raised fund RMB 60 million was returned to specific account by the Company.

More details found in Notice public on appointed disclosure media dated 26 March 2011 and 3 June with serial of No.:2011-017, No.:2011-018, No.:2011-019 and No.: 2011-033.

For purpose of maximized the usage of raising fund, reduced the financial expenses, lower the operational cost and under the premise of ensure the capital requirement for investment project, the Proposal of temporary supplementation of circulating capital from partial idle raising fund has been deliberated and approved by 47th Meeting of 6th Session of the Board, 16th Meeting of 6th Session of Supervisors and 2nd Extraordinary Shareholders' General Meeting 2010. Partial raising fund was consented for temporary supplementation for circulating capital, amount of 500 million yuan within 6 months since the date of approval day from Shareholders' General Meeting, which is from 23 June 2011 to 23 December 2011. Furthermore, use and manage the capital by regulations and return the capital on time to specific raising fund account. The event has been approved by the sponsor institution—China Merchants Securities Co., Ltd., meanwhile, independent directors and supervisors shows favor opinions for that. Till end of 30 September 2011, totally 392 million yuan was withdrawn by the Company for circulating capital supplemented.

More details found in Notice public on appointed disclosure media dated 8 June 2011 and 24 June with serial of No.:2011-034, No.:2011-035, No.:2011-037 and No.: 2011-042.

Till end of 30 September 2011, raised fund of 798.1801 million yuan (raised fund projects used 406.1801 million yuan in total if excluding the 392 million yuan that supplemented circulating capital temporary from idle raised fund) in total was used by the Company. Balance of raised fund in special account amounting to 392.691 million yuan (including saving interest 12.9168 million, excluding 392 million yuan that supplemented circulating capital temporary from idle raised fund) Raised fund of 798.1801 million yuan used for the followed projects: 110.7375 million yuan invested in manufacture bases of Athena Luxury refrigerator; 147.3835 million yuan invested in capacity expansion for freezers; 110.091 million yuan (saving interest of 91,000 yuan included) invested in capacity extension of environment protection and energy saving refrigerator; 37.9681 million yuan supplemented the circulating capital(saving interest of 13,800 yuan included); 392 million yuan withdraw for supplemented the circulating capital from temporary idle raised fund.

Till end of 30 September 2011, project of manufacture bases of Athena Luxury refrigerator was in construction phase of land and buildings. Main steel structures for plants was completed basically, pile base for products warehouse was completed; most of the equipment was ready for installment, every projects still in process of construction. Phase I of the capacity expansion project was put into production; steel structure platform of phase II was completed basically and meets installment conditions. Relevant equipments are in a preparation steps for installment. Project of capacity extension of environment protection and energy saving refrigerator was put into production with a favourable conditions.

2. Expiration of office term for Board, Supervisors and Senior Executives

On April 25 2011 and on 20 June, the 45th Meeting of the 6th Session of the Board, the 15th Meeting of 6th Session of Supervisory and Annual Shareholders' General Meeting 2010 were deliberated and approved the Proposal about the Election at Expiration of Office Terms of the 7th Board of Directors and Proposal about the Election at Expiration of Office Term of the 7th Board of Supervisors. The 7th session of board consists of 9 directors; including 4 members of independent directors. The meeting elected Mr. Zhao Yong, Mr. Li Jin, Mr. Wang Yong, Mr. Li Wei, Mr. Sun Liqiang, Mr. Wang Xingzhong, Mr. Song Baozeng, Mr. Liu Youpeng and Mr. Zhang Shidi as directors of the 7th session of the board, including Mr. Wang Xingzhong, Mr. Song Baoyu, Mr. Liu Youpeng and Mr. Zhang Shidi as independent directors by means of cumulative voting. The 7th session of supervisors consists of 5 supervisors, including 3 supervisors recommend by shareholders and 2 staff representatives. The meeting elected Ms. Fei Minying, Mr. Yu Xiao and Mr. Ye Honglin as supervisors of the 7th session of supervisors by means of cumulative voting. Besides, the employees' assembly elected Mr. Shang Wen and Mr. Zhang Ruhe as supervisors of staff

representatives. The above 9 directors and 5 supervisors owes 3-year office term each, from June 20 of 2011 to June 20 of 2014.

More details found in Notice public on appointed disclosure media dated 26 April 2011 and 21 June with serial of No.:2011-024, No.:2011-025 and No.: 2011-039.

On June 20, 2011, the 1st Meeting of 7th Session of the Board deliberated and approved the Proposal about Election of the President and Vice President of the 7th Board of Directors which agreed to nominate Mr. Zhao Yong as president of the 7th session of the board and Mr. Li Jin as vice president. The meeting deliberated and approved the Proposal about engaging Senior Executives for the Company which agreed to re-engage Mr. Wang Yong as president of the Company. According to the nomination of president, we re-engaged Mr. Liu Hongwei as executive vice president, Mr. Yu Wanchun, Mr. Li Daijiang, Mr. Li Wei and Mr. Wang Yingmin as vice president and Mrs. Li Xia as secretary of the board of directors. And the meeting approved the Proposal of Election of Each Special Commission to the 7th session of Board.

Proposal of election of president of 7th session of supervisory was deliberated and approved by 1st Meeting of 7th Session of Supervisory dated 20th June 2011, Ms. Fei Minying was agreed to elected as president of 7th Session of Supervisory of the Company.

More details found in Notice public on appointed disclosure media dated 21 June 2011 with serial of No.:2011-040 and No.: 2011-041.

3. Relevant particular about Profit Distribution Plan for 2010

On 20 June 2011, the “Pre-plan of Profit Distribution 2010” was deliberated and approved by Annual Shareholders’ General Meeting 2010. The Company placed 2 shares for each 10 shares held by whole shareholders with dividend of RMB 0.5 (tax included) in cash based on total share capital 530,374,449 at 31 December 2010, amounting RMB 132,593,612.25 for distribution(occupied 45.17% of the distributable profit for shareholders realized in year of 2010), detained profit will carry forward to subsequent years for distribution.

The abovementioned distribution plan was implemented on 4 August 2011, date of record for A-share was 9 August 2011, DR dated 10 August 2011 and dividend distributed on 10 August 2011; Final trading date for B-share was 9 August 2011, DR dated 10 August 2011, date of record for B-share was 12 August 2011 and dividend distributed on 12 August 2011. Total share capital will increase to 636,449,338 shares after distribution (including 500,729,338 A-share and 135,720,000 B-share).

More details found in Notice public on appointed disclosure media dated 21 June 2011 and 4 August 2011 with serial of No.:2011-039, No.:2011-046 and No.: 2011-047.

4. Sales of land use right from subsidiary of the Company Zhongshan Changhong Electric Appliance Co., Ltd

With the purpose of stimulating the assets of Zhongshan Changhong Electric Appliance Co., Ltd. (“Zhongshan Changhong”), perfection the assets’ status, increasing the income of assets disposal and cash inflow, the Proposal of Sales of Land Use Right from Zhongshan Changhong Electric Appliance Co., Ltd. was deliberated and approved by 43rd Meeting of 6th Session of the Board on March 25, 2011. The land use right of 21,713.3 m² owned by Zhongshan Changhong (Land certificate No.: 021955 ZFGY(2003); industry-used land for nature) was consented to transfer by agreement to Guangdong Changhong Digital Technology Co., Ltd. (“Guangdong Digital”). Based on the appraisal result from Guangdong China United Yangcheng Assets Appraisal Co., Ltd., the subject assets valued 14.84 million yuan with 528.87% as appreciation rate. Concerning the transfer price for the land assets abovementioned, 14.84 million yuan was determined by negotiation between Zhongshan Changhong and Guangdong Digital for transfer. Being prior consented and approved by independent directors, related directors avoiding the vote.

Till end of 3 August 2011, Zhongshan Changhong have received the land transfer amount and

completed ownership hand over matters.

More details found in Notice public on appointed disclosure media dated 26 March 2011 with serial of No.:2011-017 and No.: 2011-020.

5. Separation of Hefei Meiling Packaging Products Co., Ltd

According to the Contract of Property Right Transfer signed between the Company and Hefei Xingtai Holding Group Co., Ltd. (“Xingtai Holding”) in March 2010 and the Reply of Free Conversion of Partial Assets and Liabilities owned by Meiling Group issued by SASAC of Hefei City in April 2010, the Company transfers 100% state-owned property of Meiling Group owned by Xingtai Holding, which was separated partial assets liabilities. Relevant corresponding assets and liabilities will base on the Appraisal Report No. 018 WBPBZ[2009] issued by Anhui Baoshen Assets Appraisal Co., Ltd. The appraisal report state that among the 51.72% equity (other 48.28% equity was held by the Company) of Hefei Meiling Packaging Products Co., Ltd. (“Meiling Packaging”) owned by Meiling Group, part of the assets liabilities were excluding the transfer range, being consented by SASAC of Hefei City, the corresponding interest of out-of-range assets liability will transfer to Hefei Xingtai Assets Management Co., Ltd. (“Xingtai Assets”)—subordinate subsidiary of Xingtai Holding for free.

Being negotiation between the Company and Xingtai Holding, the two parties share 51.72% and 48.28% disposal and interest right of Meiling Package respectively for the assets and liabilities which were not including in the property transfer range due to the 48.28% equity owned by the Company before the Meiling Group purchased. In according to the resolution of 46th Meeting of 6th Session of the Board, Meiling Package consented for separation by way of derivation. Separated partial assets and liabilities of Meiling Package, out-of-the-range property transfer previously on base date of separation dated 31 December 2010. Derivates a new-establishment company and 51.72% equity of the new company that out-of-the-range transfer to Xingtai Assets for share.

Currently, the derivative new-established company – Hefei Xingmei Assets Management Co., Ltd. has finished the procedures of changes on Industrial & Commercial Registration. In according to the reply of assets transfer freely from SASAC of Hefei City and two parties’ negotiation follow-up, the 51.72% equity of Hefei Xingmei Assets Management Co., Ltd.—derivative new-established company will share by Xingtai Assets for free from Meiling Group.

More details found in Notice public on appointed disclosure media dated 28 May 2011 with serial of No.:2011-028 and No.: 2011-031.

6. Investment and establishment of Jiangxi Meiling Electrics Co., Ltd

Based on the development plan of refrigerators industry strategy and production basement in Jiangxi Jingde Town, and combining the strategic removal of Jiangxi Meiling Refrigerators Co., Ltd, on Apr. 25 of 2011, the Company held the 45th meeting of the 6th Board of Directors which reviewed and approved the Proposal of Investing and Constructing Jiangxi Meiling Electrics Co., Ltd, and agreed that Mianyang Meiling and the Company invest and construct Jiangxi Meiling Electrics Co., Ltd (Jiangxi Meiling Electrics) together. Through it, integrate resources and boost the strategic removal of Jiangxi Meiling, thus build a Meiling Electrics Industrial Park gathering refrigerators and front supporting.

Two shareholders of Jiangxi Meiling Electrics totally invested RMB 80 million, including the Company invested RMB 79 million while Mianyang Meiling RMB 1 million with cash. The registration capital of Jiangxi Meiling Electrics is RMB 50 million, including, RMB 49.375 million with 98.75 percents of the Company and RMB 0.625 million with 1.25 percents of Mianyang Meiling. The remaining RMB 30 million the shareholders invested will be calculated in capital surplus.

Jiangxi Meiling Electrics, newly established, completed registration at end of May 2011.

More details found in Notice public on appointed disclosure media dated 26 April 2011 with serial

of No.:2011-024.

7. The removal and capacity expansion of subsidiary Jiangxi Meiling Electrics

Based on the development plan of refrigerators industry strategy and production basement in Jiangxi Jingde Town, and combining the strategic removal of Jiangxi Meiling Refrigerators Co., Ltd, on May 27 of 2011, the Company held the 46th meeting of the 6th Session of Board which reviewed and approved the Proposal of Removal and Capacity Expansion of Subsidiary Jiangxi Meiling Electrics Co., Ltd, and agreed that Jiangxi Meiling Electrics constructs removal and capacity expansion for refrigerators production line with environmental protection and energy-saving with total RMB 269.2412 million of investment, including, RMB 233.9272 million for intangible assets (land use right) and fixed assets and RMB 35.314 million for current capital. Jiangxi Meiling Electrics needs to seek capital sources by itself. This construction will create a productivity of one million sets (double classes) of refrigerators with environmental protection and energy-saving.

More details found in Notice public on appointed disclosure media dated 28 May 2011 with serial of No.:2011-028.

8. The investment in Pakistan of subsidiary Zhongshan Changhong Electrics Co., Ltd

In terms of overseas development strategy and operation requirements of subsidiary Zhongshan Changhong Electrics Co., Ltd, on May 27 of 2011, the Company held the 46th meeting of the 6th Session of the Board which reviewed and passed the Proposal of Investment in Pakistan of Subsidiary Zhongshan Changhong Electrics Co., Ltd and agreed that Zhongshan Changhong invests US\$ 3.4 million in joint venture of air-conditioners manufacture company and joint venture of sales company in Pakistan thus build a regional operation center in South Asian market, realize local assembly and sales of air-conditioners and other relevant products, seek a new scale and profiting point in overseas market.

More details found in Notice public on appointed disclosure media dated 28 May 2011 with serial of No.:2011-032.

9. Particular about newly designated newspapers for information disclosure

In order to enlarge the coverage of information disclosure of the Company and perfected the investment relationship management, the Company designated China Securities Journal as the information disclosure newspaper. The disclosure media for information of the Company were Securities Times, China Securities Journal Hong Kong Commercial Daily and Juchao Website since 26 January 2011.

More details found in Notice public on appointed disclosure media dated 26 January 2011 with serial of No.:2011-008.

10. Relevant events about completing the capital increase in subsidiary Mianyang Meiling Refrigerators Co., Ltd

In the light of items invested with raised capitals from A stock non-public issue of 2010, the Company will invest more in subsidiary Mianyang Meiling Refrigerators Co., Ltd with RMB 50 million thus construct a environmental protection and energy-saving refrigerators production line. After this more investment, the registered capital of Mianyang Meiling reached RMB 100 million, including, the Company contributed RMB 95 million with 95 percent equity held, and the other shareholder Dongfang Zhongke Meiling Microtherm Co., Ltd (“Zhongke Meiling”) contributed RMB 5 million with 5 percent equity held (the equity have been transfer to subsidiary Jiangxi Meiling Cooling Co., Ltd. in August 2011). This capital increase completed its registration procedure of industrial and commercial change on February 23, 2011.

More details found in Notice public on appointed disclosure media dated 2 March 2011 with serial of No.:2011-010.

11. Changes of the sponsor deputy for Equity Division Reform

In March of 2011, the Company received a Letter of Changes of Sponsor Deputy from China Merchants Securities Co., Ltd.—the sponsor institution for equity division reform of the Company. The original sponsor deputy who in charge of the sponsor and supervise work of the Company Zhen

Huafeng has resigned. For better performing the supervise responsibility from sponsor institution, China Merchants Securities Co., Ltd. designated sponsor deputy Zhang Xiaobin for replacement of Zhen Huafeng, implementing the duty of supervise on the equity division reform for the Company.

More details found in Notice public on appointed disclosure media dated 22 March 2011 with serial of No.:2011-016.

12. Particular about lawsuits and arbitration

Acquisition of 100% state-owned property of Meiling Group has been completed at end of July 2010. Based on the principle of unify usage and integrated management on the trademark and trade name of “Meiling”, protected the independently and integration of “Meiling”, the Company checking and inspecting the situation of trademark and trade name authorized externally for Meiling Group. After inspection, majority of the agreement of trademark and trade name authorized externally by Meiling Group meets no implementation condition; agreement cancellation (including equity variation, violation acts etc.) was achieved. Relevant lawsuits and arbitrations involved in “Meiling” as:

(1) The Agreement of Trademark Licensing signed between Meiling Group and Hefei Meiling Small Appliance Co., Ltd. (“Small Appliance Company” for short, the company was the stock jointly company of Hefei Xingtai Assets Management Co, Ltd, a controlling subsidiary of Hefei Xingtai Holding Group Co., Ltd., which contains no relationship with the Company and Meiling Group) on January 20, 2003 meets no conditions any more, Small Appliance Company under no name of Meiling Group any more, furthermore, the company shows violation acts while using the trademark of Meiling; and dismissal the agreement for cancellation situation required. Therefore, Meiling Group, subordinate subsidiary of the Company, files a suit to Intermediate People’s Court of Hefei City on October 21, 2010 for rescission of Agreement of Trademark Licensing, meanwhile, litigation expenses bear by counterparty required. The case was on court dated 3 December 2010, under circumstance of solid evidence and sufficient reasons, Intermediate People’s Court of Hefei City judged no ruling on time for many mediations organized, but Meiling Group still insist on the lawsuit request. On 21 April 2011, the date first trial coming to expire, Intermediate People’s Court of Hefei City decided to postpone case to 6 months. On 21 October 2011, the final date for postpone, Intermediate People’s Court of Hefei City carry out judges that Small Appliance Company still have related relationship with Meiling Group, and meets qualification of belong enterprises. Agreements should be implemented and object the request from Meiling Group, case expenses of RMB 24,400 should paid by Meiling Group. Concerning the judges, Meiling Group shows objections for the results, which shows no fair principle and violated legal interest of Meiling Group. Meiling Group file a suit to High People’s Court of Anhui Province for all losses caused by Small Appliance Company, should be compensated.

(2) The Agreement of Trademark Licensing signed between Meiling Group and Hefei Meiling Communication Technology Co., Ltd. on 5 April 2003 meets condition of cancellation recently. Meiling Group, subordinate subsidiary of the Company, submitted to Hefei Arbitration Committee for arbitration. Ask the committee for canceling the abovementioned agreement and for the followed requirement: paying arrears of trademark use expenses of RMB 356,301 from counterparty, paid quality margin RMB 100,000, pay for the economic losses as well as reasonable expenses(including lawyers, notification, investigation and other expenses) total RMB 0.5 million, and arbitration expenses and relevant expenses paid from counterparty. The case was open a court session on 12 July 2011, recently, still waiting adjudication from Hefei Arbitration Committee.

(3) The Agreement of Trademark Licensing signed between Meiling Group and Hefei Meiling Cabinet Electrics Co., Ltd. on 9 April 2009 meets condition of cancellation recently. Meiling Group, subordinate subsidiary of the Company, submitted to Hefei Arbitration Committee for arbitration. Ask the committee for canceling the abovementioned agreement and for the followed requirement: paying arrears of trademark use expenses of RMB 70,627 from counterparty, pay for the economic

losses as well as reasonable expenses(including lawyers, notification, investigation and other expenses) total RMB 0.5 million, and arbitration expenses and relevant expenses paid from counterparty. The case was open a court session on 22 September 2011, recently, still waiting adjudication from Hefei Arbitration Committee.

(4) The Agreement of Trademark Licensing signed between Meiling Group and Hefei Meiling Vehicle Industry Co., Ltd. on 30 June 2009 meets condition of cancellation recently. Meiling Group, subordinate subsidiary of the Company, submitted to Hefei Arbitration Committee for arbitration. Ask the committee for canceling the abovementioned agreement and for the followed requirement: paying arrears of trademark use expenses of RMB 281,100 from counterparty, pay for the economic losses as well as reasonable expenses(including lawyers, notification, investigation and others expenses) total RMB 0.5 million, and arbitration expenses and relevant expenses paid from counterparty. The case was open a court session on 22 September 2011, recently, still waiting adjudication from Hefei Arbitration Committee.

(5) The Agreement of Trademark Licensing signed between Meiling Group and Hefei Meiling Daily Electric Co., Ltd. on 2 June 2009 meets condition of cancellation recently. Meiling Group, subordinate subsidiary of the Company, submitted to Hefei Arbitration Committee for arbitration. Ask the committee for canceling the abovementioned agreement and for the followed requirement: paying arrears of trademark use expenses of RMB 128,565 from counterparty, pay for the economic losses as well as reasonable expenses(including lawyers, notification, investigation and others expenses) total RMB 0.5 million, and arbitration expenses and relevant expenses paid from counterparty. The case was open a court session on 22 September 2011, recently, still waiting adjudication from Hefei Arbitration Committee.

(6) Hefei Meiling Co., Ltd. files a suit to Hefei Tiannian Meiling Environment Technology Co., Ltd. in respect of infringement. Meiling Co., ask for paying the economic losses as well as reasonable expenses (including lawyers, notification, investigation and others expenses) totaled RMB 0.55 million, meanwhile, lawsuit expenses for the case will pay by counterparty required. The case was open a court session on 20 October 2011 in Intermediate People's Court of Hefei. Recently, still waiting adjudication from Intermediate People's Court of Hefei.

3.3 Implementations of commitments by the Company, shareholders and actual controller

Commitments made by the listed company and its directors, supervisors, senior executives, the shareholders with holding above 5% shares and its actual controller in the report period or lasting until the report period.

Applicable Inapplicable

Commitments	Promiser	Content of commitments	Implementation
Commitments made in Acquisition Report or Reports on Change in Interests	Sichuan Changhong	Avoidance of competition between same trade	Strictly performed.
Commitments made in private share-issuing plan	Sichuan Changhong	1. Reduced, avoidance and regulated competitions between same trade and related transaction; leasing the land and building to Changhong Air-conditioner for a long-term and transfer land and buildings to Changhong Air-conditioner after finished the Assets Property Certificate; supervising the subsidiary—Sichuan Changhong	Strictly performed.

		Minsheng Logistic for leasing the land and buildings to Mianyang Meiling for a long-term and transfer land and buildings to Mianyang Meiling after finished the Assets Property Certificate. 2. Restricted period for this shares limited as 36 months	
Commitments made in private share-issuing plan	The Company	Disclosed regular report, significant influence information and clarification notice in respect of trueness, accuracy, complete-ness, fair-ness and timely; No directly/indirectly trading activities of the stocks in shady deal from directors, supervisors and senior executives who obtained insider information of the Company	Strictly performed.
Commitments made in assets acquisition	The Company	Transfer state-owned equity of Meiling Group	Strictly performed.
Commitments made in part of idle raised fund supplemented circulating capital temporary	The Company	Conducting operation related to main business; return on time; no impact on normal proceedings of investment projects of raised fund and not to disguise use of the capital; no securities investment and risk investment activities.	Strictly performed.
Other commitments (including additional commitments)	Sichuan Changhong	Equity transfer of air-conditioner assets	Strictly performed.

3.4 Estimation of accumulative net profit from the beginning of the year to the end of next report period to be loss probably or the warning of its material change compared with the corresponding period of the last year and explanation of reason

Applicable Inapplicable

3.5 Particulars about the other significant events which needed explanations

3.5.1 Particular about security investment

Applicable Inapplicable

3.5.2 Activities on receiving research, communication and interview in the report period

Date	Place	Way	The received parties	Contents discussed and materials supplied
2011-01-06	Conference room of the Company	Spot investigation	Donghai Securities Co., Ltd.	Situation about production & operational of the Company, and not supplied any materials
2011-01-25	Conference room of the Company	Spot investigation	Sino Link Securities	Situation about production & operational of the Company, and not supplied any materials
2011-03-23	Conference room of the	Spot investigation	Changjiang Securities,	Situation about production & operational of the Company,

	Company		Citic-Prudential Fund Management Co., Ltd., Everbright Securities, Citic Securities, Haitong Securities, Fullgoal Funds, Hua An Funds, Guolian Securities, BOC Schroders	and not supplied any materials
2011-03-31	Conference room of the Company	Spot investigation	Guotai Junan Securities Co., Ltd.	Situation about production & operational of the Company, and not supplied any materials
2011-05-26	Conference room of the Company	Spot investigation	Donghai Securities Co., Ltd., Minsheng Securities	Situation about production & operational of the Company, and not supplied any materials
2011-06-16	Conference room of the Company	Spot investigation	Donghai Securities Co., Ltd.	Situation about production & operational of the Company, and not supplied any materials
2011-06-20	Conference room of the Company	Spot investigation	Guotai Junan Securities Co., Ltd., Donghai Securities Co., Ltd., Fullgoal Funds	Situation about production & operational of the Company, and not supplied any materials
2011-08-16	Conference room of the Company	Spot investigation	Bohai Securities Co., Ltd	Situation about production & operational of the Company, and not supplied any materials
2011-09-14	Conference room of the Company	Spot investigation	Ambrosetti Consultant Co., Ltd.	Situation about production & operational of the Company, and not supplied any materials

3.6 Particulars about derivatives investment

Applicable Inapplicable

3.6.1 Particulars about the positions of derivatives investment at the end of report period

Applicable Inapplicable

§4 Appendix

4.1 Balance sheet

Prepared by Hefei Meiling Co., Ltd.

30 September 2011

In RMB Yuan

Items	Balance at period-end		Balance at year-begin	
	Consolidation	Parent Company	Consolidation	Parent Company
Current assets:				
Monetary funds	1,181,828,365.90	877,125,815.65	1,986,440,504.29	1,798,742,365.37

Settlement provisions	-	-		
Capital lent	-	-		
Transaction finance asset	-	-		
Notes receivable	2,239,112,344.88	1,763,023,564.20	1,194,506,906.44	1,106,438,507.37
Accounts receivable	608,149,051.59	425,834,139.27	372,563,010.12	274,803,755.01
Accounts paid in advance	193,703,736.43	263,930,613.14	187,026,777.59	251,170,398.45
Insurance receivable	-	-		
Reinsurance receivables	-	-		
Contract reserve of reinsurance receivable	-	-		
Interest receivable	-	-		
Dividend receivable	-	-		
Other receivables	42,869,363.75	48,075,266.08	61,420,720.54	15,116,164.77
Purchase restituted finance asset	-			
Inventories	1,610,295,753.25	942,511,487.84	1,583,313,401.08	1,024,929,999.07
Non-current asset due within one year	-			
Other current assets	-			
Total current assets	5,875,958,615.80	4,320,500,886.18	5,385,271,320.06	4,471,201,190.04
Non-current assets:				
Granted entrusted loans and advances	-	-		
Finance asset available for sales	-	-		
Held-to-maturity investment	-	-		
Long-term account receivable	-	-		
Long-term equity investment	26,761,060.26	841,418,816.93	17,918,060.59	714,774,269.88
Investment real estate	17,520,758.52	13,820,001.88	18,124,247.39	14,172,470.67
Fixed assets	935,557,052.71	686,885,815.79	865,234,132.54	561,795,751.21
Construction in progress	121,163,943.66	105,384,739.47	75,179,300.94	77,177,425.21
Engineering material	-	-		
Disposal of fixed asset	-	-		
Productive biological asset	-	-		
Oil and gas asset	-	-		

Intangible assets	651,948,235.77	507,151,612.49	681,869,906.34	525,520,272.58
Expense on Research and Development	27,392,874.13	-	13,505,659.94	
Goodwill	10,922,803.73	-	10,922,803.73	
Long-term expenses to be apportioned	-	-		
Deferred income tax asset	84,838,951.23	67,342,025.43	48,138,723.05	46,318,389.98
Other non-current asset	-	-		
Total non-current asset	1,876,105,680.01	2,222,003,011.99	1,730,892,834.52	1,939,758,579.53
Total assets	7,752,064,295.81	6,542,503,898.17	7,116,164,154.58	6,410,959,769.57
Current liabilities:				
Short-term loans	146,000,000.00	120,000,000.00	238,923,801.11	218,860,000.00
Loan from central bank	-	-		
Absorbing deposit and interbank deposit	-	-		
Capital borrowed	-	-		
Transaction financial liabilities	-	-		
Notes payable	1,417,114,401.14	937,056,789.69	920,676,239.36	667,338,655.00
Accounts payable	1,479,984,700.12	1,169,271,358.14	1,421,456,784.36	1,069,993,584.69
Accounts received in advance	617,933,814.09	461,775,877.07	922,047,156.39	847,540,346.80
Selling financial asset of repurchase	-	-		
Commission charge and commission payable	-	-		
Wage payable	70,692,926.55	57,610,051.21	97,284,277.48	82,061,354.59
Taxes payable	47,414,163.99	55,051,212.26	78,967,865.01	91,232,638.87
Interest payable	-	-		
Dividend payable	1,551,482.06	1,551,482.06	738,695.30	738,695.30
Other accounts payable	707,334,106.82	511,034,082.37	410,610,813.51	425,475,184.84
Reinsurance payables	-	-		
Insurance contract reserve	-	-		
Security trading of agency	-	-		
Security sales of agency	-	-		
Non-current liabilities due within one year	2,487,706.60	2,487,706.60	1,189,452.90	1,145,008.44
Other current	-	-		

liabilities				
Total current liabilities	4,490,513,301.37	3,315,838,559.40	4,091,895,085.42	3,404,385,468.53
Non-current liabilities:				
Long-term loans	12,705,500.00	12,705,500.00	14,506,060.00	14,296,400.00
Bonds payable	-	-		
Long-term account payable	-	-		
Special accounts payable	18,625,138.80	-	33,214,132.26	33,214,132.26
Projected liabilities	292,722,331.00	292,722,331.00	203,421,595.00	203,421,595.00
Deferred income tax liabilities	-	-		
Other non-current liabilities	58,783,154.18	58,783,154.18	26,937,022.85	26,937,022.85
Total non-current liabilities	382,836,123.98	364,210,985.18	278,078,810.11	277,869,150.11
Total liabilities	4,873,349,425.35	3,680,049,544.58	4,369,973,895.53	3,682,254,618.64
Owner's equity (or shareholders' equity):				
Paid-in capital (or share capital)	636,449,338.00	636,449,338.00	530,374,449.00	530,374,449.00
Capital public reserve	1,610,465,372.30	1,625,315,350.37	1,610,571,447.17	1,625,421,425.24
Less: Inventory shares	-	-		
Reasonable reserve				
Surplus public reserve	279,597,693.51	279,379,527.83	279,597,693.51	279,379,527.83
Provision of general risk	-	-		
Retained profit	295,140,458.62	321,310,137.39	296,750,782.08	293,529,748.86
Balance difference of foreign currency translation	-	-		
Total owner's equity attributable to parent company	2,821,652,862.43	2,862,454,353.59	2,717,294,371.76	2,728,705,150.93
Minority interests	57,062,008.03	-	28,895,887.29	
Total owner's equity	2,878,714,870.46	2,862,454,353.59	2,746,190,259.05	2,728,705,150.93
Total liabilities and owner's equity	7,752,064,295.81	6,542,503,898.17	7,116,164,154.58	6,410,959,769.57

4.2 Profit statement in the report period

Prepared by Hefei Meiling Co., Ltd.

July-Sept. 2011

In RMB Yuan

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total operating income	1,967,627,950.44	1,532,137,865.30	2,322,525,072.79	2,012,404,227.74

Including: Operating income	1,967,627,950.44	1,532,137,865.30	2,322,525,072.79	2,012,404,227.74
Interest income	-	-	-	-
Insurance gained	-	-	-	-
Commission charge and commission income	-	-	-	-
II. Total operating cost	1,976,416,561.93	1,497,563,189.67	2,265,061,123.07	1,924,266,450.23
Including: Operating cost	1,534,356,582.57	1,254,379,154.10	1,761,569,892.57	1,521,842,183.52
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	10,280,981.03	8,165,243.05	10,719,145.91	9,615,512.39
Sales expenses	375,581,894.12	209,139,566.13	441,873,131.43	361,018,674.62
Administration expenses	87,775,089.03	50,445,875.14	53,766,926.83	31,215,187.99
Financial expenses	-18,009,890.28	-16,609,956.60	-6,802,328.40	-4,544,898.40
Losses of devaluation of asset	-13,568,094.54	-7,956,692.15	3,934,354.73	5,119,790.11
Add: Changing income of fair value(Loss is listed with "-")	-	-	-	-
Investment income (Loss is listed with "-")	1,925,072.77	2,040,000.32	3,276,460.70	3,042,080.77
Including: Investment income on affiliated company and joint venture	-	-	101,146.45	234,935.78
Exchange income (Loss is listed with "-")	-	-	-	-
III. Operating profit (Loss is listed with "-")	-6,863,538.72	36,614,675.95	60,740,410.42	91,179,858.28
Add: Non-operating income	2,033,626.56	1,175,079.69	33,228,896.14	1,527,237.50
Less: Non-operating expense	1,099,131.87	367,382.52	189,747.84	11,571.65
Including: Disposal	410,268.89	367,382.52	11,571.65	11,571.65

loss of non-current asset				
IV. Total Profit (Loss is listed with “-”)	-5,929,044.03	37,422,373.12	93,779,558.72	92,695,524.13
Less: Income tax expense	-4,940,349.34	3,834,510.49	14,399,804.07	13,612,328.50
V. Net profit (Net loss is listed with “-”)	-988,694.69	33,587,862.63	79,379,754.65	79,083,195.63
Net profit attributable to owner’s of parent company	4,858,979.15	33,587,862.63	79,144,209.52	79,083,195.63
Minority shareholders’ gains and losses	-5,847,673.84	-	235,545.13	
VI. Earnings per share:				
(I). Basic earnings per share	0.01	0.05	0.1914	0.1912
(II). Diluted earnings per share	0.01	0.05	0.1914	0.1912
VII. Other consolidated income	-106,074.87	-106,074.87	-2,104,418.50	-2,104,418.50
VIII. Total consolidated income	-1,094,769.56	33,481,787.76	77,275,336.15	76,978,777.13
Total consolidated income attributable to owners of parent company	4,752,904.28	33,481,787.76	77,039,791.02	76,978,777.13
Total consolidated income attributable to minority shareholders	-5,847,673.84	-	235,545.13	

The merging party realized net profit of RMB 00.00 before consolidation under same control in this period.

4.3 Profit statement from year-begin to the end of report period

Prepared by Hefei Meiling Co., Ltd.

Jan.-Sept. 2011

In RMB Yuan

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Total operating income	7,442,646,639.08	5,738,621,856.22	6,898,284,879.75	5,757,060,765.55
Including: Operating income	7,442,646,639.08	5,738,621,856.22	6,898,284,879.75	5,757,060,765.55
Interest income	-	-		
Insurance gained	-	-		
Commission charge and commission income	-	-		
II. Total operating cost	7,429,703,139.95	5,553,482,967.92	6,813,465,081.14	5,584,362,863.40
Including: Operating cost	5,835,812,631.07	4,558,710,517.16	5,209,668,623.39	4,244,090,447.13
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	29,734,833.85	25,658,811.37	29,161,232.19	26,921,112.52
Sales expenses	1,356,557,447.90	865,393,459.98	1,428,272,370.27	1,215,466,920.70
Administration expenses	231,319,253.25	134,528,877.52	138,126,001.93	89,487,388.55
Financial expenses	-33,250,531.86	-35,335,067.91	-11,227,370.55	-7,037,974.45
Losses of devaluation of asset	9,529,505.74	4,526,369.80	19,464,223.91	15,434,968.95
Add: Changing income of fair value(Loss is listed with “-”)	-	-		
Investment income (Loss is listed with “-”)	2,257,469.01	2,204,271.19	140,917,222.76	140,682,842.83
Including: Investment income on affiliated company and joint venture	-	-	-1,637,852.21	-1,504,062.88
Exchange income (Loss is listed with “-”)	-	-		
III. Operating profit (Loss is listed with “-”)	15,200,968.14	187,343,159.49	225,737,021.37	313,380,744.98
Add: Non-operating income	121,576,276.61	3,327,437.69	128,002,073.65	23,037,970.03
Less: Non-operating expense	3,242,460.35	2,248,212.57	718,315.80	496,808.23
Including: Disposal loss of non-current asset	2,294,798.27	2,244,428.62	525,192.34	496,808.23
IV. Total Profit (Loss is listed with “-”)	133,534,784.40	188,422,384.61	353,020,779.22	335,921,906.78
Less: Income tax expense	13,195,542.44	28,048,383.83	54,701,199.12	51,949,689.11
V. Net profit (Net loss is listed with “-”)	120,339,241.96	160,374,000.78	298,319,580.10	283,972,217.67
Net profit attributable to owner’s of parent company	131,016,975.36	160,374,000.78	297,760,905.90	283,972,217.67
Minority shareholders’ gains and	-10,677,733.40	-	558,674.20	

losses				
VI. Earnings per share:				
(I). Basic earnings per share	0.21	0.25	0.7199	0.6865
(II). Diluted earnings per share	0.21	0.25	0.7199	0.6865
VII. Other consolidated income	-106,074.87	-106,074.87	-107,555,556.24	-107,555,556.24
VIII. Total consolidated income	120,233,167.09	160,267,925.91	190,764,023.86	176,416,661.43
Total consolidated income attributable to owners of parent company	130,910,900.49	160,267,925.91	190,205,349.66	176,416,661.43
Total consolidated income attributable to minority shareholders	-10,677,733.40	-	558,674.20	

The merging party realized net profit of RMB 00.00 before consolidation under same control that occurred from year-begin to end of this period.

4.4 Cash flow statement from year-begin to the end of report period

Prepared by Hefei Meiling Co., Ltd.

Jan.-Sept. 2011

In RMB Yuan

Items	Amount in this period		Amount in last period	
	Consolidation	Parent Company	Consolidation	Parent Company
I. Cash flows arising from operating activities:				
Cash received from selling commodities and providing labor services	3,742,138,509.33	2,551,260,321.64	2,992,956,010.95	2,240,808,735.31
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	-	-		
Net increase of insured savings and 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	56,902,243.75	11,097,120.70	12,350,382.54	3,147,453.85
Other cash received concerning operating activities	160,715,258.22	4,649,052.65	82,448,095.83	11,408,189.52
Subtotal of cash inflow arising from operating activities	3,959,756,011.30	2,567,006,494.99	3,087,754,489.32	2,255,364,378.68
Cash paid for purchasing commodities and receiving labor service	3,268,082,361.83	2,084,509,977.25	1,797,490,929.02	1,316,531,343.95
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	401,947,468.96	198,836,502.68	256,125,936.85	154,808,563.05
Taxes paid	341,699,457.59	301,602,937.85	254,815,080.50	231,947,561.89
Other cash paid concerning operating activities	629,570,934.47	449,296,414.56	813,424,303.36	623,907,325.26
Subtotal of cash outflow arising from operating activities	4,641,300,222.85	3,034,245,832.34	3,121,856,249.73	2,327,194,794.15
Net cash flows arising from operating activities	-681,544,211.55	-467,239,337.35	-34,101,760.41	-71,830,415.47
II. Cash flows arising from investing activities:		-		
Cash received from recovering investment	1,000,000.00	1,000,000.00	7,356,806.06	7,091,806.06

Cash received from investment income	3,921,480.54	3,681,177.60	142,186,905.71	142,186,905.71
Net cash received from disposal of fixed, intangible and other long-term assets	81,152,480.73	1,265,057.60	90,951.53	42,781.00
Net cash received from disposal of subsidiaries and other units	-	-		
Other cash received concerning investing activities	22,785,825.94	21,653,981.21	10,065,835.63	26,635,332.62
Subtotal of cash inflow from investing activities	108,859,787.21	27,600,216.41	159,700,498.93	175,956,825.39
Cash paid for purchasing fixed, intangible and other long-term assets	164,884,385.79	114,767,303.99	53,273,584.72	57,849,328.94
Cash paid for investment	-21,753,532.00	129,000,000.00		313,200,000.00
Net increase of mortgaged loans	-	-		
Net cash received from subsidiaries and other units	978,687.97	-	271,597,181.63	
Other cash paid concerning investing activities	-	37,000,000.00		2,499,344.00
Subtotal of cash outflow from investing activities	144,109,541.76	280,767,303.99	324,870,766.35	373,548,672.94
Net cash flows arising from investing activities	-35,249,754.55	-253,167,087.58	-165,170,267.42	-197,591,847.55
III. Cash flows arising from financing activities				
Cash received from absorbing investment	35,926,000.00	-		
Including: Cash received from absorbing minority shareholders' investment by subsidiaries	-	-		
Cash received from loans	152,961,241.63	120,000,000.00	328,860,000.00	328,860,000.00
Cash received from issuing bonds	-	-		

Other cash received concerning financing activities	-	39,000,000.00		99,000,000.00
Subtotal of cash inflow from financing activities	188,887,241.63	159,000,000.00	328,860,000.00	427,860,000.00
Cash paid for settling debts	246,450,449.52	219,500,000.00	208,000,000.00	204,000,000.00
Cash paid for dividend and profit distributing or interest paying	34,916,771.52	32,808,599.29	8,690,844.35	8,257,017.35
Including: Dividend and profit of minority shareholder paid by subsidiaries	-	-		
Other cash paid concerning financing activities	102,436.51	112,429,947.13		67,320,000.00
Subtotal of cash outflow from financing activities	281,469,657.55	364,738,546.42	216,690,844.35	279,577,017.35
Net cash flows arising from financing activities	-92,582,415.92	-205,738,546.42	112,169,155.65	148,282,982.65
IV. Influence on cash and cash equivalents due to fluctuation in exchange rate	4,764,243.63	4,528,421.63	-116,915.00	-410,017.51
V. Net increase of cash and cash equivalents	-804,612,138.39	-921,616,549.72	-87,219,787.18	-121,549,297.88
Add: Balance of cash and cash equivalents at the period -begin	1,986,440,504.29	1,798,742,365.37	747,572,445.88	579,447,940.41
VI. Balance of cash and cash equivalents at the period -end	1,181,828,365.90	877,125,815.65	660,352,658.70	457,898,642.53

4.5 Auditor' report

Auditor's opinions: Un-audited

Board of Director of
Hefei Meiling Co., Ltd.
Chairman: Zhao Yong
25 October 2011