



# **Wuxi Little Swan Company Limited**

## **2013 Semi-annual Report**

**August 2013**

## **I. Important Reminders, Contents & Explanation**

The Board of Directors, the Supervisory Committee as well as all directors, supervisors and senior management staff of Wuxi Little Swan Company Limited (hereinafter referred to as “the Company”) warrant that this report is factual, accurate and complete without any false record, misleading statement or material omission. And they shall be jointly and severally liable for that.

All directors attended the board session for reviewing this report.

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

Mr. Fang Hongbo, chairman of the Board of Directors, Mr. Zhang Zhaofeng, CFO, and Mr. Zhong Fangliu, chief of the accounting organ (chief of accounting), hereby confirm that the Financial Report enclosed in this report is factual, accurate and complete.

This report involves futures plans and some other forward-looking statements, which shall not be considered as virtual promises to investors. Investors are kindly reminded to pay attention to possible risks.

This report is prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

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## Explanation

Term	Refers to	Contents
Company, the Company or Little Swan	Refers to	Wuxi Little Swan Company Limited
Midea Group	Refers to	Midea Group Co., Ltd.
Midea Holding	Refers to	GD Midea Holding Co., Ltd.
Reporting period	Refers to	1 Jan. 2013-30 Jun. 2013

## II. Company Profile

### I. Basic information of the Company

Stock abbreviation	XTEA, XTEB	Stock code	000418, 200418
Stock exchange listed with	Shenzhen Stock Exchange		
Chinese name of the Company	无锡小天鹅股份有限公司		
Abbr. of the Chinese name of the Company (if any)	小天鹅		
English name of the Company (if any)	Wuxi Little Swan Company Limited		
Legal representative of the Company	Mr. Fang Hongbo		

### II. For Contact

	Company Secretary	Securities Affairs Representative
Name	Ms. Zhou Sixiu	Ms. Tian Lin
Contact address	No. 18, Changjiang Road S., National Hi-tech Development Zone, Wuxi	No. 18, Changjiang Road S., National Hi-tech Development Zone, Wuxi
Tel.	0510-81082320	0510-81082377
Fax	0510-83720879	0510-83720879
E-mail	IR_littleswan@littleswan.com.cn	tianlin@littleswan.com.cn

### III. Other information

#### 1. Ways to contact the Company

Did any change occur to the registered address, office address and their postal codes, website address and email address of the Company during the reporting period?

Applicable  Inapplicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2012 Annual Report.

#### 2. About information disclosure and where this report is placed

Did any change occur to information disclosure media and where this report is placed during the reporting period?

Applicable  Inapplicable

The newspapers designated by the Company for information disclosure, the website designated by CSRC for disclosing this report and the location where this report is placed did not change during the reporting period. The said information can be found in the 2012 Annual Report.

### **3. Change of the registered information**

Did any change occur to the registered information during the reporting period?

Applicable  Inapplicable

The registration date and place of the Company, its business license No., taxation registration No. and organizational code did not change during the reporting period. The said information can be found in the 2012 Annual Report.

### **4. Other relevant information**

Did any change occur to other relevant information during the reporting period?

Applicable  Inapplicable

### III. Accounting & Business Highlights

#### I. Major accounting data and financial indicators

Does the Company adjust retrospectively or restate accounting data of previous years due to change of the accounting policy or correction of any accounting error?

Yes  No

	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues (RMB Yuan)	3,998,224,336.31	3,101,328,731.14	28.92%
Net profit attributable to shareholders of the Company (RMB Yuan)	220,961,466.94	216,228,135.55	2.19%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	186,709,366.62	202,605,458.74	-7.85%
Net cash flows from operating activities (RMB Yuan)	931,122,295.82	909,437,610.73	2.38%
Basic EPS (RMB Yuan/share)	0.35	0.34	2.94%
Diluted EPS (RMB Yuan/share)	0.35	0.34	2.94%
Weighted average ROE (%)	5.82%	6.09%	-0.27%
	As at the end of the reporting period	As at the end of last year	YoY +/- (%)
Total assets (RMB Yuan)	8,131,964,906.48	8,403,705,443.29	-3.23%
Net assets attributable to shareholders of the Company (RMB Yuan)	3,716,855,941.94	3,686,210,495.87	0.83%

#### II. Items and amounts of extraordinary gains and losses

Unit: RMB Yuan

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	1,068,313.60	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	7,073,551.50	
Gain/loss on entrusting others with investments or asset management	33,824,376.42	Gain on wealth management entrustment
Reversal of provision for impairment that made impairment test independently	72,146.16	

Other non-operation income and expenses other than the above	4,615,649.96	
Less: Income tax effects	7,002,321.69	
Minority interests effects (after tax)	5,399,615.63	
Total	34,252,100.32	--

Explain the reasons if the Company classifies an item as an extraordinary gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public—Extraordinary Gains and Losses, or classifies any extraordinary gain/loss item mentioned in the said explanatory announcement as a recurrent gain/loss item

Applicable  Inapplicable



## IV. Report of the Board of Directors

### I. Overview

In the reporting period, the washing machine industry of China took quite a hit from the changing macro-economic environment, new competitors joining in and relocation of some manufacturing bases in China due to anti-dumping by some countries. The structure of the washing machine industry was gradually changing with an increasingly fierce competition. The domestic market was in a weak growth due to the real estate macro-control, the expiration of the energy-saving subsidy policy and the economic slowdown. As for the overseas markets, demand was also weak because of political, economic, exchange rate and some other reasons.

During the reporting period, closely adhering to the strategic axis of “leading products, efficiency-driven and global operation”, the Company focused on changes in the industry, improved products, optimized management, bettered operation and kept pushing forward and deepening operation transformation. As a result, great progress was achieved in almost all kinds of work.

In terms of domestic sale, with dropout of the Royalstar brand, the Company further integrated and optimized the agent platform, beefed up expansion of the distribution network and increased the network coverage and effectiveness. It also carried forward the chain lean management to increase the market share in retail. Meanwhile, it made a greater marketing input for the Midea brand, promoted independently developed products and rapidly boosted the brand recognition. The reporting period saw a growth rebound of the domestic sale of the Company. In terms of export, despite a complex and changeable international environment including political unrest in some countries and exchange rate fluctuations, the Company continued to optimize its product structure and customer structure and look for new growth points, which produced some good results. In the first half of the year, the weight of full-automatic products in sale increased considerably and export profitability improved markedly. Concerning the product strength, the Company developed over 200 kinds of products in the reporting period, including a new Midea series. About the operating efficiency, the Company carried out a rigid program to increase the supporting efficiency by optimizing the supplier layout and long-term material management. It also carried out a lean logistics program, optimized the plant layout, decreased the warehousing area and increased the asset utilization efficiency. As for quality control, the Company adhered to the one-vote-down system. Starting from the very beginning of product making, it strictly controlled design quality, product quality and the manufacturing process to thoroughly improve product quality.

For the reporting period, the Company achieved operating revenues of RMB 3.998 billion and net profit attributable to shareholders of the Company (without subsidiaries) of RMB 221 million.

In the second half of the year, the Company will continue to push forward all kinds of work to ensure that operation transformation proceeds well. It will study harder on consumer demands for more successful product plans. It will also finish product upgrading to meet new standards at home and abroad. Meanwhile, it will try its best to make products a strong driving force in marketing. While ensuring the scale, it will improve the sales structure and thoroughly increase operating quality and capability. It will seize opportunities arising from emerging marketing channels and proactively promote sales online. It will also further expand cooperation

with overseas customers and improve customer services. At the same time, it will produce in strict accordance to sales and implement the order system; promote balanced production between Wuxi and Hefei; and keep promoting technical innovation and automation, improve the manufacturing technique and increase the asset utilization efficiency. It will also keep pushing forward the platform improvement, standardization of products, as well as studying product reliability to further improve product quality.

## II. Main business analysis

### Overview

For the first half of the year, the Company achieved operating revenues of RMB 3.687 billion from the washing machine sector, up 31.45% on the year-on-year basis, including domestic sales of RMB 2.872 billion, a year-on-year growth of 64.64%, and export sales of RMB 815 million, a year-on-year decrease of 23.14%.

YoY change of major financial data:

Unit: RMB Yuan

	Reporting period	Same period of last year	YoY +/-%	Main reasons for change
Operating revenues	3,998,224,336.31	3,101,328,731.14	28.92%	
Operating costs	3,005,810,911.14	2,453,880,581.19	22.49%	
Selling expenses	539,966,097.76	283,844,635.96	90.23%	Adjustment of the sale mode, increase of the sale scale and change of the sale structure
Administrative expenses	173,092,190.68	123,624,901.19	40.01%	Increase of R&D input
Financial expenses	20,143,097.74	-30,539,990.76	165.96%	Exchange rate fluctuations, increase of exchange loss and reclassification of gain on bank wealth management products to investment gain
Income tax expenses	42,992,351.93	34,029,106.95	26.34%	
R&D input	149,156,933.04	108,911,440.87	36.95%	More efforts in new product R&D
Net cash flows from operating activities	931,122,295.82	909,437,610.73	2.38%	
Net cash flows from investing activities	-600,144,036.70	-75,888,980.58	-690.82%	Cash paid for investments in bank wealth management products increased.
Net cash flows from financing activities	-182,583,655.47	-125,620,078.36	-45.35%	Cash paid for dividends increased.
Net increase in cash and cash equivalents	148,394,603.65	707,928,551.79	-79.04%	Cash paid to acquire bank wealth management products

Major changes to the profit structure or sources of the Company during the reporting period:

Applicable  Inapplicable

No major changes occurred to the profit structure or sources of the Company during the reporting period.

Reporting period progress of the future development planning in the disclosed documents of the Company such as share-soliciting

prospectuses, offering prospectuses, asset reorganization reports, etc.:

Applicable  Inapplicable

The Company did not mention any future planning for the reporting period in its disclosed documents such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc.

Review the progress of the previously disclosed business plan in the reporting period:

In the reporting period, according to the plan set at the beginning of the year, the Company proactively pushed forward all kinds of work and achieved some phasic progress. For details, see “I. Overview” in this section.

### III. Breakdown of main business

Unit: RMB Yuan

	Operating revenues	Operating costs	Gross profit rate (%)	Increase/decrease of operating revenues over the same period of last year (%)	Increase/decrease of operating costs over the same period of last year (%)	Increase/decrease of gross profit rate over the same period of last year (%)
Classified by industry:						
Household appliances	3,687,450,129.55	2,726,631,893.14	26.06%	31.45%	23.17%	4.98%
Classified by product:						
Washing machines	3,687,450,129.55	2,726,631,893.14	26.06%	31.45%	23.17%	4.98%
Classified by region:						
China	2,872,344,515.78	1,983,874,080.54	30.93%	64.64%	67.41%	-1.14%
Other countries	815,105,613.77	742,757,812.60	8.88%	-23.14%	-27.8%	5.88%

### IV. Core competitiveness analysis

The Company is one of the biggest washing machine manufacturers in China, with its main competitiveness as follows:

1. Technology-related competitiveness: The Company has been concentrating on its washing machine business all the time. Through constant input of R&D resources over the years, the Company has owned leading technological competitiveness in the industry. The Company has a sound technological R&D system, including one state-level technological center and two state-recognized labs. Little Swan Lab is the first washing machine lab in China to pass the UL North American safety verification and the German VDE verification. Little Swan holds on to independent innovation and has the internationally advanced frequency-changing, intelligent control, structure design, industrial design and other core washing technologies.
2. Brand-related competitiveness: The Company adopts a two-brand strategy (“Little Swan” and “Midea”). As a washer brand with a history over 30 years, Little Swan is considered a very reliable brand among consumers, with the slogan of “Whole-hearted Little Swan” being well-known among them. In 2012, according to the evaluation of R&F Global Ranking Information Group Ltd., the brand of Little Swan was worth 19.126 billion, ranking No. 17 among the top 100 brands in China. As for Midea, it is a well-known home appliance brand, which is also of a high reputation as a washer brand, and its market share keeps rising.
3. Scale-related competitiveness: The Company is one of the first washer manufacturers in China and it has established the lean manufacturing culture. It now has domestically and internationally first-class manufacturing equipments and an experienced

manufacturing team. The Company has now three production bases—Wuxi, Hefei and Jingzhou, with the combined production capacity over 16 million units. Its wide product range covers tumbling-box, wave-wheel full-automatic, double-cylinder and agitator washing machines, clothes dryers, etc., creating incomparable scale competitiveness among washer manufacturers.

4. Channel-related competitiveness: Through reform and adjustment in the recent years, the Company has formed its channel competitiveness. In the domestic first and secondary markets, the Company mainly works with Suning, Gome and some other big regional customers. In the tertiary and fourth markets, the Company combines traditional channels and franchised stores to distribute its products to households. In the overseas markets, the Company keeps deepening its cooperation with customers and the overseas markets keep expanding. With a good and long-term cooperation with all major customers, the Company enjoys good brand loyalty. No significant change occurred to the core competitiveness of the Company in the reporting period.

## V. Investment analysis

### 1. Investments in equities of external parties

#### (1) Equity-holdings in financial enterprises

Enterprise name	Enterprise variety	Initial investment cost (RMB Yuan)	Opening equity-holdings (share)	Opening equity-holding ratio (%)	Closing equity-holdings (share)	Closing equity-holding ratio (%)	Closing book value (RMB Yuan)	Gain/loss in the reporting period (RMB Yuan)	Accounting title	Equity source
Bank of Jiangsu Co., Ltd.	Commercial bank	1,100,000.00	2,202,564	0%	2,202,564	0%	1,210,000.00	0.00	Long-term equity investment	Private offering
Total		1,100,000.00	2,202,564	--	2,202,564	--	1,210,000.00	0.00	--	--

### 2. Wealth management entrustment, derivative investments and entrustment loans

#### (1) Wealth management entrustment

Unit: RMB Ten thousand

Name of trustee	Relation	Related-party transaction or not	Product variety	Amount	Beginning date	Ending date	Payment determination	Principal actually recovered	Impairment provision (if any)	Expected gain	Actual gain/loss for reporting period
Bank	No	No	Floating income	542,406	1 Jan. 2013	1 Dec. 2013	Floating interest rate and the contract gave the highest annualized rate of return	479,800	0	6,687.05	3,382.44

Total	542,406	--	--	--	479,800	0	6,687.05	3,382.44
Source of the entrusted funds	All is from the self-owned funds of the Company. The entrusted funds is cumulative. The line for wealth management entrustment is RMB 1.8 billion and repeated use is allowed within the said line.							
Cumulative overdue principals and gains	0							
Disclosure date of the board announcement approving the wealth management entrustment (if any)	6 Mar. 2013							

## (2) Derivative investments

Unit: RMB Ten thousand

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets (%)	Actual gain/loss in reporting period
Bank	No	No	Forward exchange contract	106,273.84	10 Jan. 2013	7 Jan. 2015	24,245.04	0	84,266.33	19.6%	1,760.97
Total				106,273.84	--	--	24,245.04	0	84,266.33	19.6%	1,760.97
Capital source for derivative investment	All self-owned funds										
Disclosure date of the board announcement approving the wealth management entrustment (if any)	3 Nov. 2012										
Disclosure date of the general meeting announcement approving the wealth management entrustment (if any)	21 Nov. 2012										
Analysis on risks and control measures of derivative products held in the reporting period (including but not limited to market risk, liquidity risk, credit risk, operation risk, law risk, etc.)	<p>The Company has formulated the Management Methods for Futures Hedging Business and the Management Methods for Exchange Funds upon review to thoroughly assess and control derivative investment risks, which are detailed as follows:</p> <p>1. Market risk</p> <p>Price movements of bulk raw materials and fluctuations of exchange rates may incur a great market risk in the futures business and the foreign exchange funds business.</p>										

	<p>Meanwhile, if the Company fails to input enough funds in time to create and maintain hedging positions in its futures hedging operations, or fails to input foreign exchanges on time for contract execution in the foreign exchange funds business, hedging loss and contract breach risk may incur.</p> <p>Counter-measures: The Company will not carry out speculative trading in its futures hedging business and foreign exchange funds business. And the Company will stick to the principle of being prudent in operations. As for the futures hedging business, the hedging volume should be determined and futures trading applications should be filed in strict accordance with production and operation needs. In principle, the hedging volume shall not exceed one third of the planned volume for the year. And a stop-loss mechanism is adopted. Guarantee deposits are paid as required and increased according to production and operation needs. As for the foreign exchange funds business, a from-the-bottom-up management mechanism is adopted. When subsidiaries or product enterprises file applications for funds business, they will give a risk analysis on conditions or circumstances that might affect gains and losses, estimate the maximum gain and loss, and state the ratio or total amount of guarantee deposits they can bear. And the Company will, according to their applications, update operations in time in its funds business and make funds arrangements before the maturity date.</p> <p>2. Operation risk</p> <p>The Company may suffer loss in its hedging business and foreign exchange funds business due to faulty internal procedures, staff, systems and external events.</p> <p>Counter-measures: Responsibility division and approval procedures for the hedging and foreign exchange business have been specified in relevant management rules. And a sound supervision mechanism has been established. And operation risk can be effectively reduced by enhancing risk control over procedures for operation, decision-making and trading.</p> <p>3. Risk concerning laws and regulations</p> <p>The Company carries out its hedging and foreign exchange business in compliance with applicable laws and regulations, with rights and duties between the Company and agencies being stated clearly.</p> <p>Counter-measures: The Company urges responsible departments to understand better about relevant laws, regulations and market rules; be strict in contract re-checks; make clear relevant rights and duties; and enhance compliance checks to make sure that the Company operates derivative investments in compliance with applicable laws, regulations and the Company's internal management rules.</p>
<p>Changes of market prices or fair values in the reporting period of the invested derivatives. And the analysis on the fair value of the derivatives should include the specific use methods and the relevant assumptions and parameters.</p>	<p>The Company adopts public quotations in the futures market or forward foreign exchange quotations declared by the People's Bank of China in its analysis on fair values of derivative products.</p>
<p>Whether significant changes occurred to the Company's accounting policy and specific accounting principles of</p>	<p>No significant changes.</p>

derivatives in the reporting period compared to the previous reporting period	
Specific opinion from independent directors on the Company's derivatives investment and risk control	Independent directors of the Company believe that: A. The Company has formulated derivative investment rules such as the Management Methods for Futures Hedging Business and the Management Methods for Exchange Funds to help it effectively control risks involved; B. During the reporting period, the Company performed the relevant approval procedure before it conducted derivative investments in strict compliance with the lines and ways approved by the Shareholders' General Meeting; And C. The Company's derivative investments in the reporting period mainly targeted its exports. It signed forward exchange contracts with domestic financial institutions, which helped it lock up the exchange rate and avoid the risk of exchange rate fluctuations. The Company conducted no speculative operations, so there was no credit risk. And transaction periods were determined according to expectations and payment receiving and making, with no influence on the Company's fluidity.

### 3. Analysis to main subsidiaries and stock-participating companies

Main subsidiaries and stock-participating companies:

Unit: RMB Yuan

Company name	Company variety	Industry	Main products/services	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Hefei Midea Washing Machine Co., Ltd.	Subsidiary	Manufacture	washing machine manufacture	USD 135.52 million	2,790,053,530.89	1,544,046,887.24	1,667,866,040.17	36,275,099.27	34,289,788.45
Wuxi Little Swan General Electrical Appliances Co., Ltd	Subsidiary	Manufacture	Washer-dryer manufacture	RMB 28 million	210,994,988.64	142,237,504.01	86,391,216.13	-9,885,049.25	-8,381,917.44
Wuxi FILIN Electronic Co., Ltd	Subsidiary	Manufacture	Development and manufacture of new electronic components	USD 3,624,564	335,752,472.00	253,309,017.36	133,770,966.79	27,719,691.59	25,950,307.04
Little	Subsidiary	Manufacture	Washing	RMB	105,995,748.57	28,201,803.62	139,350,267.45	3,094,711.23	2,370,891.49

Swan (Jingzhou) Sanjin Electric Appliance s Co., Ltd.	ary	acture	machine manufacture	11.07 million					
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#### 4. Significant projects of investments with non-raised funds

Unit: RMB Ten thousand

Project name	Total planned investment	Input for the reporting period	Cumulative actual input as at the period-end	Project progress	Project earnings
Investment plans of the Company and its subsidiaries for 2011 (Note 1)	64,870	0	19,911	30%	Immeasurable separately
Total	64,870	0	19,911	--	--
Date when the relevant interim announcement was disclosed on the designated website (if any)	18 Mar. 2011				

Note 1: In the year-begin of 2011, in regards of market demand growth forecast and tightening production capacity at that time, the Company, based on company decision, planned to invest RMB 648.7 million to enlarge the production capacity of Jinzhou Base and other bases. During the implementation process, the market changed a lot with decreased whole demand and slower industry growth. According to market changes, the Company adjusted investment plans in time. Non-invested projects in investment plans of the Company and subsidiaries in 2011 have been terminated.

#### VI. Predict the operating results of Jan.-Sept. 2013

Warning of possible loss or considerable YoY change of the accumulated net profit made during the period-begin to the end of the next reporting period according to prediction, as well as explanations on the reasons:

Applicable  Inapplicable

#### VII. Implementation of profit allocation during the reporting period

Profit allocation plan implemented during the reporting period, especially execution and adjustment of the cash dividend plan and the plan for turning capital reserve into share capital:

Applicable  Inapplicable

As the profit allocation plan for 2012, the Company, based on the total 632,487,764 shares as at the end of 2012, distributed a cash dividend of RMB 3 for every 10 shares held by its shareholders. The plan was reviewed and approved at the 4<sup>th</sup> Session of the 7<sup>th</sup> Board of Directors on 4 Mar. 2013 and then the 2012 Annual Shareholders' General Meeting on 12 Apr. 2013. In this profit allocation, for A-shares, the date of record was 5 Jun. 2013; for B-shares, the last trading was 5 Jun. 2013 and the date of record was 13 Jun. 2013. Implementation of the profit allocation plan was completed in the reporting period.



**VIII. Particulars about researches, visits and interviews received in this reporting period**

Time of reception	Place of reception	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
8 Jan. 2013	Conference Room of the Company	Field research	Institution	Changjiang Securities, SWS Mu Fund Management, China Post Fund, Hua'an Funds	Overall operation of the Company
14 Jan. 2013	Conference Room of the Company	Field research	Institution	China Merchants Securities, Eastern Bay Asset Management, Ping An Insurance, New Think Invest, BNY Fund, Western Asset Management, Haitong Securities, Wanjia Asset, Aijian Securities	Overall operation of the Company

## V. Significant Events

### I. Corporate governance

The Company continuously perfected its corporate governance, set up modern enterprise system and standardized its operation strictly in accordance with the requirements of relevant laws and rules such as Company Law, Securities Law and Administrative Rule for Listed Companies issued by CSRC. Company governance practice has no difference with requirements of relevant law and rules of Company Law and CSRC

### II. Significant litigations and arbitrations

Applicable Inapplicable

The Company was not involved in any significant lawsuit or arbitration during the reporting period.

### III. Media's questions

Applicable Inapplicable

The Company was not involved in any media's questions during the reporting period.

### IV. Assets transaction events

#### 1. Sale of assets

Transaction party	Assets sold	Disposal date	Transaction price	Net profit contributed to the Company from the period-begin to the disposal date(RMB Ten thousand)	Impact to the company	Ratio of the net profit contributed by the asset to the Company to the total profit (%)	Pricing principle	Related-party transaction or not	Relationship between the transaction party and the Company (applicable for related-party transactions)	Whether or not the ownership of the asset involved has been fully transferred	Whether or not the creditor's right and liabilities involved have been fully transferred	Disclosure date	Disclosure index

Jiangsu kunpeng investment co., LTD	Hengtai insurance brokers co., LTD	5 Jan, 2013	100	0	0	Negotiated according to the company's net assets	No	inapplicable	Yes	Yes	inapplicable
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## V. Significant related-party transactions

### 1. Related-party transaction relevant to routine operation

Related party	Relationship	Type of the related-party transaction	Content of the related-party transaction	Pricing principle of the related-party transaction	Transaction price	Transaction amount (RMB Ten thousand)	Proportion in same kind of transactions (%)	Settlement method of the related-party transaction	Market price	Disclosure date	Disclosure index
Ningbo Annto Logistics Co., Ltd.	Subsidiary controlled by actual controller	Revenue from service	Logistics service	Market price		4,819.68	1.93%	Cash or acceptance due 3-6 months			On March 6, 2013, the company published in the tide of information network's announcement: little swan A: about to estimating the 2013 daily connection transaction amount announcement(NO. 2013-03)
Hubei midea refrigerator co., LTD (used name: Little Swan (Jingzhou) Electric Appliances Co., Ltd.)	Subsidiary controlled by controller	Purchase	Purchase of material	Market price		543.79	0.22%	Cash or acceptance due 3-6 months			
Huaian Weiling Motor Manufacturing Co., Ltd.	Subsidiary controlled by actual controller	Purchase	Purchase of material	Market price		18,886.72	7.56%	Cash or acceptance due 3-6 months		6 Mar, 2013	
Hefei Midea Materials Supply Co., Ltd.	Subsidiary controlled by controlling shareholder	Purchase	Purchase of material	Market price		15,724.58	6.3%	Cash or acceptance due 3-6 months			
Hefei Bainian Molding Technology Co., Ltd.	Company directly controlled by actual controller and their close family	Purchase	Purchase of material	Market price		4,878.93	1.95%	Cash or acceptance due 3-6 months			

	members										
Hefei Huitong energy-saving materials co., LTD	Company directly controlled by actual controller and their close family members	Purchase	Purchase of material	Market price		4,391.73	1.76%	Cash or acceptance due 3-6 months			
Annto Logistics Co., Ltd.	Subsidiary controlled by actual controller	Revenue from service	Purchase of service	Market price		64.57	0.03%	T/T, Transfer or online banking			
Guangdong Zhengli precision machinery co., LTD	Subsidiary controlled by actual controller	Purchase	Purchase of service	Market price		8.76	0%	Cash or acceptance due 3-6 months	No	No	
Hefei Bainian Molding Technology Co., Ltd.	Company directly controlled by actual controller and their close family members	Sales	Sale of material	Market price		1,666.64	0.42%	Cash or acceptance due 3-6 months			On March 6, 2013, the company published in the cn information network's announcement: little swan
Hefei Midea refrigerator co., LTD	Subsidiary controlled by controlling shareholder	Sales	Sales of electronic products	Market price		2.89	0%	Cash or acceptance due 3-6 months	6 Mar, 2013	A:	Announcements about estimating the 2013 daily connection transaction amount
Huaian Weiling Motor Manufacturing Co., Ltd.	Subsidiary controlled by actual controller	Sales	Sale of material	Market price		6.43	0%	Cash or acceptance due 3-6 months			(NO.2013-03)
Midea Electric Trading (Singapore) Co. Pte. Ltd.	Subsidiary controlled by controlling shareholder	Sales	Sale of washing machine	Market price		51,723.61	12.94%	Party b paid to party a in cash, after receiving the party a's supply in the bill of lading within 120			On March 6, 2013, the company published in the cn information

								days			network's announceme nt: little swan A: Announceme nts about estimating the 2013 daily connection transaction amount (NO.2013-03 )
Hefei Huitong New Materials Co., Ltd.	Company directly controlled by actual controller and their close family members	Sales	Sale of material	Market price		805.14	0.2%	Cash or acceptance due 3-6 months			
Hefei Hualing Electric Appliances Co., Ltd.	Subsidiary controlled by controlling shareholder	Sales	Sale of material	Market price		33.08	0.01%	Cash or acceptance due 3-6 months			
PT.Midea Planet Indonesia	Subsidiary controlled by controlling shareholder	Sales	Sale of washing machine	Market price		681.67	0.17%	Party b paid to party a in cash, after receiving the party a's supply in the bill of lading within 90 days			
MIDEA SCOTT&ENGLISH ELECTRONIICS SDN.BHD	Subsidiary controlled by controlling shareholder	Sales	Sale of washing machine	Market price		743.91	0.19%	Party b paid to party a in cash, after receiving the party a's supply in the bill of lading within 150 days			
Total				--	--	104,982.13	--	--	--	--	--
As for the prediction on the total amount of routine related-party transactions to be occurred in the reporting period by relevant types, the actual performance in the reporting period(If any)				For details, see VIII. Financial report "(VIII) Related-party and related-party transactions, 5. Related-party transactions".							

## 2. Significant credits and liabilities with related parties

Whether or not any non-business related credits and debts exist

Yes  No

Related-party	Relationship	Type	Forming reason	Whether or not a non-business	Opening balance (RMB Ten	The amount incurred in	Closing balance(R MB Ten
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				capital takes up	thousand)	current period (RMB Ten thousand)	thousand)
Midea Electric Trading (Singapore) Co. Pte. Ltd.	Subsidiary controlled by controlling shareholder	Creditor's rights of related party's account receivable	Sales of goods	No	22,648.06	50,458.44	25,769.94
Indonesia PT. MIDEA PLANET INDONESIA	Subsidiary controlled by controlling shareholder	Creditor's rights of related party's account receivable	Sales of goods	No	916.27	681.67	816.44
MIDEA SCOTT&ENGLISH ELECTRONILCS SDN.BHD	Subsidiary controlled by controlling shareholder	Creditor's rights of related party's account receivable	Sales of goods	No	1,224.43	743.91	745.09
Hefei hualing co., LTD	Subsidiary controlled by controlling shareholder	Creditor's rights of related party's account receivable	Sales of goods	No	46.2	38.7	10.62
Hubei Midea refrigerator co., LTD	Subsidiary controlled by controlling shareholder	Creditor's rights of related party's account receivable	Sales of goods	No	5.56	0	0
Guangdong Midea Nuantong air conditioning equipment co., LTD	Subsidiary controlled by controlling shareholder	Creditor's rights of related party's account receivable	Sales of goods	No	38.33	0	0
MIDEA ITALIA S.R.L	Subsidiary controlled by controlling shareholder	Creditor's rights of related party's account receivable	Sales of goods	No	70.67	0	0
Hefei Midea refrigerator co., LTD	Subsidiary controlled by controlling shareholder	Creditor's rights of related party's account receivable	Sales of goods	No	4.35	3.38	0

	shareholder	account receivable					
Hefei Midea Materials Supply Co., Ltd.	Subsidiary controlled by controlling shareholder	Creditor's rights of related party's account receivable	Sales of goods	No	0	0.06	0.06
Huaian Weiling Motor Manufacturing Co., Ltd.	Subsidiary controlled by actual controller	Creditor's rights of related party's account receivable	Sales of goods	No	0	7.53	0.3
Huaian Weiling Motor Manufacturing Co., Ltd.	Subsidiary controlled by actual controller	Account payable to related party	Purchase of goods	No	4,002.3	22,097.47	2,884.22
Hefei Midea Materials Supply Co., Ltd.	Subsidiary controlled by controlling shareholder	Account payable to related party	Purchase of goods	No	795.66	18397.76	2,245.12
Hefei Bainian Molding Technology Co., Ltd.	Company directly controlled by actual controller and their close family members	Account payable to related party	Purchase of goods	No	1,593.27	3,758.38	162.16
Hefei Huitong energy-saving materials co., LTD	Company directly controlled by actual controller and their close family members	Account payable to related party	Purchase of goods	No	0	4,196.31	371.74
Hefei Huitong New Materials Co., Ltd.	Company directly controlled by actual controller and their close family members	Account payable to related party	Purchase of goods	No	142.08	0	0
Zhongshan Media electrical engineering product installation service co., LTD	Subsidiary controlled by actual controller	Account payable to related party	Purchase of goods	No	13.7	0	13.7
Guangdong Zhengli precision machinery co., LTD	Subsidiary controlled by actual controller	Account payable to related party	Purchase of goods	No	8.52	10.25	0
Annto Logistics Co., Ltd.	Subsidiary	Account	Purchase	No	78.49	75.55	9.58

	controlled by actual controller	payable to related party	of services				
Ningbo Annto Logistics Co., Ltd.	Subsidiary controlled by actual controller	Account payable to related party	Purchase of services	No	33.19	5,639.03	618.16
Hubei Midea refrigerator co., LTD	Subsidiary controlled by controlling shareholder	Account payable to related party	Purchase of goods	No	0	636.24	142.57
Hefei hualing co., LTD	Subsidiary controlled by controlling shareholder	Account payable to related party	Purchase of goods	No	0	104.68	104.68
Guangdong midea electric appliances co., LTD	controlling shareholder	Account payable to related party	Purchase of services	No	39.06	0	0
Midea Electric Trading (Singapore) Co. Pte. Ltd.	Subsidiary controlled by controlling shareholder	Account payable to related party	Sales of goods	No	0	1,265.17	1,265.17

### 3. Other significant related-party transactions

(1) The Company convened the 10<sup>th</sup> Session of the 6<sup>th</sup> Board of Directors on 14 Dec. 2010 and the 1<sup>st</sup> Special Shareholder's General Meeting 2011 on 7 Jan. 2011, which reviewed and approved the Proposal on Related Transaction on Trademark Licensing. The Company permitted GD Midea Holding Co., Ltd and its controlled subsidiaries to use trademark of "OLITTLE SWAN and picture" in air conditioner commodities, with trademark license fees estimated as no more than RMB 20,000,000. GD Midea Holding Co., Ltd permitted the Company and subsidiaries of the Company to use trademark of "Midea" in production, sales and ad campaign of washing machines and dryers, with trademark license fees estimated as no more than RMB 20,000,000. The aforesaid licensing contracts were all contracted with 0.3% charges of net sales revenue of products with the authorized trademark as trademark license fees, and the licensing period ranged from 1 Jan. 2011 to 31 Dec. 2013. At the same time, the Company will renew and sign the Contract on Trademark Licensing with Little Swan (Jingzhou) Electric Appliances Co., Ltd. As negotiated by both parties, the deadline of licensing period extends from 19 Jun. 2011 to 31 Dec. 2013.

(2) The 2011 Annual Shareholder's General Meeting was convened on 19 Apr. 2012, at which reviewed and approved the Proposal on Prediction of the Line of Routine Related Transaction of the Company for 2012.

#### Related queries of disclosure index of significant related-party transactions' interim report

Name of temporary bulletins	Disclosure date	Disclosure index
Announcements about trademark license of related transactions (NO.2010-48)	16 Dec, 2010	www.cninfo.com.cn
Announcements about estimating the 2013 daily connection	6 Mar, 2013	www.cninfo.com.cn



transaction amount (NO.2013-03)		
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## VI. Significant contracts and execution

### 1. The trust, contract and lease

#### (1) Status of trust

Note to trust

During the reporting period, the company did not occur or incur trust, nor trust occurred or incurred in previous continue to reporting period

The events whose profits reaching more than 10% (including 10%) of the total profits of the Company in the report period.

Applicable  Inapplicable

#### (2)Particulars about contracting

Note to contracting

During the reporting period, the company did not occur or incur contracting, nor contracting occurred or incurred in previous continue to reporting period

The events whose profits reaching more than 10% (including 10%) of the total profits of the Company in the report period.

Applicable  Inapplicable

#### (3)Particulars about leasing

Note to leasing

During the reporting period, the company did not occur or incur leasing, nor leasing occurred or incurred in previous continue to reporting period

The events whose profits reaching more than 10% (including 10%) of the total profits of the Company in the report period.

Applicable  Inapplicable

### 2. Guarantees provided by the Company

Unit: RMB Ten Thousand

Guarantees provided by the Company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Execute d or not	Guarantee for a related party or not
Total external guarantee line approved during the reporting period (A1)				0	Total actual occurred amount of external guarantee during the reporting period (A2)			0
Total external guarantee line that has been approved at the end of the reporting period (A3)				0	Total actual external guarantee balance at the end of the reporting period (A4)			0
Guarantees provided by the Company for its subsidiaries								

Guaranteed party	Disclosure date of relevant announcement	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Hefei Midea washing machine co., LTD (Note1)	6 Mar, 2013	160,000	18 Jan, 2013	5,986	General warranty	Six months	No	No
	6 Mar, 2013	160,000	1 Feb, 2013	6,377	General warranty	Six months	No	No
	6 Mar, 2013	160,000	22 Feb,2013	4,652	General warranty	Six months	No	No
	6 Mar, 2013	160,000	14 Mar, 2013	4,274	General warranty	Six months	No	No
	6 Mar, 2013	160,000	20 Mar, 2013	7,831	General warranty	Six months	No	No
	6 Mar, 2013	160,000	11 Apr,2013	2,327	General warranty	Six months	No	No
	6 Mar, 2013	160,000	12 Apr, 2013	739	General warranty	Six months	No	No
	6 Mar, 2013	160,000	10 May, 2013	2,475	General warranty	Six months	No	No
	6 Mar, 2013	160,000	8 June,2013	2,285	General warranty	Six months	No	No
Total guarantee line approved for the subsidiaries during the reporting period (B1)			165,000	Total actual occurred amount of guarantee for the subsidiaries during the reporting period (B2)				36,946
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period (B3)			165,000	Total actual guarantee balance for the subsidiaries at the end of the reporting period (B4)				36,946
Total guarantee amount provided by the Company (total of the above-mentioned two kinds of guarantees)								
Total guarantee line approved during the reporting period (A1+B1)			165,000	Total actual occurred amount of guarantee during the reporting period (A2+B2)				36,946
Total guarantee line that has been approved at the end of the reporting period			165,000	Total actual guarantee balance at the end of the reporting period				36,946

(A3+B3)		(A4+B4)	
Proportion of total guarantee amount (A4+B4) to the net assets of the Company		9.94%	
Of which:			
Amount of guarantee for shareholders, actual controller and related parties (C)		0	
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (D)		0	
Part of the amount of the total guarantee over 50% of net assets (E)		0	
Total amount of the above three guarantees (C+D+E)		0	

Note1: During the reporting period, Hefei Royalstar Washing Equipment Manufacturing Co., Ltd changed its name as Hefei Midea washing machine co., LTD

### VII. Commitments made by the Company or shareholders holding over 5% of the Company's shares in the report period, or such commitments carried down into the report period

Commitment	Commitment maker	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	Controlling shareholder	Where the controlling shareholder GD Midea Holding Co., Ltd. (Midea Holding) plans to sell the Company's shares released from trading moratorium held by it via the bid trading system of the Shenzhen Stock Exchange, and Midea Holding decreases over 5% shares within six months since the first reduction of holdings, Midea Holding will disclose the suggestive announcement on share selling through the Company two trading days before its first reduction of holdings.	28 Feb. 2008	Long-term	In the process of implementation
Commitment in the acquisition report or the report on equity changes	Controlling shareholder and actual controller	<p><b>1. As for Midea Holding's commitment on share lock-up</b>, it has committed that it will not transfer Little Swan shares held by it within 36 months since the date when the private share offering deal is closed.</p> <p><b>2. As for the commitment of avoiding horizontal competition</b>, Midea Holding (the controlling shareholder) and Mr. He Xiangjian (the actual controller) has promised that, for the period after the said transaction when the Company's controlling shareholder and actual controller remain unchanged, Midea Holding, Mr. He Xiangjian and other subsidiary companies under their control excluding the Company and the Company's subordinate companies will not increase business or establish new subsidiary companies engaged in business which is the same with or similar to the Company's main business or forms substantial horizontal competition with the Company. If they act against the commitment above, profits thus generated will be attributable to the Company.</p> <p><b>3. As for the commitment for regulating related-party transactions</b>, GD Midea Holding (the controlling shareholder) and Mr. He Xiangjian</p>	1 Dec. 2010	On December 1, item 1 to 2013 fulfilled Item 7 (2) a trademark is due by March 31, 2013 and won't renew its contract; Other	In the process of implementation

	<p>(the actual controller) have promised that when there are inevitable related-party transactions or such transaction incurred with rational reasons after the completion of the transaction, they will follow the fair, reasonable and market principles in formulating and signing relevant agreements on such related-party transactions and ensure that no harm will be done to interests of the Company and other shareholders. Where GD Midea Holding and Mr. He Xiangjian act against the promise above and damage interests of the Company and other shareholders, they will assume liabilities for compensation according to relevant provisions.</p> <p><b>4. As for the commitment on independence</b>, GD Midea Holding has promised to protect Little Swan’s independence in terms of assets, staff, finance, organization and business.</p> <p><b>5. As for the commitment on related-party deposits and borrowings</b>, up to 8 Apr. 2010, the Financial Settlement Center of GD Midea Holding had settled all internal deposits and borrowings with Hefei Royalstar Washing Equipment Manufacturing Co., Ltd.; and GD Midea Holding has promised that there will be no more deposits, borrowings or other funds flows incurred between the Financial Settlement Center and Hefei Royalstar Washing Equipment Manufacturing Co., Ltd..</p> <p><b>6. The commitment by GD Midea Holding on housing properties with no ownership certificates of the target company for sale is detailed as follows.</b> Two pieces of the buildings of Royalstar Washing Equipment assessed and sold to the Company are of no ownership certificates—the warehouse for half-finished products (176 square meters) and the workshop for injection molding (834 square meters), both located in the old factory of Royalstar Washing Equipment, Hewa Road, Hefei. GD Midea Holding has promised that if loss occurs due to the said two buildings without ownership certificates in the asset disposal process in the future, it will assume the loss thus caused and make compensation to the Company.</p> <p><b>7. The commitment by GD Midea Holding on trademarks is detailed as follows.</b> (1) Concerning the “Midea” trademark: Upon approval and implementation of the equity transfer transaction, GD Midea Holding has promised that it will make sure that Royalstar Washing Equipment uses the “Midea” trademark in a proper manner. Royalstar Washing Equipment will be allowed to use the “Midea” trademark with a trademark use fee not more than that paid by Midea Group (the controlling shareholder of GD Midea Holding) and its subsidiaries (currently 3% of the annual sales income generated by products using the “Midea” trademark), and upon negotiation and signing of the “Agreement for Trademark Use”. The related-party transactions incurred due to the said use of the “Midea” trademark will be submitted to the decision-making organ of the Company for approval according to the stipulated procedure. As such, interests of the Company and its minority</p>	items for a long term implement	
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		<p>shareholders will be safeguarded. (2) Concerning the “Royalstar” trademark: GD Midea Holding has signed the “Contract for Trademark Use” with Royalstar Group and obtained the ordinary use rights of the “Royalstar” (or “RongShiDa”) trademark. As the transferor in the transfer transaction of equity interests of Royalstar Washing Equipment, GD Midea Holding has promised that within the scope as agreed in the “Contract for Trademark Use”, if any dispute arises between Royalstar Washing Equipment and Royalstar Group over the former’s execution of the “Contract for Trademark Use”, Little Swan will not be involved. If Royalstar Washing Equipment and Little Swan have to assume any responsibility or loss due to the aforesaid dispute, GD Midea Holding is willing to take on the responsibility instead and make compensations to Royalstar Washing Equipment and Little Swan at full amount.</p> <p><b>8. The commitment by GD Midea Holding on social security payment and tax risks is detailed as follows.</b> GD Midea Holding has promised that upon the completion of the said equity transfer deal, if Royalstar Washing Equipment is obliged to take on any responsibility or pay relevant fares as required by relevant government authorities due to its social security payment before the said deal, GD Midea Holding is willing to pay relevant fares for Royalstar Washing Equipment to relevant government authorities in a timely manner and assume any other liability. If any loss thus occurs to Royalstar Washing Equipment or Little Swan, GD Midea Holding is willing to assume relevant responsibilities for compensation. Upon the completion of the said equity transfer deal, if income tax evasion or any other tax risk is found in Royalstar Washing Equipment, GD Midea Holding is willing to assume relevant legal responsibilities and risks and pay relevant taxes in a timely manner to relevant government authorities; and if any loss thus occurs to Little Swan, GD Midea Holding will assume the corresponding responsibility for compensation.</p>			
Commitments made in an asset exchange		Naught			
Commitments made in first public issuance or refinancing.		Naught			
Other commitments made to minority shareholders		Naught			

Executed timely or not?	Yes
Detailed reason for failing to execute and the next plan( If any)	Inapplicable

**VIII. Particulars about engagement and disengagement of CPAs firm**

Has this semi-annual report been audited?

Yes No

## VI. Change in Shares & Shareholders

### I. Changes in share capital

	Before the change		Increase/decrease (+, -)					After the change	
	Amount	Proportion (%)	Issuance of new shares	Bonus shares	Capitalization of public reserve fund	Others	Subtotal	Amount	Proportion (%)
I. Shares subject to trading moratorium	252,003,449	39.84%						252,003,449	39.84%
1. Share held by the state		0%							0%
2. Share held by state-owned legal person		0%							0%
3. Other domestic shares	221,148,735	34.96%						221,148,735	34.96%
Including: Shares held by domestic legal persons	221,148,735	34.96%				-756,000		220,392,735	34.85%
Shares held by domestic individuals		0%				756,000		756,000	0.12%
4. Shares held by overseas shareholders	30,851,714	4.88%						30,851,714	4.88%
Including: Shares held by overseas legal persons	30,851,714	4.88%						30,851,714	4.88%
Shares held by overseas individuals		0%							0%
5. Shares held by senior management staff	3,000	0%						3,000	0%
II. Shares not subject to trading moratorium	380,484,315	60.16%						380,484,315	60.16%
1. Ordinary shares denominated in RMB	220,300,157	34.83%						220,300,157	34.83%
2. Domestically listed foreign shares	160,184,158	25.33%						160,184,158	25.33%
3. Oversea listed foreign shares		0%							0%
4. Other		0%							0%
III. Total shares	632,487,764	100%						632,487,764	100%

Reason for the changes in share capital

Applicable Inapplicable

On April 8, 2013, Jiangyin shen gang hardware casting factory transferred its holdings of 756000 limited A shares to Yang Jiezheng.

Approval for changes in share capital

Applicable  Inapplicable

Transfer for changes in share capital

Applicable  Inapplicable

Effects of changes in share capital on the basic EPS, diluted EPS, net assets per share attributable to common shareholders of the Company and other financial indexes over the last year and last period

Applicable  Inapplicable

Other contents that the Company considers necessary or required by the securities regulatory authorities to disclose

Applicable  Inapplicable

Explanation on changes in total shares of the Company, or the shares structure or the asset-liability structure of the Company.

Applicable  Inapplicable

## II. Total number of shareholders and their shareholding

Unit: share

Total number of shareholders at the reporting period		32,667						
Particulars about shares held by shareholders with a shareholding percentage over 5%								
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase/decrease during the reporting period	Number of non-tradable shares held	Number of tradable shares held	Pledged or frozen shares	
							Status of shares	Number of shares
GD MIDEA HOLDING CO., LTD.	Domestic non-state-owned corporation	35.2%	222,661,571	0	216,342,015	6,319,556		
GAOLING FUND,L.P.	Overseas corporation	8.35%	52,835,581	467,538				
TITONI INVESTMENTS DEVELOPMENT LTD.	Overseas corporation	4.88%	30,851,714	0				
FINANCE BUREAU OF WUXI	On behalf of the state	3.49%	22,057,657	0				
BOCI SECURITIES LIMITED	Overseas corporation	3.29%	20,837,431	-638,225				
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 102	Domestic non-state-owned corporation	2.21%	14,000,000	-1,133,169				
GUOTAI JUNAN	Overseas	2.13%	13,463,740	-186,702				



SECURITIES(HONGKONG) LIMITED	corporation							
AGRICULTURAL BANK OF CHINA – CHINA RENAISSANCE EQUITY SECURITIES INVESTMENT FUND	Domestic non-state-owned corporation	1.39%	8,786,639	8,786,639				
CHINA CONSTRUCTION BSNK- BOSHI THEME INDUSTRIAL STOCK SECURITIES INVESTMENT FUND	Domestic non-state-owned corporation	1.19%	7,499,149	7,199,191				
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108	Domestic non-state-owned corporation	1.14%	7,180,101	2,395,868				
Strategic investor or general corporation becoming a top ten shareholder due to placing of new shares (if any) (See note3)	Inapplicable							
Explanation on associated relationship or persons acting in concert among the above-mentioned shareholders:	GD MIDEA HOLDING CO., LTD. and TITONI INVESTMENTS DEVELOPMENT LTD. are parties acting in concert.							
Particulars about shares held by the top ten shareholders holding shares not subject to trading moratorium								
Name of shareholder	Number of tradable shares held at the year-end	Type of shares						
		Type	Number					
GAOLING FUND,L.P.	52,835,581	Domestically listed foreign shares	52,835,581					
FINANCE BUREAU OF WUXI	22,057,657	Renminbi ordinary shares	22,057,657					
BOCI SECURITIES LIMITED	20,837,431	Domestically listed foreign shares	20,837,431					
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 102	14,000,000	Renminbi ordinary shares	14,000,000					
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	13,463,740	Domestically listed foreign shares	13,463,740					
AGRICULTURAL BANK OF CHINA – CHINA RENAISSANCE EQUITY SECURITIES INVESTMENT FUND	8,786,639	Renminbi ordinary shares	8,786,639					

CHINA CONSTRUCTION BSNK- BOSHI THEME INDUSTRIAL STOCK SECURITIES INVESTMENT FUND	7,499,149	Renminbi ordinary shares	7,499,149
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108	7,180,101	Renminbi ordinary shares	7,180,101
CHINA CONSTRUCTION BANK – PENGHUA VALUE ADVANCED STOCK FUND	7,093,148	Renminbi ordinary shares	7,093,148
SUN HUNG KAI INVESTMENT SERVICES LTD-CUSTOMERS A/C	6,962,181	Domestically listed foreign shares	6,962,181
Explanation on associated relationship or/and persons acting in concert among the top ten tradable shareholders and between the top ten tradable shareholders and the top ten shareholders	GD MIDEA HOLDING CO., LTD. and TITONI INVESTMENTS DEVELOPMENT LTD. are parties acting in concert.		
Explanation on shareholders participating in the margin trading business (if any) (See note4)	Naught		

Whether the shareholders of a company conducted the transaction of repurchase under the agreement during the reporting period

Yea  No

### III. Particulars about the controlling shareholder

Change of the controlling shareholder during the reporting period

Applicable  Inapplicable

Note : on 28 Mar, 2013, Midea Electric Appliances and their controlling shareholders Midea group co., LTD. (hereinafter referred to as the Midea Group) has signed *The Absorption merger agreement of the Midea group co., LTD and Guangdong Midea electric appliances co., LTD. (hereinafter referred to as "absorption merger agreement")* According to absorb the merger agreement, the Midea group plans to issue A share to merge Midea Electric Appliances, and as the combined party, all of Midea Electric Appliances's assets and liabilities and equity will go to the Midea group, at the same time it would cancel its registration (hereinafter referred to as the merger).

Before the merger, Midea Electric Appliances directly and indirectly holds 40.08% stocks of the company The Midea group, after the completion of the merger shall inherit Midea Electric Appliances directly and indirectly holds 40.08%stocks of the company. The controlling shareholder of the company: Midea Electric Appliances change into the Media Group,. After the merger Midea Electric Appliances ' commitment to the company will be continued by the Media Group, there is no change in the actual controller of the company.

On July 30, 2013, Midea group has been received an announcement approved the Midea group co., LTD., Wuxi little swan co., LTD purchase report and exemption from the obligation of making a takeover offer approval (regulatory permits [2013] no. 1015 issued by the China securities regulatory commission (hereinafter referred to as the China securities regulatory commission) The China securities regulatory commission has no objection on the Midea group's announcement of the purchase report of Wuxi little swan co., LTD. The approval exempted the Midea group's obligation of making a takeover bid, because of merger control, Wuxi little swan co., LTD., 253513285 shares accounted for about 40.08% of the company's total equity.

The company has been on April 1 and July 31, respectively published suggestive announcement about changes in controlling shareholder and statement on the progress of the changes in controlling shareholder, and will notice the subsequent progress timely according to the requirements.

Change of the actual controller during the reporting period

Applicable  Inapplicable

## **VII. Directors, Supervisors, Senior Management Staff & Employees**

### **I. Changes in shareholding of directors, supervisors and senior management staffs**

Applicable  Inapplicable

There is no change in directors, supervisors and senior management staffs during the reporting period, for details please refer to the annual report of 2012.

## VIII. Financial Report

### I Audit opinion

Has this semi-annual report been audited?

Yes  No

The financial report for the first half of 2013 has not been audited.

### II. Financial statements

The unit of financial in notes to the statements is: RMB Yuan

#### 1. Consolidated balance sheet

Prepared by Wuxi Little Swan Co., Ltd.

Unit: RMB Yuan

Item	30 Jun. 2013	31 Dec. 2012
Current Assets:		
Monetary funds	1,545,016,690.32	1,404,291,094.65
Settlement reserves		
Intra-group lendings		
Transactional financial assets	11,809,250.00	1,224,590.00
Notes receivable	1,552,287,876.27	2,262,814,443.87
Accounts receivable	751,477,026.48	722,198,904.66
Accounts paid in advance	113,496,958.64	97,188,434.21
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable		
Dividend receivable		
Other accounts receivable	90,081,196.64	16,984,517.49
Financial assets purchased under agreements to resell		
Inventories	656,106,685.70	952,747,860.68
Non-current assets due within 1 year		
Other current assets	1,810,548,618.45	1,201,171,819.72
Total current assets	6,530,824,302.50	6,658,621,665.28
Non-current assets:		
Loans by mandate and advances granted		
Available-for-sale financial assets	242,256.00	286,944.00
Held-to-maturity investments		

Long-term accounts receivable		
Long-term equity investment	4,748,975.83	5,695,850.80
Investing property	4,952,732.73	5,049,500.73
Fixed assets	1,242,514,876.24	1,297,298,526.31
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	225,177,591.13	308,714,119.44
R&D expense		
Goodwill		
Long-term deferred expenses	15,766,638.57	27,729,917.87
Deferred income tax assets	107,737,533.48	100,308,918.86
Other non-current assets		
Total of non-current assets	1,601,140,603.98	1,745,083,778.01
Total assets	8,131,964,906.48	8,403,705,443.29
Current liabilities:		
Short-term borrowings		
Borrowings from Central Bank		
Customer bank deposits and due to banks and other financial institutions		
Intra-group borrowings		
Transactional financial liabilities		
Notes payable	876,871,919.98	1,003,090,693.95
Accounts payable	1,973,791,312.28	2,129,979,583.30
Accounts received in advance	737,668,513.87	804,441,642.84
Financial assets sold for repurchase		
Handling charges and commissions payable		
Employee's compensation payable	109,888,309.66	125,902,663.09
Tax payable	56,522,351.56	-3,821,048.41
Interest payable		
Dividend payable	5,129,542.23	3,710,206.21
Other accounts payable	56,031,246.85	71,726,352.37

Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	3,815,903,196.43	4,135,030,093.35
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term payables		
Specific payables	2,549,025.30	2,607,427.30
Estimated liabilities	14,652,284.36	14,041,361.41
Deferred income tax liabilities	1,792,680.90	211,685.10
Other non-current liabilities	920,200.00	1,271,800.00
Total non-current liabilities	19,914,190.56	18,132,273.81
Total liabilities	3,835,817,386.99	4,153,162,367.16
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	632,487,764.00	632,487,764.00
Capital reserves	1,129,371,328.91	1,129,409,313.71
Less: Treasury stock		
Specific reserves		
Surplus reserves	270,617,248.93	270,617,248.93
Provisions for general risks		
Retained profits	1,687,532,438.05	1,656,317,300.32
Foreign exchange difference	-3,152,837.95	-2,621,131.09
Total equity attributable to owners of the Company	3,716,855,941.94	3,686,210,495.87
Minority interests	579,291,577.55	564,332,580.26
Total owners' (or shareholders') equity	4,296,147,519.49	4,250,543,076.13
Total liabilities and owners' (or shareholders') equity	8,131,964,906.48	8,403,705,443.29

Legal representative: Mr. Fang Hongbo

Person-in-charge of the accounting work: Mr. Zhang Zhaofeng

Chief of the accounting division: Mr. Zhong Fangliu

## 2. Balance sheet of the Company

Prepared by Wuxi Little Swan Co., Ltd.

Unit: RMB Yuan

Item	30 Jun. 2013	31 Dec. 2012
Current Assets:		
Monetary funds	854,600,437.02	922,427,475.16
Transactional financial assets	7,517,390.00	1,003,870.00
Notes receivable	1,009,159,092.04	1,630,477,941.72
Accounts receivable	595,992,040.76	315,755,445.34
Accounts paid in advance	60,239,343.65	56,491,157.88
Interest receivable		
Dividend receivable		
Other accounts receivable	69,816,567.70	14,097,542.06
Inventories	384,907,502.50	595,440,128.45
Non-current assets due within 1 year		
Other current assets	1,067,687,194.89	510,244,753.07
Total current assets	4,049,919,568.56	4,045,938,313.68
Non-current assets:		
Available-for-sale financial assets	242,256.00	286,944.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	1,668,493,054.90	1,669,439,929.87
Investing property	4,952,732.73	5,049,500.73
Fixed assets	583,120,851.33	599,765,994.35
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	105,520,250.54	106,918,898.60
R&D expense		
Goodwill		
Long-term deferred expenses	15,074,761.82	26,516,523.53
Deferred income tax assets	73,756,150.22	65,508,358.77
Other non-current assets		
Total of non-current assets	2,451,160,057.54	2,473,486,149.85
Total assets	6,501,079,626.10	6,519,424,463.53



Current liabilities:		
Short-term borrowings		
Transactional financial liabilities		
Notes payable	507,416,919.98	557,839,790.34
Accounts payable	1,283,642,777.91	1,340,509,488.90
Accounts received in advance	491,514,482.27	540,385,145.87
Employee's compensation payable	35,433,935.88	38,376,269.86
Tax payable	90,869,391.74	15,517,733.11
Interest payable		
Dividend payable	5,129,542.23	3,710,206.21
Other accounts payable	208,644,466.12	130,963,937.18
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	2,622,651,516.13	2,627,302,571.47
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term payables		
Specific payables		
Estimated liabilities		
Deferred income tax liabilities	1,148,901.90	178,577.10
Other non-current liabilities	300,000.00	600,000.00
Total non-current liabilities	1,448,901.90	778,577.10
Total liabilities	2,624,100,418.03	2,628,081,148.57
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	632,487,764.00	632,487,764.00
Capital reserves	1,291,423,384.14	1,291,461,368.94
Less: Treasury stock		
Specific reserves		
Surplus reserves	257,967,105.03	257,967,105.03
Provisions for general risks		
Retained profits	1,695,100,954.90	1,709,427,076.99
Foreign exchange difference		
Total owners' (or shareholders') equity	3,876,979,208.07	3,891,343,314.96

Total liabilities and owners' (or shareholders') equity	6,501,079,626.10	6,519,424,463.53
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Legal representative: Mr. Fang Hongbo

Person-in-charge of the accounting work: Mr. Zhang Zhaofeng

Chief of the accounting division: Mr. Zhong Fangliu

### 3. Consolidated income statement

Prepared by Wuxi Little Swan Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun. 2012
I. Total operating revenues	3,998,224,336.31	3,101,328,731.14
Including: Sales income	3,998,224,336.31	3,101,328,731.14
Interest income		
Premium income		
Handling charge and commission income		
II. Total operating cost	3,778,696,264.86	2,849,301,204.78
Including: Cost of sales	3,005,810,911.14	2,453,880,581.19
Interest expenses		
Handling charge and commission expenses		
Surrenders		
Net claims paid		
Net amount withdrawn for the insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and associate charges	25,957,616.21	15,731,754.99
Selling and distribution expenses	539,966,097.76	283,844,635.96
Administrative expenses	173,092,190.68	123,624,901.19
Financial expenses	20,143,097.74	-30,539,990.76
Asset impairment loss	13,726,351.33	2,759,322.21
Add: Gain/(loss) from change in fair value ("-" means loss)	10,584,660.00	-4,292,300.00
Gain/(loss) from investment ("-" means loss)	38,581,681.44	5,062,792.63
Including: share of profits in associates and joint ventures		
Foreign exchange gains ("-" means loss)		
III. Business profit ("-" means loss)	268,694,412.89	252,798,018.99
Add: non-operating income	17,650,895.21	19,060,727.43
Less: non-operating expense	7,432,491.94	3,687,447.12
Including: loss from non-current asset disposal		

IV. Total profit (“-” means loss)	278,912,816.16	268,171,299.30
Less: Income tax expense	42,992,351.93	34,029,106.95
V. Net profit (“-” means loss)	235,920,464.23	234,142,192.35
Including: Net profit achieved by combined parties before the combinations		
Attributable to owners of the Company	220,961,466.94	216,228,135.55
Minority shareholders’ income	14,958,997.29	17,914,056.80
VI. Earnings per share	--	--
(I) Basic earnings per share	0.35	0.34
(II) Diluted earnings per share	0.35	0.34
VII. Other comprehensive incomes	-569,691.66	71,687.54
VIII. Total comprehensive incomes	235,350,772.57	234,213,879.89
Attributable to owners of the Company	220,391,775.28	216,299,823.09
Attributable to minority shareholders	14,958,997.29	17,914,056.80

Legal representative: Mr. Fang Hongbo

Person-in-charge of the accounting work: Mr. Zhang Zhaofeng

Chief of the accounting division: Mr. Zhong Fangliu

#### 4. Income statement of the Company

Prepared by Wuxi Little Swan Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun. 2012
I. Total sales	2,910,402,363.86	1,895,174,546.25
Less: cost of sales	2,197,383,259.40	1,465,593,618.16
Business taxes and surcharges	20,320,831.11	12,694,175.13
Distribution expenses	394,075,467.07	183,560,344.78
Administrative expenses	109,549,513.68	72,560,340.83
Financial costs	12,174,679.39	-25,175,650.73
Impairment loss	2,850,533.92	-13,852.04
Add: gain/(loss) from change in fair value (“-” means loss)	6,513,520.00	-2,668,300.00
Gain/(loss) from investment (“-” means loss)	22,742,688.68	3,227,992.63
Including: income from investment on associates and joint ventures		
II. Business profit (“-” means loss)	203,304,287.97	186,515,262.75
Add: non-business income	7,992,467.00	12,106,147.22
Less: non-business expense	4,601,303.60	3,224,662.42
Including: loss from non-current asset disposal		

III. Total profit (“-” means loss)	206,695,451.37	195,396,747.55
Less: income tax expense	31,275,244.26	22,000,592.14
IV. Net profit (“-” means loss)	175,420,207.11	173,396,155.41
V. Earnings per share	--	--
(I) Basic earnings per share	0.28	0.27
(II) Diluted earnings per share	0.28	0.27
VI. Other comprehensive income	-37,984.80	-47,980.80
VII. Total comprehensive income	175,382,222.31	173,348,174.61

Legal representative: Mr. Fang Hongbo

Person-in-charge of the accounting work: Mr. Zhang Zhaofeng

Chief of the accounting division: Mr. Zhong Fangliu

## 5. Consolidated cash flow statement

Prepared by Wuxi Little Swan Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun. 2012
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	3,863,185,024.86	3,674,745,722.64
Net increase of deposits from customers and dues from banks		
Net increase of loans from the central bank		
Net increase of funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase of deposits of policy holders and investment fund		
Net increase of disposal of tradable financial assets		
Cash received from interest, handling charges and commissions		
Net increase of intra-group borrowings		
Net increase of funds in repurchase business		
Tax refunds received	50,388,592.37	79,016,919.17
Other cash received relating to operating activities	18,947,986.23	53,681,539.89
Subtotal of cash inflows from operating activities	3,932,521,603.46	3,807,444,181.70
Cash paid for goods and services	1,835,326,159.78	2,160,266,283.46
Net increase of customer lendings and advances		
Net increase of funds deposited in the central bank and amount due from banks		

Cash for paying claims of the original insurance contracts		
Cash for paying interest, handling charges and commissions		
Cash for paying policy dividends		
Cash paid to and for employees	309,287,589.09	248,006,127.35
Various taxes paid	221,545,520.17	172,805,301.91
Other cash payment relating to operating activities	635,240,038.60	316,928,858.25
Subtotal of cash outflows from operating activities	3,001,399,307.64	2,898,006,570.97
Net cash flows from operating activities	931,122,295.82	909,437,610.73
II. Cash flows from investing activities:		
Cash received from withdrawal of investments	4,832,824,376.42	
Cash received from return on investments	4,704,180.00	5,011,905.12
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	16,794,737.42	5,409,242.65
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	4,854,323,293.84	10,421,147.77
Cash paid to acquire fixed assets, intangible assets and other long-term assets	30,407,330.54	86,310,128.35
Cash paid for investment	5,424,060,000.00	
Net increase of pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	5,454,467,330.54	86,310,128.35
Net cash flows from investing activities	-600,144,036.70	-75,888,980.58
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received from borrowings		
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		
Repayment of borrowings		6,961,486.36
Cash paid for interest expenses and distribution of dividends or	182,583,655.47	118,658,592.00

profit		
Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	182,583,655.47	125,620,078.36
Net cash flows from financing activities	-182,583,655.47	-125,620,078.36
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	148,394,603.65	707,928,551.79
Add: Opening balance of cash and cash equivalents	1,293,126,217.00	2,279,653,302.57
VI. Closing balance of cash and cash equivalents	1,441,520,820.65	2,987,581,854.36

Legal representative: Mr. Fang Hongbo

Person-in-charge of the accounting work: Mr. Zhang Zhaofeng

Chief of the accounting division: Mr. Zhong Fangliu

## 6. Cash flow statement of the Company

Prepared by Wuxi Little Swan Co., Ltd.

Unit: RMB Yuan

Item	Jan.-Jun. 2013	Jan.-Jun. 2012
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	2,373,009,947.22	2,247,822,270.50
Tax refunds received	23,034,383.44	12,058,954.37
Other cash received relating to operating activities	12,592,559.37	42,551,391.25
Subtotal of cash inflows from operating activities	2,408,636,890.03	2,302,432,616.12
Cash paid for goods and services	1,049,033,086.46	1,096,066,119.14
Cash paid to and for employees	193,294,387.88	137,373,199.90
Various taxes paid	166,569,207.35	132,773,784.78
Other cash payment relating to operating activities	298,898,195.89	185,171,318.69
Subtotal of cash outflows from operating activities	1,707,794,877.58	1,551,384,422.51
Net cash flows from operating activities	700,842,012.45	751,048,193.61
II. Cash flows from investing activities:		
Cash received from retraction of investments	2,072,567,723.65	
Cash received from return on investments	3,121,840.00	3,137,105.12
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,722,280.00	5,297,792.57
Net cash received from disposal of subsidiaries or other business		

units		
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	2,077,411,843.65	8,434,897.69
Cash paid to acquire fixed assets, intangible assets and other long-term assets	19,877,046.82	62,176,366.55
Cash paid for investment	2,620,000,000.00	
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	2,639,877,046.82	62,176,366.55
Net cash flows from investing activities	-562,465,203.17	-53,741,468.86
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings		
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit	182,583,655.47	118,658,592.00
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	182,583,655.47	118,658,592.00
Net cash flows from financing activities	-182,583,655.47	-118,658,592.00
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-44,206,846.19	578,648,132.75
Add: Opening balance of cash and cash equivalents	848,257,647.96	1,470,854,364.19
VI. Closing balance of cash and cash equivalents	804,050,801.77	2,049,502,496.94

Legal representative: Mr. Fang Hongbo

Person-in-charge of the accounting work: Mr. Zhang Zhaofeng

Chief of the accounting division: Mr. Zhong Fangliu

**7. Consolidated statement of changes in owners' equity**

Prepared by Wuxi Little Swan Co., Ltd.

Reporting period

Unit: RMB Yuan

Item	Reporting period									
	Equity attributable to owners of the Company								Minority interests Less: treasury stock	Total owners' equity Paid-up capital (or share capital)
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Paid-up capital (or share capital)	Capital reserve		
I. Balance at the end of the previous year	632,487,764.00	1,129,409,313.71			270,617,248.93		1,656,317,300.32	-2,621,131.09	564,332,580.25	4,250,543,076.12
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	632,487,764.00	1,129,409,313.71			270,617,248.93		1,656,317,300.32	-2,621,131.09	564,332,580.25	4,250,543,076.12
III. Increase/ decrease of amount in the year ("-" means decrease)		-37,984.80					31,215,137.74	-531,706.86	14,958,997.29	45,604,443.37
(I) Net profit							220,961,466.94		14,958,997.29	235,920,464.23
(II) Other comprehensive incomes		-37,984.80						-531,706.86		-569,691.66
Subtotal of (I) and (II)		-37,984.80					220,961,466.94	-531,706.86	14,958,997.29	235,350,772.57
(III) Capital paid in and reduced by										



owners										
1. Capital paid in by owners										
2. Amounts of share-based payments recognized in owners' equity										
3. Others										
(IV) Profit distribution							-189,746,329.20			-189,746,329.20
1. Appropriations to surplus reserves										
2. Appropriations to general risk provisions										
3. Appropriations to owners (or shareholders)							-189,746,329.20			-189,746,329.20
4. Other										
(V) Internal carry-forward of owners' equity										
1. New increase of capital (or share capital) from capital public reserves										
2. New increase of capital (or share capital) from surplus reserves										
3. Surplus reserves for making up losses										
4. Other										
(VI) Specific reserve										

1. Withdrawn for the period										
2. Used in the period										
(VII) Other										
IV. Closing balance	632,487,764.00	1,129,371,328.91			270,617,248.93		1,687,532,438.06	-3,152,837.95	579,291,577.54	4,296,147,519.49

Last year

Unit: RMB Yuan

Item	Last year									
	Equity attributable to owners of the Company								Minority interests	Total owners' equity
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Others		
I. Balance at the end of the previous year	632,487,764.00	1,096,157,314.51			249,433,912.28		1,465,610,508.78	-2,544,562.12	523,884,093.79	3,965,029,031.24
Add: retrospective adjustments due to business combinations under the same control										
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	632,487,764.00	1,096,157,314.51			249,433,912.28		1,465,610,508.78	-2,544,562.12	523,884,093.79	3,965,029,031.24
III. Increase/ decrease of amount in the year (“-” means decrease)		33,251,999.20			21,183,336.65		190,706,791.54	-76,568.97	40,448,486.47	285,514,044.89
(I) Net profit							338,387,680.99		40,448,486.47	378,836,167.46

(II) Other comprehensive incomes		1,999.20						-76,568.97		-74,569.77
Subtotal of (I) and (II)		1,999.20					338,387,680.99	-76,568.97	40,448,486.47	378,761,597.69
(III) Capital paid in and reduced by owners		33,250,000.00								33,250,000.00
1. Capital paid in by owners										
2. Amounts of share-based payments recognized in owners' equity		33,250,000.00								33,250,000.00
3. Others										
(IV) Profit distribution					21,183,336.65			-147,680,889.45		-126,497,552.80
1. Appropriations to surplus reserves					21,183,336.65			-21,183,336.65		
2. Appropriations to general risk provisions										
3. Appropriations to owners (or shareholders)								-126,497,552.80		-126,497,552.80
4. Other										
(V) Internal carry-forward of owners' equity										
1. New increase of capital (or share capital) from capital public reserves										
2. New increase of capital (or share capital) from surplus reserves										
3. Surplus reserves for making										

up losses										
4. Other										
(VI) Specific reserve										
1. Withdrawn for the period										
2. Used in the period										
(VII) Other										
IV. Closing balance	632,487,764.00	1,129,409,313.71			270,617,248.93		1,656,317,300.32	-2,621,131.09	564,332,580.26	4,250,543,076.13

Legal representative: Mr. Fang Hongbo

Person-in-charge of the accounting work: Mr. Zhang Zhaofeng

Chief of the accounting division: Mr. Zhong Fangliu

### 8. Statement of changes in owners' equity of the Company

Prepared by Wuxi Little Swan Co., Ltd.

Reporting period

Unit: RMB Yuan

Item	Reporting period							
	Paid-up capital (or share capital)	Paid-up capital (or share capital)	Paid-up capital (or share capital)	Paid-up capital (or share capital)	Paid-up capital (or share capital)	Paid-up capital (or share capital)	Paid-up capital (or share capital)	Paid-up capital (or share capital)
I. Balance at the end of the previous year	632,487,764.00	1,291,461,368.94			257,967,105.03		1,709,427,076.99	3,891,343,314.96
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	632,487,764.00	1,291,461,368.94			257,967,105.03		1,709,427,076.99	3,891,343,314.96

III. Increase/ decrease of amount in the year (“-” means decrease)		-37,984.80					-14,326,122.09	-14,364,106.89
(I) Net profit							175,420,207.11	175,420,207.11
(II) Other comprehensive incomes		-37,984.80						-37,984.80
Subtotal of (I) and (II)		-37,984.80					175,420,207.11	175,382,222.31
(III) Capital paid in and reduced by owners								
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners' equity								
3. Others								
(IV) Profit distribution							-189,746,329.20	-189,746,329.20
1. Appropriations to surplus reserves								
2. Appropriations to general risk provisions								
3. Appropriations to owners (or shareholders)							-189,746,329.20	-189,746,329.20
4. Other								
(V) Internal carry-forward of owners' equity								
1. New increase of capital (or share capital) from capital public reserves								

2. New increase of capital (or share capital) from surplus reserves								
3. Surplus reserves for making up losses								
4. Other								
(VI) Specific reserve								
1. Withdrawn for the period								
2. Used in the period								
(VII) Other								
IV. Closing balance	632,487,764.00	1,291,423,384.14			257,967,105.03		1,695,100,954.90	3,876,979,208.07

Last year

Unit: RMB Yuan

Item	Last year							
	Paid-up capital (or share capital)	Paid-up capital (or share capital)	Paid-up capital (or share capital)	Paid-up capital (or share capital)	Paid-up capital (or share capital)	Paid-up capital (or share capital)	Paid-up capital (or share capital)	Paid-up capital (or share capital)
I. Balance at the end of the previous year	632,487,764.00	1,258,209,369.74			236,783,768.38		1,645,274,599.93	3,772,755,502.05
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	632,487,764.00	1,258,209,369.74			236,783,768.38		1,645,274,599.93	3,772,755,502.05
III. Increase/ decrease of amount in		33,251,999.20			21,183,336.65		64,152,477.06	118,587,812.91

the year (“-” means decrease)								
(I) Net profit							211,833,366.51	211,833,366.51
(II) Other comprehensive incomes		1,999.20						1,999.20
Subtotal of (I) and (II)		1,999.20					211,833,366.51	211,835,365.71
(III) Capital paid in and reduced by owners		33,250,000.00						33,250,000.00
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners’ equity		33,250,000.00						33,250,000.00
3. Others								
(IV) Profit distribution					21,183,336.65		-147,680,889.45	-126,497,552.80
1. Appropriations to surplus reserves					21,183,336.65		-21,183,336.65	
2. Appropriations to general risk provisions								
3. Appropriations to owners (or shareholders)							-126,497,552.80	-126,497,552.80
4. Other								
(V) Internal carry-forward of owners’ equity								
1. New increase of capital (or share capital) from capital public reserves								
2. New increase of capital (or								

share capital) from surplus reserves								
3. Surplus reserves for making up losses								
4. Other								
(VI) Specific reserve								
1. Withdrawn for the period								
2. Used in the period								
(VII) Other								
IV. Closing balance	632,487,764.00	1,291,461,368.94			257,967,105.03		1,709,427,076.99	3,891,343,314.96

Legal representative: Mr. Fang Hongbo

Person-in-charge of the accounting work: Mr. Zhang Zhaofeng

Chief of the accounting division: Mr. Zhong Fangli



**(III) Company profile**

Wuxi Little Swan Company Ltd. (hereinafter referred to as “the Company”) was founded as a oriented-collection company limited with the approval of Su-Ti-Gai-Sheng (1993) No. 253 document from Economic Reform Commission of Jiangsu Province. Then the Company issued 70,000,000 shares of B-share and transformed to a state-collectively-owned enterprise with the approval of (1996) No. 52 document from Jiangsu Province of the People’s Republic of China (the “PRC”), Zheng-Wei-Fa (1996) No. 14 document from China Securities Regulatory Commission of the State Council and Shen-Zheng-Ban-Han (1996) No. 4 from Shenzhen Municipal Securities Regulatory Office. And the total raised fund from this issuance of B-share totaled RMB 310 million, and the Company was formally listed in Shenzhen Stock Exchange on Jul. 1996 with the short form of stock as Little Swan B and stock code as 200418.

In Mar. 1997, the Company publicly issued 60,000,000 shares of RMB ordinary share (including 9,000,000 shares of staff-share) by adopting the way of internet pricing with the approval of Zheng-Jian-Fa-Zi (1997) No. 55 from CSRC. And the total raised fund from this issuance of A-share totaled RMB 720.83 million, and the Company was formally listed in Shenzhen Stock Exchange in Mar. 1997 with the short form of stock as Little Swan A and stock code as 000418.

The Company finished the Equity Division Reform Plan on 7 Aug. 2006: the Company’s A-share holders registered on the changing date of equity ownership gained 2.5 shares of consideration share from un-tradable shareholders with their every ten shares of tradable A-share. All un-tradable shareholders paid for shares consideration of shares totaling 18 million, of which they acquired shares’ rights for trading.

The Company’s resolutions of Shareholders’ General Meeting for Y2007: the newly added registered capital was RMB 182,551,920, adding five shares to every ten shares basing on the total share capital of 365,103,840 shares at the end of 2007, transferring the public reserves to 182,551,920 shares with par value of RMB 1 per share, thus the added share capital totaled RMB 182,551,920.

According to the resolutions of the 4<sup>th</sup> Session of the Sixth Board of Directors and the 1<sup>st</sup> Provisional Shareholders General Meeting in 2010, having approved by China Securities Regulatory Commission (SFC license [2010] 1577), the company launched directional add-issuance of 84,832,004 A shares to buy 69.47% of the shares of Hefei Royalstar Washing Machine Manufacture Co., Ltd from its shareholder Midea Electric Appliances Co., Ltd. Par value per share is RMB 1, and the issue price is RMB8.63 per share. This add-issuance increased the share capital by RMB 84,832,004. As of 31 Dec. 2011, registered capital of the company is RMB 632,487,764, among which the restricted exchange-traded A shares are 221,151,735 shares, accounting for 34.96% of the whole shares; the unrestricted exchange-traded A shares are 220,300,157 shares, accounting for 34.83%; the restricted exchange-traded B shares are 30,851,714 shares, accounting for 4.88% of the whole shares; and the unrestricted exchange-traded B shares are 160,184,158 shares, account for 25.33% of the whole shares.

Registered Address: No. 18, Changjiang South Road, National High-tech Industrial Development Zone, Wuxi

Office Address: No. 18, Changjiang South Road, Wuxi, Jiangsu Province

Structure of the company: Share-holding Company

The Company belongs to household appliances so the main business scope is as follows: manufacture and sales as well as after-sale service of household appliances, industrial ceramics, environmental dry-cleaning equipment, cleaning mechanical equipment, subsequent finishing equipment and accessory; cleaning service; machinery processing; import and export business of “Little Swan” or agent products and technologies (excluding the products or technology restricted to operate, export or import in China); technical service for household appliances; contracting foreign engineering in international bidding (operate with effective certificate)

Parent company: GD MIDEA HOLDING CO.,LTD.

Ultimate controller: Mr. He Xiangjian

The financial statements were approved and authorized for issue by the board of directors on the date of 6 Aug. 2013.

**(IV) Main accounting policies, accounting estimates and corrections of prior accounting errors****1. Preparation basis of the financial statements**

The company recognizes and measures transactions occurred according to Chinese Accounting Standards – Basic standard and other related accounting standards, prepares the financial statements based on accrual accounting and the underlying assumption of going concern.

**2. Statement of compliance with Enterprise accounting standards**

The financial statements of the company comply with the requirements of Accounting Standards; the company's financial position, operating results, cash flows and other relevant information are truly and completely disclosed in the financial statements.

**3. Accounting period**

The company's accounting year is from 1st January to 31st December for each calendar year.

**4. Recording currency**

The recording currency of the company is Renminbi

**5. Accounting processing method of business combination under the same control and not under the same control****(1) The business combinations which are under the same control**

The assets and liabilities that the combining party obtains in a business combination shall be measured on the basis of their carrying amount in the combined party on the combining date. As for the balance between the carrying amount of the net assets obtained by the combining party and the carrying amount of the consideration paid by it (or the total par value of the shares issued), the additional paid-in capital shall be adjusted. If the additional paid-in capital is not sufficient to be offset, the retained earnings shall be adjusted. Relevant expenses because of the combination, including audit fee, evaluation fee, legal service charge, etc. shall be reckoned into current profits and losses. But handing charges, commissions from issuing equity securities or bonds because of the Company combination shall be reckon into shareholder's equities or initial measurement cost of liabilities,

**(2) The business combinations which are not under the same control**

The acquirer shall recognize the initial cost of combination under the following principles:

When business combination is achieved through a single exchange transaction, the cost of a business combination is the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree; For the business combination involved more than one exchange transaction, the cost of the combination is the aggregate cost of the individual transactions; All direct expenses related to the combination paid by the acquirer, including the auditor fee, evaluation expense, legal service expense, etc will be recorded into the profit and loss of the current period.

The acquirer shall recognize the difference that the combination costs are over the fair value of the identifiable net assets obtained from acquiree as goodwill; if the combination costs are less than the fair value of the identifiable net assets obtained from acquiree, the acquirer shall reexamine the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities obtained from the acquiree as well as the combination costs; and then after the reexamination, the result is still the same, the difference shall be recorded in the profit and loss of the current period.

## **6. Preparation method of consolidated financial statements**

### **(1) Preparation methods for consolidated financial statements**

The combination scope of the consolidated financial statement will be determined on the basis of the actual control.

The consolidated financial statements will be subject to the No. 33 Enterprise Accounting Standards –Consolidated Financial Statement. In preparing the consolidated financial statements, all key accounts and transactions between the company and subsidiaries, subsidiaries and subsidiaries will be offset. The net assets of merged subsidiaries that are attributable to the minority of shareholder equities will be separately listed in the shareholder equities of consolidated financial statements

In case the accounting policies and accounting periods of subsidiaries differ from those of parent company, the financial statements of subsidiaries will be adjusted.

For those subsidiary acquired not under the same control, the Company has made relevant adjustment in the subsidiary' financial statement according to the fair value of identifiable net assets; for those subsidiary acquired under the same control, when preparing the consolidated financial statements, the reporting subject after combination is considered to operate since the ultimate controller carried out control, and adjusted the opening balance of consolidated balance sheet as well as the relevant items in the consolidated statements.

## **7. Recognition criterion of cash and cash equivalent**

For the purposes of the cash flow statement, cash refers to all cash in hand and all deposits which are readily available for payment. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## **8. Foreign currency transactions and translations**

### **(1) Foreign currency**

All foreign currency transactions during the period have been translated in to RMB at the spot exchange rate issued by The People's Bank of China on the transaction date. The foreign currency conversions and any transactions involved foreign currency conversions have been translated in to RMB at the actually used exchange rate during the transaction process.

On the balance sheet date, the company treats the foreign currency monetary items and foreign currency non-monetary items according to the following provisions:

The foreign currency monetary assets and liabilities items have been translated at the spot exchange rate issued by The People's Bank of China on the balance sheet date. The exchange difference arising from the difference between the spot exchange rate on the balance sheet date and the spot exchange rate at the time of initial recognition shall be recorded in the exchange difference in the current period. Of which, the exchange difference arising from those foreign currency borrowings specifically for the construction of fixed assets shall be treated by the principle for capitalization of borrowing cost; and the exchange difference happened during the handling period shall be recorded as handling charges; other cost shall be recorded as current financial expenses.

A foreign currency non-monetary item measured at the historical costs shall still be translated at the spot exchange rate by The People's Bank of China on the transaction date, of which the amount of functional currency shall not be changed; the foreign currency non-monetary items measured at their fair values have been translated at the spot exchange rate issued by The People's Bank of China on the recognition date for the fair value, the exchange difference thereupon shall be considered as changes in fair value, and recorded into gains and losses of the current period.

### **(2) Translation of foreign currency financial statements**

The asset and liability items in the balance sheet about the overseas businesses of the company have been translated at the spot exchange rate on the balance sheet date. Among the owner's equity items, except for the items as "undistributed profits", other items have been translated at the spot exchange rate at the time when they are incurred. The income and expense items in the profit statement have been translated at an exchange rate which is approximate to the spot exchange rate of the transaction date. The differences arising from the translation of foreign currency financial statements in compliance with the aforesaid items have been presented separately under

the owner's equities of the balance sheets. Foreign currency cash flows and the cash flows of foreign subsidiaries have been translated at an exchange rate which is approximate to the spot exchange rate at the time when the cash flows incurred. The differences arising from fluctuations in exchange have been presented separately in the statement of cash flows.

## 9. Financial instruments

### (1) Classification of financial assets

Based on the investment purpose and economic essence, the company classifies the financial assets into the following four categories: transactional financial assets, financial assets available for sale, account receivables and held-to-maturity investments.

The company has divided its financial liabilities into one category measured at fair value with variations accounted into current profit and loss and another category measured at the post-amortization costs.

### (2) Recognition basis and measurements for financial instruments

Transactional financial assets are measured at fair value with variations of fair value accounted into current income account; financial assets available for sale are measured at fair value with the variations accounted into shareholders' equity; account receivables and held-to-maturity investments are measured at the post-amortization costs.

### (3) Recognition and Accounting Method for Transfer of Financial Assets

The term "transfer of a financial asset" refers to the company's (the transferor's) transferring or delivering a financial asset to a party other than the issuer of the financial asset (the transferee). Transfer of a financial asset could be the whole asset or part of it. It includes the following two cases:

The Company transfers the right to another party for receiving the cash flow of the financial asset; and;

The Company transfers the financial asset to another party, but maintains the right to receive the cash flow of the financial asset and undertakes the obligation to pay the cash flow it receives to the final recipient.

Where the Company has transferred nearly all of the risks and rewards related to the ownership of the financial asset or part of this asset to the transferee, it shall stop recognizing the financial asset or part of this asset. The difference arising from the sum of consideration received from the transfer and the book value of this asset should be accounted into the profit and loss. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing all or part of the financial asset, and the consideration received shall be recorded as the financial liability.

Where the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of a financial asset, but it does not give up its control over the financial asset, it shall, according to the extent of its continuous involvement in the transferred financial asset, recognize the related financial asset and recognize the relevant liability accordingly.

### (4) Recognition Conditions for Termination of Financial Liabilities

Only when the prevailing obligations of a financial liability are relieved in all or in part may the recognition of the financial liability be terminated in all or partly.

### (5) Recognition of Financial Assets and Financial Liabilities

In the active market, the quoted prices of the Company for the financial assets it holds or the financial liabilities it plans to assume shall be the present actual offer; where there is no available offer or charge for a financial asset or financial liability, the enterprise shall adopt the market quoted price of the latest transaction or market quoted price after adjustment in latest transaction to determine the fair value of the said financial asset or financial liability, except for there is clear evidence proving that the said market quoted price is not fair value.

Where there is no active market for a financial instrument, the enterprise concerned shall adopt value appraisal techniques to determine its fair value. The value appraisal techniques mainly include the prices adopted by the

parties, who are familiar with the condition, in the latest market transaction upon their own free will, the current fair value obtained by referring to other financial instruments of the same essential nature.

(6) Withdrawal of Impairment Provision for Financial Assets (excluding Accounts Receivable)

The Company shall carry out an inspection, on the balance sheet date, on the carrying amount of the financial assets other than transactional financial assets. Where there is any objective evidence proving that such financial asset has been impaired, an impairment provision shall be made. An impairment test shall be made on the financial assets with significant single amounts. If any objective evidence shows that it has been impaired, the impairment-related losses shall be recognized and shall be recorded into the profits and losses of the current period. With regard to the financial assets with insignificant single amounts, an independent impairment test may be carried out, or they may be included in a combination of financial assets with similar credit risk features so as to carry out an impairment-related test.

The expression "objective evidence proving that the financial asset has been impaired" refers to the actually incurred events which, after the financial asset is initially recognized, have an impact on the predicted future cash flow of the said financial asset that can be reliably measured by the enterprise.

The objective evidences that can prove the impairment of a financial asset shall include:

A serious financial difficulty occurs to the issuer or debtor;

The debtor breaches any of the contractual stipulations, for example, fails to pay or delays the payment of interests or the principal, etc.;

The creditor makes any concession to the debtor which is in financial difficulties due to economic or legal factors, etc.

The debtor will probably become bankrupt or carry out other financial reorganizations;

The financial asset can no longer continue to be traded in the active market due to serious financial difficulties of the issuer;

It is impossible to identify whether the cash flow of a certain asset within a certain combination of financial assets has decreased or not. But after making an overall appraisal according to the public data available, it is found that the predicted future cash flow of the said combination of financial assets has indeed decreased since it was initially recognized and such decrease can be measured, for example, the ability of the debtor of the said combination of financial assets worsens gradually, the unemployment rate of the country or region where the debtor is situated increases, the prices of the region where the guaranty is situated are obviously dropping, or the industrial sector concerned is in slump, etc.;

Any seriously disadvantageous change has occurred to technical, market, economic or legal environment, etc. wherein the debtor operates its business, which makes the investor of an equity instrument unable to take back its investment;

Where the fair value of the equity instrument investment drops significantly or not contemporarily;

Other objective evidences showing the impairment of the financial asset.

Where a financial asset measured on the basis of post-amortization costs is impaired, the impairment losses shall be the balance between the carrying amount of the said financial asset and the current value of the predicted future cash flow discounted at the original actual rate.

Where any financial asset measured on the basis of post-amortization costs is recognized as having suffered from any impairment loss, if there is any objective evidence proving that the value of the said financial asset has been restored, and it is objectively related to the events that occur after such loss is recognized, the impairment-related losses as originally recognized shall be reversed and be recorded into the profits and losses of the current period.

However, the reversed carrying amount shall not be any more than the post-amortization costs of the said financial asset on the day of reverse under the assumption that no provision is made for the impairment.

Where an available-for-sale financial asset is impaired, the accumulative losses arising from the decrease of the fair value of the owner's equity which was directly included shall be transferred out and recorded into the profits and losses of the current period.

## 10. Recognition and Withdrawal Method for Bad-debt Provisions for Accounts Receivable

### (1) Provisions for Bad-debt Accounts Receivable with a significant single amount

Definition or amount criteria for an account receivable with a significant single amount	The accounts receivable whose individual amount accounts for over 10% (including 10%) of accounts receivable balance at the end of this period or amount of the individual account receivable which is greater than RMB 10 millions (and including 10 millions); the other receivable whose individual amount accounts for over 10% (including 10%) of other receivables balance at the end of this period or amount of the individual other receivable which is greater than RMB 5 millions (and including 5 millions).
Making individual bad-debt provisions for accounts receivable with a significant single amount	For the individually significant receivables, the impairment test is carried on individually; the Company withdraws provision for impairment loss for the amount which is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

### (2) Accounts receivable for which bad-debt provisions are made on the group basis

Group name	Withdraw method	Basis for recognition of group
Aging group	Aging analysis	As for account receivables with a significant single amount, together with single testing account receivables before impairment, shall be divided into several groups. Calculation shall be made according to the balance of the account receivables groups in the period-end to define impairment loss and withdraw provision for bad debts.
Accounts receivable within the scope of consolidated statements	Other methods	Accounts receivable within the scope of consolidated statements

In the groups, those adopting aging analysis method to withdraw bad debt provision:

Applicable Inapplicable

Aging	Provision rate for Accounts Receivable (%)	Provision rate for Other Receivables (%)
Within 1 year (including 1 year)	5%	5%
From 1-2 years	10%	10%
From 2-3 years	20%	20%
Over 3 years	60%	60%
From 3-4 years	60%	60%
From 3-5 years	60%	60%
Over 5 years	100%	100%

In the groups, those adopting balance percentage method to withdraw bad debt provision:

Applicable Inapplicable

In the groups, those adopting other methods to withdraw bad debt provision:

Applicable Inapplicable

Group name	Notes of method
Accounts receivable within the scope of consolidated statements	There was not impairment after test; withdrawal of bad debt provision was not needed.

(3) Accounts receivable with an insignificant single amount but for which the bad debt provision is made independently

Reason for bad debt provision	Account receivable with big credit risk because of company liquidation of clients, litigation Account receivable with an aging over 3 years (deductive significant single account receivable).
Withdrawal method	The bad-debt provision is recognized impairment loss and made according to the difference between the present value of the account's future cash flows and the account's carrying amount.

## 11. Inventory

### (1) Category of Inventory

Inventories are those under the Company's possession for the purpose of selling, in the process of production, or materials and goods used in production process or providing of services, including raw materials, low-value consumables, and products in process, stock merchandises (finished goods) and consigned goods.

### (2) Pricing method for distributed inventories

Method: Weighted average method

Inventories are measured at cost when procured, including purchase cost, processing cost, and other costs. Actual costs are recognized at weight average when delivered.

### (3) Recognition basis of net realizable value of inventories and withdrawal method for impairment provision of inventories

On the balance sheet date, inventories are accounted depending on which is lower between the cost and the net realizable value. At overall verification of inventories at the end of year, when the net realizable value is lower than the cost, provisions for impairment of inventories shall be drawn. Provisions for impairment of inventories shall be accounted according to the difference between the cost of individual inventory items and the net realizable value. Including: for inventories such as finished products, goods or materials which will be directly sold, in the normal operation, the realizable net value will be the balance of estimated selling price less sales expenses and relative taxations; For those inventories need further processing, in the normal operation, the realizable net value will be the balance of estimated sales price less costs to make it finished, less estimated sales expenses, and less relative taxation. On the balance sheet date, inventories with contract prices will be determined for realizable value separately from those without contract prices. Where certain items of inventory have similar purposes or end uses and relate to the same product line produced and marketed in the same geographical area, and therefore cannot be practicably evaluated separately from other items in that product line, costs and net realizable values of those items may be determined on an aggregate basis. For large quantity and low value items

of inventories, cost and net realizable value are determined based on categories of inventories.

(4) Inventory system of inventories

Inventory system: Perpetual inventory system

The Company uses perpetual inventory system. Inventories are checked periodically and the gains and losses from inventory checking are accounted into current gain/loss account.

(5) Amortization method of low-value consumption goods and packages

Low-value consumption goods

Amortization method: one time method

Packages

Amortization method: one time method

## 12. Long-term equity investment

(1) Recognition for long-term equity investment

The initial cost of the long-term equity investment formed in the merger of the Company shall be recognized in accordance with the ways of gaining:

① For the merger of enterprises under the same control, it shall, on the date of merger, regard the share of the book value of the owner's equity of the merged enterprise as the initial investment cost of the long-term equity investment; the difference between the acquisition cost and the initial investment cost of the long-term equity investment shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted. Relevant expenses because of the combination, including audit fee, evaluation fee, legal service charge, etc. shall be reckoned into current profits and losses. But handing charges, commissions from issuing equity securities or bonds because of the Company combination shall be reckon into shareholder's equities or initial measurement cost of liabilities.

② For the merger of enterprises not under the same control, the initial cost of long-term equity investment is the fair value of assets paid, equity bonds issued, or liabilities undertaken by the Company. The identifiable assets and liabilities undertaken (including contingent liabilities) of merged party shall be measured by the fair value without considering the amount attributable to minority interest. Where the cost of a business combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognized as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, after reassessment, the difference shall be recognized in consolidated income statement. Relevant expenses because of the combination, including audit fee, evaluation fee, legal service charge, etc. shall be reckoned into current profits and losses. But handing charges, commissions from issuing equity securities or bonds because of the Company combination shall be reckon into shareholder's equities or initial measurement cost of liabilities.

③ The initial cost of a long-term equity investment obtained by other ways

A. The initial cost of a long-term equity investment obtained by making payment in cash shall be the purchase cost which is actually paid.

B. The initial cost of a long-term equity investment obtained on the basis of issuing equity securities shall be the fair value of the equity securities issued.

C. The initial cost of a long-term equity investment of an investor shall be the value stipulated in the investment contract or agreement except the unfair value stipulated in the contract or agreement.

D. Long-term equity investment is acquired by exchange of non-monetary assets, if this transaction has commercial substance, the fair values of these swap-out assets will be deemed as the initial investment cost of swap-in long-term equity investment; if the non-currency asset exchange does not have commercial substance, the carrying amount of these swap-out assets will be deemed as the initial investment cost of swap-in long-term equity investment.

E. The initial cost of a long-term equity investment obtained by recombination of liabilities shall be recognized as the fair value of the long-term equity investment.



## (2) Subsequent measurement and recognition of gains and losses

## ① Adopting cost method for investment in subsidiaries

The subsidiary is the equity investment held by the Company, on which the Company can carry out control. If the Company holds more than 50% equity of an entity, or the Company holds less than 50% equity but has actual control on such entity, then the entity can be considered as the subsidiary of the Company.

## ② Adopting equity method for investment on joint ventures or associated enterprises

Joint venture is the equity investment held by the Company, which can carry out joint control over an invested entity with other joint ventures; associated enterprise is the equity investment held by the Company, which can have significant influence over an invested entity. If the Company held 20% to 50% equity of an entity, and have not actual control on such entity, or the Company holds less than 20% equity of the entity but have not significant influence on such entity, then the entity will be the Company's joint venture or associated enterprise.

The investing enterprise shall, on the ground of the fair value of all identifiable assets of the invested entity when it obtains the investment, recognize the attributable shares of the net profits and losses of the invested entity after it adjusts the net profits of the invested entity.

If the accounting policies and accounting periods adopted by the invested entity are different from those adopted by the investing enterprise, an adjustment shall be made to the financial statements of the invested entity in accordance with the accounting policies and accounting periods of the Company and recognize the investment profits or losses.

Where any change is made to the owner's equity other than the net profits and losses of the invested entity, the book value of the long-term equity investment shall be adjusted and be included in the owner's equity.

## ③ The long-term equity investment existing no control, joint control or significant influence by the Company

The long-term equity investment without quotation in the active market and its fair value can't be reliably measured, which shall be measured by cost method.

The long-term equity investment with quotation in the active market or its fair value can be reliably measured, which is listed under the item of available-for-sale financial assets and measured by fair value, whose change in fair value shall be recorded into owners' equity.

## (3) Recognition basis of jointly control and significant influence in invested units

Common control to investee is the mutual control of investors over an economic action basing on a contract, only effective when it is agreed by all of the investors who have the share of control on the financial and business control power.

Significant influences to investee mean an entity has the power to participate in the decision making of another, but cannot dominate individually or jointly with other parties.

## (4) Impairment test method and withdrawal method for impairment provision

At period-end, if evidence showing that impairment occurred on the long-term equity investment, the recoverable amount shall be estimated. When the recoverable amount of the long-term equity investment is lower than the book value, asset impairment provision should be withdrawn in accordance with the difference between the recoverable amount and the book value is recognized.

As for long-term equity investment without quotation in the active market and its fair value can't be reliably measured, the balance of its carrying amount lower than the current value of the future cash flow of similar financial assets capitalized according to the returns ratio of the market at the same time shall be recognized as impairment losses and be recorded into the profits and losses of the current period.

Once impairment loss of the long-term equity investment, excluding available-for-sale financial assets, is recognized, it will not be switched back in following fiscal terms, while the impairment loss of available-for-sale financial assets can be switched back, while the said impairment provision can be written back through equity accounts.

### 13. Investment real estate

Investment real estate is measured according to the initial cost. Cost of real estate purchased from outside includes purchasing price, tax, and other expenses directly related to the real estate; cost of real estate constructed by the Company itself is constructed by the essential costs to make the real estate usable. Investment properties invested by investors are booked at the value according to the investment contract, whereas when the contract value is not fairly acceptable, it will be booked at the fair value.

The company employs the cost mode to make a follow-up measurement on the investment properties, while employs the straight method to calculate the depreciation and amortization during the estimated useful life. And the house property is depreciated by 20 years (adopt the lower one between the legal useful life and the predicted useful life), while the landed property is amortized by 50 years (legal useful life).

The withdrawal method of the impairment provision for investment properties is in accordance with the relevant withdrawal method of fixed assets.

### 14. Fixed assets

#### (1) Recognition of fixed assets

Fixed assets is defined as the tangible assets which are held for the purpose of producing goods, providing services, lease or for operation & management, and have more than one year of service life, whose relevant economic interest is likely to flow into the Company. Except for the fixed assets which is still using after being fully depreciated, the Company withdraws depreciation of all the fixed assets with a method of straight-line depreciation.

#### (2) Recognition basis and pricing method for fixed assets acquired under finance lease

Where a lease of fixed asset satisfies one or more of the following criteria, it shall be recognized as a finance lease:

- ① The ownership of the leased asset is transferred to the lessee when the term of lease expires;
- ② The Company has the option to buy the leased asset at a price which is expected to be far lower than the fair value of the leased asset at the date when the option becomes exercisable. Thus, on the lease beginning date, it can be reasonably determined that the option will be exercised;
- ③ Even if the ownership of the asset is not transferred, the lease term covers the major part of the use life of the leased asset;
- ④ In the case of the lessee, the present value of the minimum lease payments on the lease beginning date amounts to substantially all of the fair value of the leased asset on the lease beginning date;
- ⑤ The leased assets are of a specialized nature that only the Company can use them without making major modifications. For the fixed asset leased by financial lease, on the lease beginning date, the Company shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges. The initial direct costs such as commissions, attorney's fees and traveling expenses, stamp duties directly attributable to the leased item incurred during the process of lease negotiating and signing the leasing agreement shall be recorded in the asset value of the current period. The unrecognized financing charge shall be amortized to each period during the lease term at the actual rate.

The depreciation method of fixed assets acquired under finance lease is consistent with that for the Company's fixed assets. If the Company can reasonably confirm that it will obtain the ownership of leased asset at the end of lease term, the leased asset shall be depreciated during the useful life of the leased asset. If the Company cannot reasonably confirm that it will obtain the ownership of leased asset at the end of lease term, the leased asset shall be depreciated during shorter of the useful life of the leased asset and the lease term.

### (3) Depreciation method of various fixed assets

Categories	Estimated useful life (years)	Residual value (%)	Annual depreciation rate (%)
Houses & buildings	30-40	5%	2.38-3.17%
Machineries	10-18	5%	5.28-9.5%
Electronic equipment	3-8	5%	11.88-31.67%
Vehicles	4-12	5%	7.92-23.75%
Other equipments	8	5%	19%

### (4) Impairment test method and withdrawal method for impairment provision of fixed assets

The Company checks the fixed asset at the period end, if it has the following situations, then the Company shall check the recoverable amount to judge whether such asset has been impaired. Where its recoverable amount is lower than its book value, the Company shall, basing on the difference between the recoverable amount and the relevant book value, make the provision for the impairment of the assets. When withdrawing the impairment provision for a single asset, and if it is difficult to do so, it shall determine the recoverable amount of the group assets on the basis of the asset group to which the asset belongs. Once the impairment loss was recognized, it will not be switched back in coming fiscal terms.

- ① The current market price of assets falls, and its decrease is obviously higher than the expected drop over time or due to the normal use;
- ② The assets have become obsolete or have been damaged substantially;
- ③ The expected usage mode of an asset has significant adverse change, such as the asset becomes idle, or the Company plans to discontinue or to reorganize the business of the asset, or dispose of an asset before the previously expected date, etc., which cause adverse impact on the Company;
- ④ The economic, technological or legal environment in which the enterprise operates, or the market where the assets is situated will have any significant change in the current period or in the near future, which will cause adverse impact on the enterprise;
- ⑤ The market interest rate or any other market investment return rate at the same period has risen in the current period, and thus the discount rate of the enterprise for calculating the expected future cash flow of the assets will be affected, which will result in great decline of the recoverable amount of the assets;
- ⑥ Any evidence in the internal report of the enterprise shows that the economic performance of the assets have been or will be lower than the expected performance, for example, the net cash flow created by assets or the operating profit (or loss) realized is lower (higher) than the excepted amount, etc.;
- ⑦ Other evidence indicates that the impairment of assets has probably occurred.

## 15. Construction in Progress

### (1) Categories of construction in process

Construction in progress is accounted according to projects approval classification and defined project costs in compliance with actual expenses. Self-operating project is calculated according to direct materials, direct wages and direct construction fees, etc; contract project is calculated according to payable project costs; plant

engineering is calculated according to the value of the installation equipment, installation fee and project test run. Costs of construction in progress contains borrowing costs which should be capitalized and exchange gains and losses.

(2) Standards and time of transferring construction in process into fixed asset

Construction in progress is transferred to fixed assets by project budget, construction cost or actual project cost when the project is substantially ready for its intended use, and made provision for depreciation from the next month. Then the Company shall adjustment on the difference caused by the original value of fixed assets after finishing the final account.

(3) Impairment test method and withdrawal method for impairment provision of construction in process

At the end of the year, the Company shall assess the overall construction in progress, if there is evidence providing that the value of project was impaired, the Company shall estate the recoverable amount, and make the provision for the impairment loss in accordance with the balance of the project's recoverable amount lower than its book value. Once any loss of asset impairment is recognized, it shall not be switched back in the future accounting periods.

## **16. Borrowing costs**

(1) Recognition principles for capitalization of borrowing costs

The borrowing costs shall include interest on borrowings, amortization of discounts or premiums on borrowings, ancillary expenses, and exchange balance on foreign currency borrowings. The Company's borrowing costs, caused by occupying the special borrowings or general borrowings to gain the fixed assets, investment properties, and inventories that need one year or more than one year's acquisition or construction, shall be capitalized, and recorded in the cost of relevant assets. Other borrowing costs shall be recognized as expense upon their occurrence, and recorded into current profits and losses. The relevant borrowing expenses start to be capitalized when all of the followings are satisfied:

- 1 The capital expenditures have incurred;
- 2 The borrowing costs have incurred;
- 3 The acquisition and construction activities that are necessary to bring the asset to its expected usable condition have commenced.

(2) Capitalization period of borrowing costs

The borrowing costs caused by acquiring or constructing fixed assets, investment properties and inventories, which meet the above capitalization conditions and happened before the assets reaching expected useful status or available-for-sale status, shall be recorded into costs of assets. Capitalization of borrowing costs shall be suspended during periods in which the acquisition or construction is interrupted abnormally, and the interruption period is three months or longer. These borrowing costs shall be recognized directly in profit or loss during the current period until the acquisition or construction activities resume again; Capitalization of borrowing costs ceases when the qualifying asset being acquired or constructed is substantially ready for its intended use. Subsequent borrowing costs shall be directly recorded into current finance expense upon occurrence.

(3) Period for suspending capitalization of borrowing costs

Provided assets which meet the condition of capitalization in acquisition and construction or manufacture occur abnormal continuous interruption over 3 months, capitalization of borrowing expenses shall be suspended. During the interruption period, borrowing expenses are defined as costs reckoned into current gains and losses until the restart of assets acquisition and construction or manufacture activities. Provided assets which meet the condition

of capitalization in acquisition and construction or manufacture and which reach the standard of expected usage stage or salable stage, capitalization of borrowing expenses shall continue.

Assets meet the condition of capitalization in acquisition and construction or manufacture and reach the standard of expected usage stage or salable stage, capitalization of borrowing expenses shall suspended.

(4) Calculation method of capitalized amount of borrowing costs

To the extent that funds are borrowed specifically for the purpose of acquiring & constructing or producing a qualifying asset, the to-be-capitalized amount of interests shall be determined in light of the actual interests incurred of the specially borrowed loan at the present period minus the income of interests earned on the unused borrowing loans as a deposit in the bank or as a temporary investment.

To the extent that funds are borrowed generally and used for the purpose of acquiring & constructing or producing a qualifying asset, the Company shall calculate and determine the to-be-capitalized amount of interest from the general borrowing by multiplying the weighted average asset disbursement of the part of the accumulative asset disbursements minus the general borrowing by the capitalization rate of the general borrowing used. The capitalization rate shall be calculated and determined in light of the weighted average interest rate of the general borrowing.

## 17. Intangible assets

(1) Pricing method of intangible assets

The intangible assets refer to the land-use right, patent, non-patent technology and software.

Intangible assets purchased are booked at the actual cost to purchase and relative expenses.

Intangible assets inputted by investors are booked at the contract or agreement price, but if the contract or agreement price is not fairly acceptable, it will be booked at fair value.

Intangible assets is acquired by exchange of non-monetary assets, if this transaction has commercial substance, the fair values of these swap-out assets will be deemed as the initial investment cost of intangible assets; if the non-currency asset exchange does not have commercial substance, the carrying amount of these swap-out assets will be deemed as the initial investment cost of intangible assets.

Intangible asset is acquired by debt reorganization, which shall be recognized by the fair value.

Expenditures for the self-researched and developed intangible asset incurred during its research phase shall be recognized as current profits and losses upon its occurrence. Expenditures incurred during the development phase shall be recognized as an intangible asset if, and only if, the Company can demonstrate all of the following:

- ① It is feasible technically to finish intangible assets for use or sale;
- ② It is intended to finish and use or sell the intangible assets;
- ③ There is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself
- ④ It is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources;
- ⑤ The development expenditures of the intangible assets can be reliably measured.
- ⑥ The use of the intangible products cycle is more than 1 year.

(2) Estimated useful life of intangible assets with limited useful life

Item	Estimated useful life	Basis
Land usage right	Beneficial years	Straight-line method

Non-patented technology	Years stimulated in contract or beneficial years	Straight-line method
-------------------------	--	----------------------

### (3) Withdrawal of impairment provision of intangible assets

The Company shall carry out impairment test on intangible assets without certain useful life, such as trade mark, at year-end. And the Company shall estimate its recoverable amount and make the provision for impairment loss of such intangible asset by the balance of the recoverable amount lower than its book value.

The Company shall check the other intangible assets at the year-end, where there is any evidence indicating a possible impairment of assets, the Company shall estimate the recoverable amount, and make provision for impairment losses of such intangible asset in accordance with the balance of the recoverable amount lower than the book value. Once intangible asset impairment losses are recognized, they will not be written back in successive fiscal periods.

- ① It has been replaced by other new technologies, and significantly decreased its ability to create economic interests for the company;
- ② The price fell sharply in current period, and is not expected to increase in its remaining amortization period;
- ③ Over the time limit of legal protection, but still has some use-value;

Other facts that prove the assets actually impaired.

### (4) Criteria of dividing the research phase and development phase of internal R&D project

The term "research" refers to undertaking of collecting relevant materials, conducting market research on the basis of planned investigation, which means the research project has received approval from the Board of Directors or relevant management level.

The term "development" refers to the application of research achievements and other knowledge to a certain plan or design, prior to the commercial production or use, so as to produce any new material, device or product, or substantially improved material, device and product.

### (5) Calculation of the expenditures of internal R&D project

Expenditures of internal R&D project in researching stage shall be reckoned into current gains and losses; expenditures of internal R&D project in developing stage which meet the conditions as following are referred to as intangible assets, otherwise it shall be reckoned into current gains and losses:

- ① Completing the intangible asset in order to enable it to be used or sold or technically feasible;
- ② Having the intention to complete the intangible asset and use or sale;
- ③ The way intangible asset producing economic benefit, including providence of making the products produced by the intangible asset or the intangible assets in the market. Intangible asset which is used internally shall be proved its feasibility;
- ④ having enough support from technology, financial resources and other resources to complete the development of the intangible asset, and enabling to sale or use the intangible asset.
- ⑤ Expenditures of the intangible asset in developing stage can be definitely calculated.

The expenses which are reckoned into gains and losses in the period-begin are not longer defined as assets. Expenses which are capitalized in developing stage shall be marked in balance sheet as developing expenditure, and transferred into intangible assets when the project reaches the stage of usage.

## 18. Amortization method of long-term deferred expenses

The Company recognizes all expenses which have occurred during the period but shall be amortized beyond one year (excluding one year), including expenses of molds and technical guide, etc. The Company amortizes long-term deferred expenses using straight-line method according to relevant beneficial periods or its usage life if there are, otherwise, amortizes in five years.

## 19. Estimated liabilities

**(1) Criteria of estimated liabilities**

When responsibilities occurred in connection to contingent issues, and all of the following conditions are satisfied, they are recognized as estimated liability in the balance sheet:

- ① This responsibility is a current responsibility undertaken by the Company;
- ② Execution of this responsibility may cause financial benefit outflow from the Company;
- ③ Amount of the liability can be reliably measured.

**(2) Measurement of estimated liabilities**

Estimated liabilities are initially measured at the best estimation on the expenses to exercise the current responsibility, and with considerations to the relative risks, uncertainty, and periodic value of currency. When the periodic value of currency is with major influence, then the best estimation will be determined at the discount of future cash outflow. The book value of estimated liability is revised on the balance sheet date, and adjustment will be made to reflect current best estimation.

**20. Share-based payment and equity instruments****(1) Categories of share-based payment**

Share-based payment is divided into payment based on equity and cash.

**(2) Recognition method of fair value of equity instruments**

As for equity instrument such as option in active market, the Company determines its fair value in accordance to the offer in active market. As for equity instrument such as option in inactive market, the Company determines its fair value by equity pricing model.

**(3) Recognition basis of the best estimate of the vested equity instruments**

On every balance sheet date in the waiting period, the company shall reason out the best course to estimate according to the newly information of the vested employee variation and revise the amounts of expected vested equity instruments. On vested days, the amounts of final expected vested equity instruments shall comply with actual vested amounts.

**21. Revenue****(1) Criteria for recognition time of revenue from sale of goods**

When all of the following conditions are satisfied, the sales of goods are recognized as sales income according to the contract amount received or receivable from the buyer:

- ① Main risks and rewards attached to the ownership of the goods have been transferred to the buyer;
- ② No succeeding power of administration or effective control is reserved which are usually attached to ownership;
- ③ Amount received can be reliably measured;
- ④ Related financial benefit may inflow to the Company;
- ⑤ Relative costs, occurred or will occur, can be reliably measured;
- ⑥ When collection of contract payment is by differed way, and practically with financing characters, sales income shall be recognized at the fair value of the receivable contract amount.

**(2) Recognition basis of revenue from transferring use rights of assets**

Income is recognized when the financial benefit in connection with the demising of asset using rights was received and the amount can be reliably measured.

**(3) Recognition basis of revenue from rendering labour services**

Revenue from rendering labour services can be determined only when the general revenues and costs of services can be definitely calculated, economic benefits relating to trading can flow into the Company, the degree of the completion of labour services can be determined.

**(4) Recognition basis and method for the schedule of contracted project when recognizing the revenue from providing labour services and construction contract by percentage-of-completion method**

Labor services which begin and finish in the same accounting year shall be determined its revenues upon the completion of the services; Labor services which begin and finish not in the same accounting year shall be determined its revenues by percentage-of-completion method if the outcome of services can be reliably valued on the balance sheet date. The Company measures the completion progress (percentage-of-completion) in accordance with the proportion of the costs incurred against the estimated total costs.

**22. Government grants****(1) Types**

Government grant is monetary assets and non-monetary assets the Company gets from government for free, excluding capital invested by government as owner. Government grants contain subsidiaries relating to assets and revenue.

**(2) Accounting treatment method**

The government subsidies pertinent to income, if used to to retrieve expense or loss of the Company in further period, the government grants are recognized as deferred income, and shall be recorded in profit and loss when that expense or loss occurred. To retrieve expense or loss of the Company in current period, the government grants shall be recorded directly in current profit and loss.

The government subsidies pertinent to assets shall be recognized as deferred income, equally distributed within the useful lives of the relevant assets, and included in the current profits and losses. But the government subsidies measured at their nominal amounts shall be directly included in the current profits and losses.

**23. Deferred income tax assets and liabilities****(1) Recognition basis of deferred income tax assets**

Pursuant to the discrepancies between the book value of assets and liabilities and the tax basis, deferred income tax assets shall be defined by applicable rate during the period of expected withdrawal of the assets or repayment of the liabilities. On the balance sheet date, if enough evidences prove that the taxable income amounts that maybe probably obtained in the future periods may be used to deduct the deductible temporary differences, they will be confirmed as the deferred income tax assets that have not been confirmed in the previous accounting periods. On the balance sheet date, the book value of the deferred income tax assets would be re-checked. If the taxable income amounts that may probably not be obtained in the future periods to deduct benefits of deferred income tax assets, the book value of the deferred income tax assets shall be written down. When it is probable to gain enough taxable income amounts, the write-downs shall be retrieved.

**(2) Recognition basis of deferred income tax liabilities**

Pursuant to the discrepancies between the book value of assets and liabilities and the tax basis, deferred income tax assets shall be defined by applicable rate during the period of expected withdrawal of the assets or repayment of the liabilities.



**24. Hedging accounting**

The term "hedging" refers to one or more hedging instruments which are designated by the company for avoiding the risks of foreign exchange, interest rate, commodity price, stock price, credit and etc., and which is expected to make the changes in fair value or cash flow of hedging instrument(s) to offset all or part of the changes in the fair value or cash flow of the hedged item.

The "hedged items" refer to items which make the company faced with changes in fair value or cash flow and are designated as the hedged objectives.

For a hedging which satisfies all the following conditions, the company will deal with it through the hedging accounting method.

- (1) At the commencement of the hedging, the company shall specify the hedging relationship formally and prepare a formal written document on the hedging relationship, risk management objectives and the strategies of hedging.
- (2) The hedging expectation is highly efficient and meets the risk management strategy, which is confirmed for the hedging relationship by the company at the very beginning.
- (3) For a cash flow hedging of forecast transaction, the forecast transaction shall be likely to occur and shall make the company faced to the risk of changes in cash flow, which will ultimately affect the profits and losses.
- (4) The effectiveness of hedging can be reliably measured.
- (5) The hedging is highly effective in the accounting period in which the hedging relationship is designated.

**25. Changes in main accounting policies and estimates**

Were the main accounting policies or estimates changed during the reporting period?

Yes No

(1) Change of accounting policies

Were the main accounting policies changed during the reporting period?

Yes No

(2) Change of accounting estimates

Were the main accounting estimates changed during the reporting period?

Yes No

**26. Correction of previous accounting errors**

Was any accounting error made in previous periods discovered in the reporting period?

Yes No

(1) Retrospective restatement method

Was any previous accounting errors adopting retrospective restatement method discovered in the reporting period?

Yes No

(2) Prospective application method

Was any previous accounting errors adopting prospective application method discovered in the reporting period?

Yes No

**(V) Taxation**

**1. Main taxes and tax rate**

Category of taxes	Tax basis	Tax rate
VAT	Balance of output tax of taxation revenue after deducting input tax.	17%
Business tax	Taxation revenue	5%
Urban maintenance and construction tax	Payable circulating tax amount	7%
Corporate income tax	Payable income tax amount	25% or 15%
Education Surcharge	Payable circulating tax amount	5%
Flood Control Security Fund	Operating revenue	0.1% or 0.06%
Levee fee	Circulating tax amount	2%

The income tax rates adopted by each subsidiary and branch factory

**2. Tax preference and official documents**

The Company and its subsidiaries Hefei Media Washing Machine Co., Ltd., Wuxi Little Swan GE Co., Ltd., Wuxi Filin Electronics Co., Ltd. and Jingzhou Little Swan Sanjin Electrical Appliances Co., Ltd. got “High Technology Enterprises Certificate” respectively in March 2009, November 2008, March 2009, May 2009 and November 2011 with certificate number respectively GR200932000077, GR200834000011, GR200932000078, GR200932000397 and GR201142000211. The Company and its subsidiaries Hefei Media Washing Machine Co., Ltd., Wuxi Little Swan GE Co., Ltd., Wuxi Filin Electronics Co., Ltd. have expired 3 years and passed the reexamination, obtaining reexamination certificates respectively in June 2012, October 2011, May 2012, August 2012 with certificate number respectively GF201232000096, GF201134000043, GF201232000077, GF201232000673. According to Circular of the State Administration of Taxation on the Issues concerning the Administration of Enterprise Income Tax Deduction and Exemption (Guo-Shui-Fa [2008] No. 111 document) and Circular of the State Administration of Taxation on the Issues concerning Hi-tech Enterprise Paying Corporate Income Tax in 2008 (Guo-Shui-Han [2008] No. 985), the Company and its subsidiary, Hefei Royalstar Water Industry Facilities Co., Ltd., and Wuxi Little Swan GE Co., Ltd. as well as Wuxi Filin Electronics Co., Ltd. were approved to enjoy income tax rate 15%.

**(VI) Business combination and consolidated financial statements****1. Subsidiaries**

## (1) Subsidiaries obtained by establishment and investment

Subsidiaries	Type	Registered place	Business nature	Registered capital	Business scope	Actual amount of investments at the period-end	Other essential investment	The proportion of holding shares (%)	The proportion of voting rights (%)	Included in consolidated statement	Minority interest	Deductible minority interests	Balance of parent company's equity after deducting the difference that loss of minority interests exceed equity obtained by minority shareholders
Wuxi Little Swan General Electric Appliances Co. , Ltd.	Holding subsidiaries	Wuxi	Production	28,000,000.00	Manufacture of washing machine and dryers	19,600,000.00		70%	70%	Yes	36,966,644.54		
Wuxi Little Swan Driving & Control Development Technology Co. , Ltd.	Holding subsidiaries	Wuxi	R&D	5,000,000.00	Development & research of driving& control technology	4,500,000.00		97.3%	100%	Yes	311,417.25		
Wuxi Filin Electronics Co. , Ltd.	Holding subsidiaries	Wuxi	Production	3,624,600.00 USD	Manufacture of computer control components for washing machine	19,620,000.00		73%	73%	Yes	68,393,434.68		
Wuxi Little Swan Washing Machine Co. , Ltd.	Holding subsidiaries	Wuxi	Production	49,679,500.00	Manufacture and sale of commercial washing machine , dryers and spare parts	37,259,600.00		99.91%	99.91%	Yes			-38,040,019.50
Wuxi Meitian Refrigerator	Holding	Wuxi	Trading	4,000,000.00	Sales of	24,840,000.00		75%	75%	Yes			-28,469,737.60

Market Co., Ltd.	subsidiaries			USD	refrigerator								
Jiangsu Little Swan Marketing and Sales Co., Ltd.	Holding subsidiaries	Wuxi	Trading	419,500,000.00	Sales of household electrical appliances	417,550,000.00		99.63%	99.63%	Yes			-65,591,286.57
Wuxi Little Swan Import & Export Co., Ltd	Holding subsidiaries	Wuxi	Import & Export	65,000,000.00	Import & export of electric machine products	57,500,000.00		88.46%	88.46%	Yes			-15,448,148.75
MIDAQI. Little Swan Prima Industries	Wholly-owned subsidiary	Malaysia	Sales	1,000,000.00 USD	Manufacture of washing machine and airconditioners	4,224,700.00		51%	51%	No			
Little Swan International (Singapore) Co., Ltd.	Wholly-owned subsidiary	Singapore	Investment	5,000,000.00 USD	Investment	34,052,500.00		100%	100%	Yes			

(2) Subsidiaries obtained by business combination under same control

Unit: RMB Yuan

Subsidiaries	Type	Registered place	Business nature	Registered capital	Business scope	Actual amount of investments at the period-end	Other essential investment	The proportion of holding shares (%)	The proportion of voting rights (%)	Included in consolidated statement	Minority interest	Deductible minority interests	Balance of parent company's equity after deducting the difference that loss of minority interests exceed equity obtained by minority shareholders
Little Swan (Jing Zhou) Electronic Appliances	Wholly-owned subsidiary	Jingzhou	Production	11,070,200.00	Manufacture of washing machines	11,869,400.00		100%	100%	Yes			

Co., Ltd.													
Hefei Media Washing Machine Co., Ltd.	Holding subsidiaries	Hefei	Production	135,520,000.00 USD	Manufacture of washing machines	830,962,300.00		69.47%	69.47%	Yes	471,555,023.96		
Hefei Midea Washing Machine Manufacture Co., Ltd.	Holding subsidiaries	Hefei	Production	20,000,000.00	Manufacture of washing machines	20,000,000.00		90%	90%	Yes	2,065,057.11		

## 2. Explanation on changes in consolidated scope

Explanation on changes in consolidated scope:

MIDAQI. Little Swan Prima Industries has been stopped operation for year, and the closing procedure has started; the Company has made full provision for impairment on long-term investment and it hasn't been combined in the consolidated scope yet.

Applicable Inapplicable

## (VII) Notes on major items in consolidated financial statements of the Company

### 1. Monetary funds

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Amount in foreign currency	Exchange rate		Amount in foreign currency	Exchange rate	
Cash:	--	--	8,000.20	--	--	169,620.72
RMB	--	--	8,000.20	--	--	169,620.72
Bank deposit:	--	--	1,441,512,820.44	--	--	1,292,956,596.28
RMB	--	--	1,218,971,441.06	--	--	1,139,055,658.75
USD	29,942,582.10	6.1787	185,006,232.01	22,185,864.08	6.2855	139,449,248.67
EUR	428,766.65	8.0536	3,453,115.09	587,330.39	8.3176	4,885,179.25
JPY	544,380,537.00	0.0626	34,082,032.28	130,960,172.08	0.0730	9,566,509.61
Other monetary funds:	--	--	103,495,869.68	--	--	111,164,877.65
RMB	--	--	103,495,869.68	--	--	111,164,877.65
Total	--	--	1,545,016,690.32	--	--	1,404,291,094.65

### 2. Trading financial assets

#### (1) Trading financial assets

Unit: RMB Yuan

Item	Closing fair value	Opening fair value
Derivative financial assets	11,809,250.00	1,224,590.00
Total	11,809,250.00	1,224,590.00

### 3. Notes receivable

#### (1) Category of notes receivable

Unit: RMB Yuan

Category	Closing balance	Opening balance
Bank acceptance bill	1,552,287,876.27	2,262,814,443.87
Total	1,552,287,876.27	2,262,814,443.87

(2) Notes transferred to accounts receivable because drawer of the notes fails to execute the contract or agreement, and undue notes endorsed to other parties at the end of the period

Undue notes endorsed to other parties by the Company

Unit: RMB Yuan

Issuing entity	Date of issuance	Expiring date	Amount	Remark
Suning Yunshang Group Co., Ltd. Procurement Center	2013.03.07	2013.09.07	10,000,000.00	
Suning Yunshang Group Co., Ltd. Procurement Center	2013.03.07	2013.09.07	10,000,000.00	
Suning Yunshang Group Co., Ltd. Procurement Center	2013.05.10	2013.11.10	10,000,000.00	
Jiangsu Wuxing Electrical Appliance Co., Ltd.	2013.05.24	2013.11.24	9,100,000.00	
Suning Yunshang Group Co., Ltd. Procurement Center	2013.05.17	2013.11.17	8,293,533.30	
Total	--	--	47,393,533.30	--

#### 4. Accounts receivable

(1) Accounts receivable listed by categories

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Book balance		Bad debt provision				Book balance	
	Amount	Proportion (%)		Amount	Proportion (%)		Amount	Proportion (%)
Accounts receivable for which bad debt provisions are made on the group basis								
Aging group	793,985,030.33	99.88%	42,508,003.85	5.35%	761,867,357.16	99.87%	39,668,452.50	5.21%
Account receivable within the scope of consolidated sheet								
Subtotal of group	793,985,030.33	99.88%	42,508,003.85	5.35%	761,867,357.16	99.87%	39,668,452.50	5.21%
Accounts receivable with insignificant single amount and individually withdrawn bad debt provision	933,477.52	0.12%	933,477.52	100%	1,005,623.68	0.13%	1,005,623.68	100%
Total	794,918,507.85	--	43,441,481.37	--	762,872,980.84	--	40,674,076.18	--

Accounts receivable with significant single amount and individually withdrawn bad debt provision

Applicable Inapplicable

In the groups, accounts receivable adopting aging analysis method to withdraw bad debt provision:

√Applicable □Inapplicable

Unit: RMB Yuan

Aging	Closing balance			Opening balance		
	Book balance		Provision for bad debts			Book balance
	Amount	Proportion		Amount	Proportion	
Within 1 year						
Including:	--	--		--	--	
Subtotal of within 1 year	759,425,727.32	95.65%	37,971,286.37	752,659,402.92	98.79%	37,632,970.15
1-2 years	26,488,726.85	3.34%	2,648,872.68	409,218.54	0.05%	40,921.85
2-3 years	7,550,768.72	0.95%	1,510,153.74	8,376,218.80	1.1%	1,675,243.76
Over 3 years	355,290.94	0.04%	213,174.56	258,000.40	0.04%	154,800.24
3 to 4 years	355,290.94	0.04%	213,174.56	258,000.40	0.03%	154,800.24
4 to 5 years	164,516.50	0.02%	164,516.50	164,516.50	0.02%	164,516.50
Over 5 years	793,985,030.33	--	42,508,003.85	761,867,357.16	--	39,668,452.50

In the groups, accounts receivable adopting balance percentage method to withdraw bad debt provision

□Applicable √Inapplicable

In the groups, accounts receivable adopting other methods to withdraw bad debt provision

□Applicable √Inapplicable

Other closing individually insignificant but provisions for bad debts individually accounts receivable:

√Applicable □Inapplicable

Unit: RMB Yuan

Content of accounts receivable	Book balance	Bad debt provision	Withdrawal proportion	Reason for withdrawal
Wuxi Shengchao Petrochemical Metallurgy Factory	801,084.02	801,084.02	100%	Difficult to withdraw
Wuxi Panasonic Refrigerator Co., Ltd.	76,255.55	76,255.55	100%	Difficult to withdraw
Yanfeng Weishitong Automotive Electronics Co., Ltd.	21,342.86	21,342.86	100%	Difficult to withdraw
Shanghai Rujing Electronics Technology Co., Ltd.	15,564.15	15,564.15	100%	Difficult to withdraw
Shanghai Fushitong General Co., Ltd.	13,768.98	13,768.98	100%	Difficult to withdraw
Yanfeng Weishitong Yidong Motormeter Co., Ltd.	5,461.96	5,461.96	100%	Difficult to withdraw
Total	933,477.52	933,477.52	--	--



## (2) Accounts receivable reversed or collected in the reporting period

Unit: RMB Yuan

Content of accounts receivable	Reversed or collected reason	Recognition basis of original bad debt provision	Reversed or collected amount of the accrued bad debt provision	Reversed or collected amount
Suzhou Huagao Technology Co., Ltd.	Through continuous operating business to withdraw the creditor's rights	Left-over from history, several times change of salesmen	12,146.16	12,146.16
Wuxi Shengchao Petrochemical Metallurgy Factory	Advanced received offsetting	Difficult to withdraw	861,084.02	60,000.00
Total	--	--	873,230.18	--

## (3) Information of top 5 accounts receivable

Unit: RMB Yuan

Name of entity	The relationship with the Company	Amount	Aging	Proportion
Singapore Media Electronics Trading Co., Ltd.	retailer	257,699,410.57	Within 1 year	32.42%
Suning Yunshang Group Co., Ltd. Suning Procurement Center	retailer	185,417,601.48	Within 1 year	23.33%
Jilin Media Refrigeration Product Sales Co., Ltd.	retailer	27,559,931.03	Within 1 year	3.47%
Brazil ELECTROLUX DO BRASIL	retailer	17,952,495.22	Within 1 year	2.26%
Yunnan Media Refrigeration Product Sales Co., Ltd.	retailer	16,006,278.57	Within 1 year	2.01%
Total	--	504,635,716.87	--	63.49%

## (4) The amounts due from related parties

Unit: RMB Yuan

Name of entity	The relationship with the Company	Amount	Proportion
Singapore Media Electronics Trading Co., Ltd.	Shareholder controlling company	257,699,410.57	2.42%
PT.Midea Planet Indonesia	Shareholder joint stock company	8,164,361.55	1.03%
MIDEA SCOTT&ENGLISH ELECTRONIICS SDN.BHD	Shareholder joint stock company	7,450,899.95	0.94%

Hefei Hualing Co., Ltd.	Shareholder controlling company	106,215.43	0.01%
Total	--	273,420,887.50	34.4%

## 7. Other accounts receivable

(1) Other accounts receivable disclosed by type:

Unit: RMB Yuan

Category	Closing balance				Opening balance			
	Book balance		Provision for doubtful debts		Book balance		Provision for doubtful debts	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other accounts receivable that provisions for bad debts by group								
Aging group	95,364,383.55	99.28%	5,283,186.91	5.54%	21,500,115.42	98.98%	4,515,597.93	21%
Other account receivable with in the scope of consolidated sheet								
Subtotal of group	95,364,383.55	99.28%	5,283,186.91	5.54%	21,500,115.42	98.98%	4,515,597.93	21%
Other accounts receivable that is individually insignificant but provisions for bad debts individually	692,931.39	0.72%	692,931.39	100%	221,066.34	1.02%	221,066.34	100%
Total	96,057,314.94	--	5,976,118.30	--	21,721,181.76	--	4,736,664.27	--

Other closing accounts receivable that is individually significant and provisions for bad debts individually.

Applicable Inapplicable

In the group, other accounts receivable that provision for bad debts by aging analysis:

Applicable Inapplicable

Unit: RMB Yuan

Aging	Period-end			Period-begin		
	Book balance		Provision for bad debts	Book balance		Book balance
	Amount	Proportion		Amount	Proportion	
Within 1 year						
Including:						

Within 1 year	92,278,485.13	96.76%	4,614,242.44	12,717,942.28	59.15%	635,897.12
Subtotal of within 1 year	1,414,248.41	1.48%	141,424.85	782,868.30	3.64%	78,286.83
1-2 years	1,188,675.89	1.25%	237,735.16	2,638,772.31	12.27%	527,754.46
2-3 years	482,974.12	0.51%	289,784.47	5,217,182.53	24.27%	3,130,309.52
Over 3 years				5,203,958.41	24.2%	3,122,375.05
3 to 4 years	482,974.12	0.51%	289,784.47	13,224.12	0.06%	7,934.47
4 to 5 years				143,350.00	0.67%	143,350.00
Over 5 years	95,364,383.55	--	5,283,186.92	21,500,115.42	--	4,515,597.93

In the group, other accounts receivable that provisions for bad debts by balance percentage:

Applicable Inapplicable

In the group, other accounts receivable that provisions for bad debts by other methods:

Applicable Inapplicable

Other closing individually insignificant but provisions for bad debts individually accounts receivable:

Applicable Inapplicable

Unit: RMB Yuan

Content	Book balance	Provision for bad debts	Withdrawal percentage	Reason
Guangzhou Shibang Human Resource Co., Ltd.	399,265.05	399,265.05	100%	Difficult to withdraw
Qindao Biqin Electromechanical Co., Ltd.	126,359.50	126,359.50	100%	Difficult to withdraw
Suzhou Huichuang Electromechanical Co., Ltd.	51,000.00	51,000.00	100%	Difficult to withdraw
Wuxi Jitong Electromechanical Technology and Development Co., Ltd.	40,780.00	40,780.00	100%	Difficult to withdraw
Wuxi Dongcheng Plastic Metallurgy Co., Ltd. CNY	30,100.06	30,100.06	100%	Difficult to withdraw
Wuxi Meipusuote Electronics Technology Co., Ltd.	21,600.00	21,600.00	100%	Difficult to withdraw
Shenzhen Emerson Household Appliance Applied Technology Co., Ltd.	15,586.02	15,586.02	100%	Difficult to withdraw
Wuxi Xishan Hengfeng Paper Industry Co., Ltd.	2,287.00	2,287.00	100%	Difficult to withdraw
Wuxi Pengde Auto Parts Co., Ltd.	2,136.10	2,136.10	100%	Difficult to withdraw
Wuxi Ruilong Print Co., Ltd.	2,000.00	2,000.00	100%	Difficult to withdraw

Wuxi Second Plastic Factory Co., Ltd.	1,074.66	1,074.66	100%	Difficult to withdraw
Qinzhou Yongsheng Color-printing and Packaging Co., Ltd.	500.00	500.00	100%	Difficult to withdraw
Wuxi Wanji Washing Machine Appliance Co., Ltd.	243.00	243.00	100%	Difficult to withdraw
Total	692,931.39	692,931.39	--	--

## (2) Information of top five other accounts receivable

Unit: RMB Yuan

Name of entity	Relationship with the Company	Amount	Aging	Proportion of the total (%)
Wuxi People' Government Newly Area Management Council Finance Bureau	Government sector	61,614,548.70	Within one year	64.46%
Hefei Financial Treasury Payment Center	Government sector	19,780,310.00	Within one year	20.69%
Wangruiqun	staff	1,839,000.00	Within one year	1.92%
Industrial and Commercial Bank of China Limited, Beijing Branch Assets Custody Account	cooperator	1,200,000.00	Within one year	1.26%
Wuxi China Resources Natural Gas Co., Ltd.	cooperator	688,983.70	Within one year	0.72%
Total	--	85,122,842.40	--	89.05%

**6. Prepayment**

## (1) List by aging analysis:

Unit: RMB Yuan

Aging	Closing balance		Opening balance	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	105,940,641.86	93.34%	88,507,679.47	91.07%
1 year to 2 years	6,100,626.29	5.38%	8,131,834.74	8.37%
2 years to 3 years	1,455,690.49	1.28%	548,920.00	0.56%
Total	113,496,958.64	--	97,188,434.21	--

## (2) Information of the top 5 prepayment

Unit: RMB Yuan

Name of entity	Relationship with the Company	Amount	Aging	Reason for unsettled
Yanshan Operating Dept. of Sinopec Chemical Sales Company Limited	Supplier	16,985,200.00	Within one year	Advance land payment
Suzhou Jiahe Plastic Industry Co., Ltd.	Supplier	16,500,000.00	Within one year	Advance land payment
Shanghai Shabo Basis Trade&Commerce Co., Ltd.	Supplier	13,676,000.00	Within one year	Not service was provided
East China Chemical Sales of PetroChina Company Limited	Supplier	13,395,000.00	Within one year	Advance material payment
Anhui Power Company Hefei Power Supply Company	Supplier	6,111,708.00	Within one year	Advance material payment
Total	--	66,667,908.00	--	--

## 7. Inventory

### (1) Category

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment of inventories	Book value	Book balance	Impairment of inventories	Book value
Raw materials	41,676,802.04	10,282,088.44	31,394,713.60	51,824,769.90	717,694.85	51,107,075.05
Construction contract assets	9,414,188.02		9,414,188.02	10,576,555.01		10,576,555.01
Inventory goods	640,581,273.39	25,283,489.31	615,297,784.08	916,584,493.31	25,520,262.69	891,064,230.62
Total	691,672,263.45	35,565,577.75	656,106,685.70	978,985,818.22	26,237,957.54	952,747,860.68

### (2) Impairment of inventories

Unit: RMB Yuan

Category	Opening balance	Increase	Decrease		Closing balance
			Reversal	Written off	
Raw materials	717,694.85	9,564,393.59			10,282,088.44
Inventory goods	25,520,262.69	155,098.50		391,871.88	25,283,489.31
Total	26,237,957.54	9,719,492.09		391,871.88	35,565,577.75

## 8. Other current assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
------	-----------------	-----------------

Bank financing	1,798,000,000.00	1,171,940,000.00
Deferred expense-module	12,548,618.45	29,231,819.72
Total	1,810,548,618.45	1,201,171,819.72

## 9. Available-for-sale financial assets

### (1) Information of available-for-sale financial assets

Unit: RMB Yuan

Item	Closing fair value	Opening fair value
Available-for-sale equity instruments	242,256.00	286,944.00
Total	242,256.00	286,944.00

In the reporting period, the Company reclassified the held-to-maturity investment into available-for-sale financial assets, a total of RMB0.00 was reclassified, which takes 0% of total matured investment before reclassification.

## 10. Investment to joint ventures and associated enterprises

Unit: RMB Yuan

Name of investee	Percentage of holding shares of the Company	Voting percentage of the Company in investee	Total closing assets	Total closing liabilities	Net closing assets	Total operation revenue of the reporting period	Net profit of the reporting period
I. Joint ventures							
II. Associated enterprises							
Attend Logistics Co., Ltd.	20%	20%	21,844,469.59	5,149,590.46	16,694,879.13	4,601,237.96	265,625.13

## 11. Long-term equity investment

### (1) List of long-term equity investment

Unit: RMB Yuan

Investee	Accounting method	Initial investment cost	Opening balance	Increase/decrease	Closing balance	Share holding percentage in investee	Voting percentage in investee	Explanation for indifference between the share holding percentage and voting percentage in investee	Impairment provision	Withdrawn impairment provision in the reporting period	Cash bonus in the reporting period
Attend	Equity	2,000,000.00	3,285,850.80	53,125.03	3,338,975.83	20%	20%				

Logistics Co., Ltd.	method										
Hengtai Insurance Brokers Co., Ltd	Cost method	1,000,000.00	1,000,000.00	-1,000,000.00							
Suzhou People's Shopping Mall	Cost method	150,000.00	150,000.00		150,000.00						50,000.00
Bank of Jiangsu Co., Ltd	Cost method	1,100,000.00	1,210,000.00		1,210,000.00						
Inner Mongolia Baotou Department Store Co., Ltd.	Cost method	50,000.00	50,000.00		50,000.00						
(Malaysia) Midaqi Little Swan Prima Industries	Cost method	4,224,744.00				51%	51%		4,224,744.00		
Total	--	8,524,744.00	5,695,850.80	-946,874.97	4,748,975.83	--	--	--	4,224,744.00		50,000.00

## 12. Investment property

### (1) Investment property calculated by cost

Unit: RMB Yuan

Item	Opening book value	Increase in this period	Decrease in this period	Closing book value
I. Total of original book value	6,948,011.11			6,948,011.11
1. Property and building	6,948,011.11			6,948,011.11
II. Total of accumulated depreciation and amortization	1,898,510.38	96,768.00		1,995,278.38
1. Property and building	1,898,510.38	96,768.00		1,995,278.38
III. Total of the net book value of the investment real estate	5,049,500.73	-96,768.00		4,952,732.73
1. Property and building	5,049,500.73	-96,768.00		4,952,732.73
IV. Total of book value of real	5,049,500.73	-96,768.00		4,952,732.73

estate investment				
1. Property and building	5,049,500.73	-96,768.00		4,952,732.73

Unit: RMB Yuan

	Reporting period
Depreciation and amortization amount	96,768.00

**13. Fixed assets**

Unit: RMB Yuan

Item	Opening book balance	Increase in the reporting period		Decrease in the reporting period	Closing book balance
I. Total original book value	1,771,191,499.59	20,005,010.22		27,163,462.33	1,764,033,047.48
Including: Property and building	832,445,990.38	597,215.14			833,043,205.52
Machineries	822,132,516.71	15,923,892.62		25,786,325.57	812,270,083.76
Vehicles	26,378,509.82	246,101.67		867,448.00	25,757,163.49
Electronic equipments and other	90,234,482.68	3,237,800.79		509,688.76	92,962,594.71
--	Opening book balance	Increase in reporting period	Withdrawal in reporting period	Decrease in the reporting period	Closing book balance
II. Accumulated depreciation	457,587,977.26		61,900,273.15	14,275,075.19	505,213,175.22
Including: Property and building	114,521,682.82		16,862,103.00		131,383,785.82
Machineries	276,580,778.39		36,473,849.37	13,549,395.90	299,505,231.86
Vehicles	12,099,850.20		1,450,165.42	394,690.79	13,155,324.83
Electronic equipments and other	54,385,665.85		7,114,155.36	330,988.50	61,168,832.71
--	Opening book balance			--	Closing book balance
III. The net book value of fixed assets	1,313,603,522.33		--		1,258,819,872.26
Including: Property and building	717,924,307.56		--		701,659,419.70
Machineries	545,551,738.32		--		512,764,851.90
Vehicles	14,278,659.62		--		12,601,838.66
Other equipment	35,848,816.83		--		31,793,762.00
IV. Total impairment provision	16,304,996.02		--		16,304,996.02
Including: Property and building	15,098,707.55		--		15,098,707.55
Machineries	776,585.55		--		776,585.55
Vehicles	24,351.50		--		24,351.50
Electronic equipments and	405,351.42		--		405,351.42



other			
V. Total book value of fixed assets	1,297,298,526.31	--	1,242,514,876.24
Including: Property and building	702,825,600.01	--	686,560,712.15
Machineries	544,775,152.77	--	511,988,266.35
Vehicles	14,254,308.12	--	12,577,487.16
Electronic equipments and other	35,443,465.41	--	31,388,410.58

Depreciation amount of this reporting period was RMB 61,900,273.15; original value of RMB 0.000 was transferred into fixed assets from construction project.

#### 14. Construction in progress

##### (1) Construction in progress

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Tianjing Rotary Drum Factory Household Pile Foundation Project				5,533,291.00	5,533,291.00	
Total				5,533,291.00	5,533,291.00	

##### (2) Changes in significant construction in progress

Unit: RMB Yuan

Name of project	Budget	Opening balance	Increase	Transferred to fixed assets	Other decrease	Project input percentage of budget	Project process	Capitalization of interest	Including: capitalization of interest this period	Capitalization of interest rate (%)	Source of funding	Closing balance
Tianjing Rotary Drum Factory Household Pile Foundation Project	7,617,600.00	5,533,291.00			5,533,291.00	72.64%	100					0.00
Total	7,617,600.00	5,533,291.00			5,533,291.00	--	--			--	--	0.00

##### (3) Impairment provision of construction in progress

Unit: RMB Yuan

Item	Opening amount	Increase in the reporting period	Decrease in the reporting period	Closing balance	Reason for withdrawal
Tianjing Rotary Drum Factory Household Pile	5,533,291.00		5,533,291.00	0.00	Land and above-ground structures were returned to local government

Foundation Project					according to the original land selling prices in January.
Total	5,533,291.00		5,533,291.00		--

## 15. Intangible assets

### (1) Information

Unit: RMB Yuan

Item	Opening balance	Increase in the reporting period	Decrease in the reporting period	Closing balance
I. Total original book value	347,207,335.42		83,226,485.67	263,980,849.75
Land use right	343,533,013.86		83,226,485.67	260,306,528.19
Non-patent technology	1,992,000.00			1,992,000.00
Software, etc.	1,682,321.56			1,682,321.56
II. Accumulative amortization	38,026,790.18	2,886,528.31	2,110,059.87	38,803,258.62
Land use right	34,650,420.55	2,792,729.76	2,110,059.87	35,333,090.44
Non-patent technology	1,992,000.00			1,992,000.00
Software, etc.	1,384,369.63	93,798.55		1,478,168.18
III. Total net book value of intangible assets	309,180,545.24	-2,886,528.31	81,116,425.80	225,177,591.13
Land use right	308,882,593.31	-2,792,729.76	81,116,425.80	224,973,437.75
Non-patent technology				
Software, etc.	297,951.93	-93,798.55		204,153.38
IV. Total impairment provision	466,425.80		466,425.80	
Land use right	466,425.80		466,425.80	
Non-patent technology				
Software, etc.				
Total book value of intangible assets	308,714,119.44	-2,886,528.31	80,650,000.00	225,177,591.13
Land use right	308,416,167.51	-2,792,729.76	80,650,000.00	224,973,437.75
Non-patent technology				
Software, etc.	297,951.93	-93,798.55		204,153.38

Amortization was of RMB 2,886,528.31 in the reporting period.

## 16. Long-term amortization expense

Unit: RMB Yuan

Item	Opening balance	Increase	Amortization balance	Other decrease	Closing balance	Reason for other decrease
Module	23,756,706.29	1,185,470.08	11,994,070.95		12,948,105.42	
IT consultant	3,217,355.94	516,000.00	1,315,827.51		2,417,528.43	

expense						
Improvement of lease expense	755,855.64		354,850.92		401,004.72	
Total	27,729,917.87	1,701,470.08	13,664,749.38		15,766,638.57	--

## 17. Deferred tax assets and liabilities

### (1) Deferred tax assets and liabilities are not listed as the net value after offset

Confirmed deferred tax assets and liabilities

Unit: RMB Yuan

Item	Closing amount	Opening amount
Deferred income tax assets:		
Provision for assets impairment	12,841,573.76	10,841,379.05
Remuneration and dismiss expense	5,778,963.10	6,335,180.75
Withdrawal expense	79,242,392.92	69,848,344.20
Internal unrealized profit	6,221,287.66	9,669,597.27
Estimated liabilities	2,197,842.66	2,106,204.21
Deferred income (government subsidy)	138,030.00	190,770.00
Investment differences	1,317,443.38	1,317,443.38
Subtotal	107,737,533.48	100,308,918.86
Deferred income tax liabilities:		
Estimated value of trading financial instruments, derivative financial instruments	1,771,387.50	183,688.50
Fair value changes on available-for-sale financial assets that recognized into capital reserves	21,293.40	27,996.60
Subtotal	1,792,680.90	211,685.10

Unconfirmed deferred tax assets and liabilities

Unit: RMB Yuan

Item	Closing amount	Opening amount
Deductible temporary differences	15,668,879.30	21,677,550.56
Deductible losses	58,934,274.13	56,550,772.09

Total	74,603,153.43	78,228,322.65
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**Notes of taxable differences and deductible differences between projects**

Unit: yuan

Item	Amount	
	End of the period	Opening of the period
<b>Item of taxable differences</b>		
Estimated value of trading financial instruments	11,809,250.00	1,224,590.00
Changes in the fair value of Available-for-sale financial assets	141,956.00	186,644.00
<b>Subtotal</b>	<b>11,951,206.00</b>	<b>1,411,234.00</b>
<b>Item of deductible differences</b>		
Preparation for the impairment of assets	85,610,491.85	72,244,281.49
Payment and dismissal costs	38,526,420.67	42,234,538.30
Accrued expenses	528,282,619.45	465,655,628.05
Internal unrealized profits	41,475,251.07	64,463,981.81
Anticipation liabilities	14,652,284.36	14,041,361.41
Deferred income (government subsidies)	920,200.00	1,271,800.00
Investment differences	8,782,955.88	8,782,955.88
<b>Subtotal</b>	<b>718,250,223.28</b>	<b>668,694,546.94</b>

**18. Notes of preparation for the impairment of assets**

Unit: yuan

Item	Book value at the opening of the period	Increase in the period	Decrease in the period		Book value at the end of the period
			Reversal	Written off	
1. Provision for bad debts	45,410,740.45	4,377,995.19	371,135.95		49,417,599.69
2. Inventory falling price reserves	26,237,957.54	9,719,492.09		391,871.88	35,565,577.75
3. Long-term equity investment devaluation provision	4,224,744.00				4,224,744.00
4. Fixed assets depreciation reserves	16,304,996.02				16,304,996.02
5. Construction-in-process depreciation reserves	5,533,291.00			5,533,291.00	
6. Reserve for intangible assets impairment	466,425.80			466,425.80	
<b>Total</b>	<b>98,178,154.81</b>	<b>14,097,487.28</b>	<b>371,135.95</b>	<b>6,391,588.68</b>	<b>105,512,917.46</b>

**Notes: Naught**

**19. Notes payable**

Unit: yuan

Category	Closing amount	Opening amount
Banker's acceptance bill	876,871,919.98	1,003,090,693.95
Total	876,871,919.98	1,003,090,693.95

**The amount due of next accounting period is RMB 876,871,919.98.**

**20. Accounts receivable****(1) Notes**

Unit: yuan

Item	Closing amount	Opening amount
Within 1 year	1,871,368,933.05	2,044,635,160.07
1 to 2 years	59,548,265.71	47,405,124.51
2 to 3 years	18,173,168.35	9,750,315.03
3 to 5 years	16,204,412.48	15,836,998.95
Over 5 years	8,496,532.69	12,351,984.74
Total	1,973,791,312.28	2,129,979,583.30

**(2) Notes of large amount of accounts payable aged over one year**

**The total of the accounts payable aged over one year is RMB 10,242,240,000, mainly is the not yet settled accounts payable for equipment and payment for goods.**

**21. Deposit received****(1) Notes**

Unit: yuan

Item	Closing amount	Opening amount
Within 1 year	701,364,046.75	770,534,048.23
1 to 2 years	5,583,954.73	7,213,629.28
2 to 3 years	6,098,426.76	1,928,106.72
3 to 5 years	12,881,517.72	12,450,147.61
Over 5 years	11,740,567.91	12,315,711.00
Total	737,668,513.87	804,441,642.84

**(2) Notes of the advances received aging over one year**

The total is RMB 3,630,450,000, mainly is the unsettled advances received.

**22. Payroll payable**

Unit: yuan

Item	Book value at the opening of the period	Increase in the period	Decrease in the period	Book value at the end of the period
I. Salary, bonus, allowance, subsidy	58,136,514.42	222,061,836.19	236,583,102.77	43,615,247.84
II. Employee welfare	4,222,517.84	9,559,769.82	9,946,667.29	3,835,620.37
III. Social insurance	7,797,272.02	47,850,484.79	44,282,762.60	11,364,994.21
IV. Housing fund	6,161,915.24	9,147,145.00	9,244,219.56	6,064,840.68
V. Redemption for terminations of labor contract	45,774,549.79	1,725,749.98	6,218,175.89	41,282,123.88
VI. Others	3,809,893.78	2,928,249.88	3,012,660.98	3,725,482.68
Total	125,902,663.09	293,273,235.66	309,287,589.09	109,888,309.66

**RMB 0.00 is the amounts in arrears in the payroll payable.**

**The labor union budget and employee education budget is RMB 3,725,482.68, and the non-monetary benefits are RMB0.00, as well as the compensation for terminating the labor contract is RMB 41,282,123.88.**

**23. Taxes payable**

Unit: yuan

Item	Closing amount	Opening amount
Value-added tax	-54,438,252.61	-59,759,954.01
Consumption tax	1,898,963.13	1,930,713.13
Business tax	73,932,244.39	38,520,975.00
Corporate income tax	1,829,045.41	1,541,484.10
Personal income tax	1,966,281.88	498,728.40
Urban maintenance and construction tax	1,340,618.95	131,494.23
Property tax	1,774,570.96	1,376,460.23
Land use tax		350,261.21
Stamp tax	1,433,796.64	106,658.87
Education surtax	14,747,418.00	9,612,869.00
Other	12,037,664.81	1,869,261.43

Total	56,522,351.56	-3,821,048.41
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## 24. Other accounts payable

### (1) Notes

Unit: yuan

Item	Closing amount	Opening amount
Within 1 year	24,150,519.86	39,791,570.09
1 to 2 years	23,632,082.33	17,330,598.41
2 to 3 years	1,626,148.80	5,188,603.80
3 to 5 years	6,342,345.86	7,999,362.70
Over 5 years	280,150.00	1,416,217.37
Total	56,031,246.85	71,726,352.37

### (2) Notes of the other large amount accounts payable aging over 1 year

Mainly led by the unsettled temporary receipts and owed receipts.

### (3) Notes of other accounts payable with significant amount

Other accounts payable with significant amount is the temporary income margin.

## 25. Estimated liabilities

Unit: yuan

Item	Opening amount	Increase in the period	Decrease in the period	Closing amount
Product quality assurance	14,041,361.41	832,543.55	221,620.60	14,652,284.36
Total	14,041,361.41	832,543.55	221,620.60	14,652,284.36

### Notes:

The washing machines produced by subsidiary of the company, Wuxi Little Swan General Electric Co., Ltd., are mainly sold to the United States and other foreign markets. Overseas sale of these washing machines involves the two kinds of risks: 1) The insurance company may only afford an insufficient compensation when the quality problems take place, and 2) there is a risk of liability for damages when the failure rate is higher than FCR stipulated in the contract with General Electric Company. As of 30 Jun. 2013, the company has a risk loss of RMB 1,465,230,000 for the sold products.

## 26. Account payable special funds

Unit: yuan

Item	Opening amount	Increase in the period	Decrease in the period	Closing amount	Notes
Relocation compensation	2,607,427.30		58,402.00	2,549,025.30	
Total	2,607,427.30		58,402.00	2,549,025.30	--

**Notes:**

**The account payable special funds at the end of the period owns to the needs of urban planning. Wuxi New District Xin'an Street Relocation Office had replaced land with the Company's holding subsidiary, Wuxi Feiling Electronics Co., Ltd., and at the same time made up for the original buildings on the land.**

**27. Other non-current liabilities**

Unit: yuan

Item	Book value at the end of the period	Book value at the opening of the period
Funding of National enterprise technology center innovation capability project	300,000.00	600,000.00
Substation reconstruction aid	302,600.00	327,800.00
Special guide funding of provincial modern service industry development	317,600.00	344,000.00
Total	920,200.00	1,271,800.00

**Notes of other non-current liabilities, including all kinds of government grants and closing balance associated with assets and income.**

**28. Share capital**

Unit: yuan

	Opening amount	Increase/Decrease (+/-)					Closing amount
		Issuing new shares	Bonus shares	Capitalization of public reserves	Other	Subtotal	
Total shares	632,487,764.00						632,487,764.00

**29. Capital reserves**

Unit: yuan

Item	Opening amount	Increase in the period	Decrease in the period	Closing amount
Capital premium (share capital premium)	1,055,182,718.57			1,055,182,718.57
Capital reserves transferred from original system	39,179,385.00			39,179,385.00
Gains and losses from fair value changes	158,647.40		37,984.80	120,662.60



Equity investment preparation	1,638,562.74			1,638,562.74
Share-based payment	33,250,000.00			33,250,000.00
Total	1,129,409,313.71		37,984.80	1,129,371,328.91

**Notes:**

The amount decreased in this period is RMB 37,984.80, which is the changes of gains and losses of fair value of available-for-sale financial assets this year.

**30. Surplus reserves**

Unit: yuan

Item	Opening amount	Increase in the period	Decrease in the period	Closing amount
Statutory surplus reserves	270,617,248.93			270,617,248.93
Total	270,617,248.93			270,617,248.93

**31. Retained profits**

Unit: yuan

Item	Amount	Withdrawal or distributed proportion
Opening balance of retained profits before adjustments	1,656,317,300.32	--
Opening balance of retained profits after adjustments	1,656,317,300.32	--
Add: Net profit attributable to owners of the Company	220,961,466.94	--
Dividend of common stock payable	189,746,329.20	
Closing retained profits	1,687,532,438.05	--

**List of adjustment of opening retained profits:**

- 1) RMB0.00 opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- 2) RMB0.00 opening retained profits was affected by changes on accounting policies.
- 3) RMB0.00 opening retained profits was affected by correction of significant accounting errors.
- 4) RMB0.00 opening retained profits was affected by changes in combination scope arising from same control.
- 5) RMB0.00 opening retained profits was affected totally by other adjustments.

Notes: as for IPO companies, if the accumulated profits were enjoyed by new and original shareholders according to the resolutions made at the shareholders' general meeting before public offering, the Company shall explain clearly; if the accumulated profits were distributed before public offering and enjoyed by the original shareholders according to the resolutions made at the shareholders' general meeting, the Company shall clearly disclose the audited profits of dividends payable enjoyed by the original shareholders.

**32. Revenue and Cost of Sales****(1) Revenue and Cost of Sales**

Unit: yuan

Item	Reporting period	Same period of last year
Sales of main business	3,687,450,129.55	2,805,116,121.47
Other operating income	310,774,206.76	296,212,609.67
Cost of sales	3,005,810,911.14	2,453,880,581.19

**(2) Main business (Classified by industry)**

Unit: yuan

Industry	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Home appliances	3,687,450,129.55	2,726,631,893.14	2,805,116,121.47	2,213,791,209.14
Total	3,687,450,129.55	2,726,631,893.14	2,805,116,121.47	2,213,791,209.14

**(3) Main business (Classified by product)**

Unit: yuan

Product	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Washing machine	3,687,450,129.55	2,726,631,893.14	2,805,116,121.47	2,213,791,209.14
Total	3,687,450,129.55	2,726,631,893.14	2,805,116,121.47	2,213,791,209.14

**(4) Main business (Classified by area)**

Unit: yuan

Area	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Domestic	2,872,344,515.78	1,983,874,080.54	1,744,614,729.04	1,185,059,471.28
Other countries	815,105,613.77	742,757,812.60	1,060,501,392.43	1,028,731,737.86
Total	3,687,450,129.55	2,726,631,893.14	2,805,116,121.47	2,213,791,209.14

**(5) The revenue of sales from the top five customers**

Unit: yuan

Customer	Main business revenue	Proportion of total business revenue (%)
Midea Electric Trading (Singapore) Co.Pte.Ltd.	517,236,107.28	12.94%
Suning Yunshang Group Co., Ltd., Suning Procurement Center	362,762,958.33	9.07%
Guizhou Midea Refrigeration Product Marketing Co., Ltd.	80,289,625.97	2.01%
TOSHIBA INTERNATIONAL PROCUREMENT HONG KONG,LTD.	78,350,015.91	1.96%
Kunming Midea Refrigeration Product Marketing Co., Ltd.	55,387,326.38	1.39%
Total	1,094,026,033.87	27.37%

### 33. Business tax and surtax

Unit: yuan

Item	Reporting period	Same period of last year	Calculation and payment standard
Business tax	5,000.00	451,411.83	
Urban maintenance and construction tax	15,156,953.78	8,913,533.50	
Education surtax	10,795,662.43	6,366,809.66	
Total	25,957,616.21	15,731,754.99	--

### 34. Selling expenses

Unit: yuan

Item	Reporting period	Same period of last year
Employee compensation	76,234,924.20	37,591,671.52
Transportation and handling charges	130,242,382.58	100,095,591.85
Travel expense	12,797,757.82	1,564,617.30
Rental expense	32,455,094.80	46,479,525.65
Installation expense	48,906,375.12	
Spare part expense	14,295,051.53	4,160,039.10
Maintenance expense	39,098,324.93	6,683,604.24
Advertisement, sales promotional expense	169,723,315.28	49,367,239.28
Others	16,212,871.50	37,902,347.02
Total	539,966,097.76	283,844,635.96

**35. Administration expense**

Unit: yuan

Item	Reporting period	Same period of last year
Employee compensation	64,056,529.49	52,808,310.65
Depreciation	11,377,056.42	11,287,000.77
Utility bills	3,688,956.75	5,096,584.20
Quality loss	5,826,771.54	5,004,594.69
Building taxes	5,896,626.16	3,822,657.84
Product certification fee	572,756.78	695,355.19
Share-based payment		
Others	81,673,493.54	44,910,397.85
<b>Total</b>	<b>173,092,190.68</b>	<b>123,624,901.19</b>

**36. Financial expense**

Unit: yuan

Item	Reporting period	Same period of last year
Interest expense	1,760,399.50	4,723,438.16
Less: interest income	-6,020,314.35	-34,084,424.15
Add: exchange loss	22,963,618.21	-2,620,805.28
Add: others	1,439,394.38	1,441,800.51
<b>Total</b>	<b>20,143,097.74</b>	<b>-30,539,990.76</b>

**37. Gains and losses from changes in fair value**

Unit: yuan

Source	Reporting period	Same period of last year
Trading financial assets	10,584,660.00	-4,292,300.00
<b>Total</b>	<b>10,584,660.00</b>	<b>-4,292,300.00</b>

**38. Investment income****(1) Notes**

Unit: yuan

Item	Reporting period	Same period of last year
Long-term equity investment income	50,000.00	163,405.12

accounted by cost method		
Long-term equity investment income accounted by equity method	53,125.03	50,887.51
Investment income received from holding of trading financial assets	4,654,180.00	4,848,500.00
Others	33,824,376.41	
Total	38,581,681.44	5,062,792.63

**(2) Long-term equity investment income accounted by cost method**

Unit: yuan

Name of investee	Reporting period	Same period of last year	Reason for increase/decrease
Suzhou People's Shopping Mall	50,000.00	40,000.00	
Bank of Jiangsu		123,405.12	
Total	50,000.00	163,405.12	--

**(3) Long-term equity investment income accounted by equity method**

Unit: yuan

Name of investee	Reporting period	Same period of last year	Reason for increase/decrease
Attend Logistics Co., Ltd.	53,125.03	50,887.51	
Total	53,125.03	50,887.51	--

**39. Impairment losses**

Unit: yuan

Item	Reporting period	Same period of last year
I. Bad debts losses	4,006,859.24	3,378,437.94
II. Inventory falling price losses	9,719,492.09	-619,115.73
Total	13,726,351.33	2,759,322.21

**40. Non-operating gains****(1) Notes**

Unit: yuan

Item	Reporting period	Same period of last year	Included in the amount of the non-recurring gains and losses of the current period

Total gains from disposal of non-current assets	4,258,090.27	8,366,649.38	4,258,090.27
Including: Gains from disposal of fixed assets	4,258,090.27	8,366,649.38	4,258,090.27
Government grants	7,073,551.50	4,578,571.99	7,073,551.50
Penalty income	4,054,332.64	3,752,149.92	4,054,332.64
Others	2,264,920.80	2,363,356.14	2,264,920.80
Total	17,650,895.21	19,060,727.43	17,650,895.21

**(2) List of government grants**

Unit: yuan

Item	Reporting period	Same period of last year	Notes
VAT refund upon collection	2,708,323.50	902,394.27	
Government grants of foreign trade and economic cooperation for regional development	262,000.00	640,000.00	
Relocation allowance of industrial design	500,000.00		
Foreign trade promoting rewards	1,364,082.00		
Patent grants and new product benefits	116,646.00		
Award of cleaner production projects	100,000.00		
Special guide funding of provincial modern service industry development	26,400.00		
Subsidy on export letter of credit	1,623,000.00	353,200.00	
Subsidy on technology development plan project	300,000.00	300,000.00	
Special funds on business development		1,694,300.00	
Subsidy on developing international famous brand of Jiangsu Province		200,000.00	
Special funds on attracting investment		150,000.00	
Subsidies for AICA of export products		115,200.00	
Rewards on patent by Science Bureau		63,400.00	

Reward for Commending Excellent Enterprises 2011 by Economic and Trade Bureau		50,000.00	
Financial subsidy on the Top Ten Software Corporations of Wuxi		35,000.00	
Others	73,100.00	75,077.72	
<b>Total</b>	<b>7,073,551.50</b>	<b>4,578,571.99</b>	<b>--</b>

#### 41. Non-operating expenses

Unit: yuan

Item	Reporting period	Same period of last year	Included in the amount of the non-recurring gains and losses of the current period
Including: Loss on disposal of fixed assets	3,189,776.67	816,841.83	3,189,776.67
Penalty expense	361,628.40	75,975.18	361,628.40
Local fees (flood prevention and security funds etc.)	2,539,111.79	1,989,888.75	
Others	1,341,975.08	804,741.36	1,341,975.08
<b>Total</b>	<b>7,432,491.94</b>	<b>3,687,447.12</b>	<b>4,893,380.15</b>

#### 42. Income tax expense

Unit: yuan

Item	Reporting period	Same period of last year
Current income tax expense accounted by tax and relevant regulations	48,833,267.58	16,508,665.99
Adjustment of income tax	-5,840,915.65	17,520,440.96
<b>Total</b>	<b>42,992,351.93</b>	<b>34,029,106.95</b>

#### 43. Calculation procedure of basic earnings per share and diluted earnings per share

Item	No.	Reporting period	Same period of last year
Net profit attributable to common shareholders of the Company(NP)	1	220,961,466.94	216,228,135.55

Non-recurring gains and losses of net profit attributable to common shareholders of the Company after deducting influence on income tax	2	34,252,100.32	13,622,676.81
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	3=1-2	186,709,366.62	202,605,458.74
Total shares as at 30 Jun. 2012	4	632,487,764.00	632,487,764.00
Additional shares increased due to capital reserves converted to shares or distribution of dividends, etc. in reporting period	5	-	-
Additional shares due to issuance of new share or debts converted into shares, etc. in reporting period	6	-	-
The number of months from the next month when increasing shares due to issuance of new share or debts converted into shares, etc.	7	-	-
Reduced shares due to buy-back business etc. in reporting period	8	-	-
The number of months from the next month when reducing shares	9	-	-
Number of shares reduced in reporting period	10	-	-
Number of months in reporting period	11	6.00	6.00
Weighted average of common shares issued outside( I )	$12=4+5+6\times7\div11-8\times9\div11-10$	632,487,764.00	632,487,764.00
Weighted average of common shares issued outside adjusted for merger under common control(II )	13	632,487,764.00	632,487,764.00
Basic earnings per share( I )	$14=1\div13$	0.35	0.34
Basic earnings per share( II )	$15=3\div12$	0.30	0.32
Diluting potential common share interests recognized as expenses	16	-	-
Income tax rate	17	15%	15%
Transformation expense	18	-	-
Amount of shares increased by transforming or	19		



exercising of company bond, subscription certificate, or share option		-	-
Diluted EPS( I )	$20=[1+(16-18)\times(1-17)]\div(13+19)$	0.35	0.34
Diluted EPS( II )	$21=[3+(16-18)\times(1-17)]\div(12+19)$	0.30	0.32

#### 44. Other comprehensive income

Unit: yuan

Item	Reporting period	Same period of last year
1. Profits/(losses) from available-for-sale financial assets	-44,688.00	-56,448.00
Less: Effects on income tax generating from available-for-sale financial assets	-6,703.20	-8,467.20
Subtotal	-37,984.80	-47,980.80
2. Converted amount of foreign currency financial statements	-531,706.86	119,668.34
Subtotal	-531,706.86	119,668.34
Total	-569,691.66	71,687.54

#### 45. Notes of Cash Flow Statement

##### (1) Other cash received relevant to operating activities

Unit: yuan

Item	Amount
Penalty income	4,054,332.64
Subsidy on income, etc.	4,334,144.58
Interest income from normal bank deposit	6,020,314.35
Actual rent received from operating lease	570,000.00
Other cash income from non-operation	3,969,194.66
Total	18,947,986.23

##### (2) Other cash paid relevant to operating activities

Unit: yuan

Item	Amount
Sales expense paid in reporting period	530,039,605.03
Administration expense paid in reporting period	100,200,294.22
Handling charges for financial expense in reporting period	1,439,394.38

Others	3,560,744.97
<b>Total</b>	<b>635,240,038.60</b>

#### 46. Appendix of Cash Flow Statement

##### (1) Appendix of Cash Flow Statement

Unit: yuan

Item	Reporting period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	235,920,464.23	234,142,192.35
Add: Provision for impairment of assets	13,726,351.33	2,759,322.21
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	61,997,041.15	62,992,296.64
Amortization of intangible assets	2,886,528.31	3,894,350.32
Amortization of long-term deferred expense	13,664,749.38	17,686,233.60
Losses on disposal of property, plant and equipment, intangible assets and other long-term assets (gains: negative)	-1,068,313.60	-7,549,807.55
Losses from changes in fair value (gains: negative)	-10,584,660.00	4,292,300.00
Investment loss (gains: negative)	-38,581,681.44	-5,062,792.63
Decrease in deferred income tax assets (gains: negative)	-7,428,614.62	18,164,285.98
Increase in deferred income tax liabilities (decrease: negative)	1,587,699.00	-643,845.00
Decrease in inventory (gains: negative)	287,313,554.77	191,820,788.31
Decrease in accounts receivable from operating activities (gains: negative)	577,251,722.96	1,659,302,504.82
Increase in payables from operating activities (decrease: negative)	-205,562,545.66	-1,272,360,218.32
Net cash flows generated from operating activities	931,122,295.82	909,437,610.73
II. Investing and financing activities that do not involving cash receipts and payment:	--	--
III. Net increase in cash and cash equivalents	--	--
Closing balance of cash	1,441,520,820.65	2,987,581,854.36
Less: Opening balance of cash	1,293,126,217.00	2,279,653,302.57
Net increase in cash and cash equivalents	148,394,603.65	707,928,551.79

**(2) Composition of cash and cash equivalents**

Unit: yuan

Item	Closing amount	Opening amount
I. Cash	1,441,520,820.65	1,293,126,217.00
Including: cash in hand	8,000.20	169,620.72
Bank deposit can be used for payment at any time	1,441,512,820.44	1,292,956,596.28
II. Closing balance of cash and cash equivalents	1,441,520,820.65	1,293,126,217.00

**XIII. Relationship and Related Party Transactions****1. Particulars about the parent company**

Name of parent company	Relationship	Enterprise nature	Registration place	Legal representative	Business nature	Registered capital	Proportion of parent company's shareholding to the company (%)	Proportion of parent company's voting right to the company (%)	Ultimate controller of the company	Organization code
GD Midea Holding Co., Ltd.	Parent company	Joint stock company	Foshan, Guangdong	Fang Hongbo	Manufacture and sales of commercial air conditioners, refrigerators, washing-machines and compressors, after-sale service of productions	3,384,350,000.00	40.08%	40.08%	He Xiangjian	19033709-2

**2. Particulars about the subsidiaries**

Name of subsidiaries	Relationship	Business type	Registration place	Legal representative	Business nature	Registered capital	Shareholding to the company	Voting right to the company	Organization code
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							y (%)	y (%)	
Wuxi Little Swan General Electric Appliances Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Wuxi	Chai Xinjian	Production	28,000,000.00	70%	70%	76355342-0
Wuxi Little Swan Driving & Control Development Technology Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Wuxi	Chai Xinjian	R&D	5,000,000.00	97.3%	100%	79538539-6
Wuxi Filin Electronics Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Wuxi	Chai Xinjian	Production	3,624,600.00	73%	73%	74815875-6
Wuxi Little Swan Washing Machine Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Wuxi	Chai Xinjian	Production	49,679,500.00	99.91%	99.91%	60792331-1
Wuxi Meitian Refrigerator Market Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Wuxi	Chai Xinjian	Trading	4,000,000.00	75%	75%	71490141-7
Jiangsu Little Swan Marketing and Sales Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Wuxi	Chai Xinjian	Trading	419,500,000.00	99.63%	99.63%	73330538-9
Wuxi Little Swan Import & Export Co., Ltd	Wholly-owned subsidiary	Limited liability company	Wuxi	Chai Xinjian	Import & Export	65,000,000.00	88.46%	88.46%	13600714-8
P.T. Little Swan Prima Industries	Wholly-owned subsidiary	Limited liability company	Malaysia	Zhu Dekun	Trading	1,000,000.00	51%	51%	
Little Swan International (Singapore) Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Singapore	Chai Xinjian	Investment	5,000,000.00	100%	100%	
Tianjin Little Swan Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Tianjin	Fang Hongbo	Production	200,000,000.00	100%	100%	57230359-2
Little Swan (Jingzhou) Electronic Appliances Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Jingzhou	Chai Xinjian	production of washing machine	11,070,200.00	100%	100%	72614223-5
Hefei Midea Washing Machine Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Hefei	Fang Hongbo	production of washing machine	135,520,000.00	69.47%	69.47%	14906761-7

Hefei Midea Washing Machine Manufacture Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Hefei	Fang Hongbo	production of washing machine	20,000,000.00	62.523%	90%	67423 819-7
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### 3. Information on co-operated or joint operated of the Company

Item	Business Type	Registration place	Legal representative	Business scope	Registered capital	Proportion of holding shares (%)	Proportion of voting rights (%)	Relationship	Organization code
1. Co-operated									
2. Joint operated									
Guangzhou Attend Logistics Co. Ltd.	Limited liability company	Guangzhou	Ye Weilong	Logistics services	10,000,000.00	20%	20%	Associates	72993557-2

### 4. Other related parties of the Company

Name of the parties	Relationship	Organization code
GD Midea Holding Co., Ltd.	Company controlling shareholder	19033709-2
Hubei Midea Refrigerator Co. Ltd.	Under control of controlling shareholder of the Company	70696333-5
Midea Electric Trading (Singapore) Co. Pte Ltd	Under control of controlling shareholder of the Company	
Hefei Midea Materials Supply Co., Ltd.	Under control of controlling shareholder of the Company	55183611-1
Hefei Midea Refrigerator Co. Ltd.	Under control of controlling shareholder of the Company	14906759-6
Hefei Hua Ling Share Holding Co., Ltd.	Under control of controlling shareholder of the Company	61031550-1
Hefei Midea Heating & Ventilating Equipment Co., Ltd.	Under control of controlling shareholder of the Company	78115339-1
MIDEA EUROPE GMBH	Holding shares of controlling shareholder of the Company	
PT. Midea Planet Indonesia	Holding shares of controlling shareholder of the Company	
MIDEA SCOTT&ENGLISH ELECTRONILCS SDN.BHD	Under control of controlling shareholder of the Company	
MIDEA ITALIA S.R.L.	Under control of controlling shareholder of	

	the Company	
Midea Electric Espana, S.L.	Under control of controlling shareholder of the Company	
Hefei Bainian Molding Technology Co., Ltd.	Under control of family member close to the actual controller	66293360-0
Hefei Huitong Energy-saving Materials Co., Ltd.	Under control of family member close to the actual controller	56636693-3
Zhongshan Midea Environmental Electric Engineering Products Installation Service Co., Ltd.	Under control of controlling shareholder of the Company's parent company	68445743-0
Wuhu Bainian Technology Development Co., Ltd.	Under control of controlling shareholder of the Company's parent company	75096265-5
Annto Logistics Co. Ltd.	Under control of controlling shareholder of the Company's parent company	71992943-5
Ningbo Annto Logistics Co. Ltd.	Under control of controlling shareholder of the Company's parent company	57051088-9
Jiangsu Midea Chunhua Electric Appliance Co., Ltd.	Under control of controlling shareholder of the Company's parent company	13479435-2
Huai'an Welling Motor Manufacturing Co., Ltd.	Under control of controlling shareholder of the Company's parent company	75968160-6
Guangdong Zhengli Precision Machinery Co., Ltd.	Under control of controlling shareholder of the Company's parent company	72111191-5
Handan Midea Refrigeration Equipment Co., Ltd.	Under control of controlling shareholder of the Company's parent company	67468889-2
Foshan Shunde District Bainian Technology Development Co., Ltd.	Under control of controlling shareholder of the Company's parent company	70807868-X
Foshan Shunde District Bainian Tongchuang Plastic Industrial Co., Ltd.	Under control of family member close to the actual controller	79462671-7

## 5. Related party transactions

### (1) Purchase of goods, services received among the related-party

Unit: yuan

Name of company	Content of related transaction	Pricing principle of related parties	Amount of this period		Amount of last period	
			Amount	Proportion in transactions of the same kind	Amount	Proportion in transactions of the same kind
Ningbo Annto Logistics Co. Ltd.	Logistics service	Market price	48,196,839.91	1.93%	23,463,717.88	1.18%

Hubei Midea Refrigerator Co. Ltd.	Material purchase	Market price	5,437,926.04	0.22%	194,845.68	0.01%
Huai'an Welling Motor Manufacturing Co., Ltd.	Material purchase	Market price	188,867,242.92	7.56%	132,395,847.71	6.64%
Foshan Shunde District Bainian Technology Development Co., Ltd.	Mold material	Market price			222,222.22	0.01%
Hefei Midea Materials Supply Co., Ltd.	Material purchase	Market price	157,245,794.25	6.3%	121,688,477.77	6.1%
Hefei Bainian Molding Technology Co., Ltd.	Material purchase	Market price	48,789,326.26	1.95%	39,481,301.16	1.98%
Hefei Huitong Energy-saving Materials Co., Ltd.	Material purchase	Market price	43,917,322.82	1.76%		
Hefei Huitong New Materials Co., Ltd.	Material purchase	Market price			29,484,171.35	1.48%
Annto Logistics Co. Ltd.	Logistics service	Market price	645,694.94	0.03%		
Guangdong Zhengli Precision Machinery Co., Ltd.	Purchase service	Market price	87,606.84	0%		
Total			493,187,753.98	19.75%	346,930,583.77	17.39%

## Sales of goods, services provided among the related-party

Unit: yuan

Name of company	Content of related transaction	Pricing principle of related parties	Amount of this period		Amount of last period	
			Amount	Proportion in transactions of the same kind	Amount	Proportion in transactions of the same kind
Hefei Bainian Molding Technology Co., Ltd.	Sales of materials	Market price	16,666,419.17	0.42%	26,257,407.35	0.85%
Hefei Midea Refrigerator Co. Ltd.	Sales of electronic products	Market price	28,879.20	0%	1,183,120.26	0.04%
Huai'an Welling Motor Manufacturing Co., Ltd.	Sales of materials	Market price	64,330.59	0%		0%
Hubei Midea Refrigerator Co. Ltd.	Sales of electronic products	Market price		0%	3,835,200.67	0.12%
Midea Electric Trading (Singapore) Co. Pte Ltd	Sales of washing machines	Market price	517,236,107.28	12.94%	585,119,029.41	18.87%
Hefei Huitong Energy-saving Materials Co., Ltd.	Sales of materials	Market price	8,051,388.90	0.2%		
Hefei Huitong New Materials	Sales of materials	Market			14,882,970.07	0.48%

Co., Ltd.		price				
Hefei Hua Ling Share Holding Co., Ltd.	Sales of materials	Market price	330,788.91	0.01%	4,366,304.17	0.14%
PT.Midea Planet Indonesia	Sales of washing machines	Market price	6,816,739.22	0.17%	7,192,798.91	0.23%
MIDEA SCOTT&ENGLISH ELECTRONIICS SDN.BHD	Sales of washing machines	Market price	7,439,098.97	0.19%	15,056,432.44	0.49%
Total			556,633,752.25	13.92%	657,893,263.28	21.21%

## (2) Particulars about related guarantees

Unit: yuan

Guarantor	Guaranteed party	Amount guaranteed	Starting date of guarantee	Ending date of guarantee	Whether guarantee is completely fulfilled
Wuxi Little Swan Co. Ltd.	Hefei Midea Washing Machine Co, Ltd.	59,860,000.00	18, Jan, 2013	18, July, 2013	No
Wuxi Little Swan Co. Ltd.	Hefei Midea Washing Machine Co, Ltd.	63,770,200.00	1, Feb, 2013	28, July, 2013	No
Wuxi Little Swan Co. Ltd.	Hefei Midea Washing Machine Co, Ltd.	46,520,697.80	22, Feb, 2013	22, Aug, 2013	No
Wuxi Little Swan Co. Ltd.	Hefei Midea Washing Machine Co, Ltd.	42,740,000.00	14, Mar, 2013	14, Sep, 2013	No
Wuxi Little Swan Co. Ltd.	Hefei Midea Washing Machine Co, Ltd.	78,312,800.00	20, Mar, 2013	20, Sep, 2013	No
Wuxi Little Swan Co. Ltd.	Hefei Midea Washing Machine Co, Ltd.	23,269,000.00	11, Apr, 2013	11, Oct, 2013	No
Wuxi Little Swan Co. Ltd.	Hefei Midea Washing Machine Co, Ltd.	23,269,000.00	12, Apr, 2013	12, Oct, 2013	No
Wuxi Little Swan Co. Ltd.	Hefei Midea Washing Machine Co, Ltd.	24,746,000.00	10, May, 2013	14, Nov, 2013	No
Wuxi Little Swan Co. Ltd.	Hefei Midea Washing Machine Co, Ltd.	22,847,000.00	8, June, 2013	8, Dec, 2013	No
Total		369,455,697.80			No

## (3) Details of property transfer and debt restructuring between related parties

Unit: yuan

Related party	Type of related transaction	Content of related	Pricing decision-making	Amount of current period	Amount of last period
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		transaction	ng procedure of related transaction	Amount	Proportion in similar transactions (%)	Amount	Proportion in similar transactions (%)
Handan Midea Refrigeration Equipment Co., Ltd.	Asset transferring	Sales of equipment	Market price	840,577.60	5.01%		
Wuhu Bainian Technology Development Co., Ltd.	Asset transferring	Sales of equipment	Market price	2,293,061.07	13.65%		
Foshan Shunde District Bainian Technology Development Co., Ltd.	Asset transferring	Sales of equipment	Market price	1,361,792.35	8.11%		
Foshan Shunde District Bainian Tongchuang Plastic Industrial Co., Ltd.	Asset transferring	Sales of equipment	Market price	3,249,127.47	19.35%		
Total				7,744,558.49	46.11%		

## 6. Amount due to/from related parties

### Receivable from the related parties

Unit: yuan

Item	Name of related parties	Closing amount		Opening amount	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Midea Electric Trading (Singapore) Co. Ltd	257,699,410.57	12,884,970.53	226,480,645.57	11,324,830.37
Accounts receivable	PT. MIDEA PLANET INDONESIA	8,164,361.55	408,218.08	9,162,679.13	458,133.96
Accounts receivable	MIDEA SCOTT&ENGLISH ELECTRONILCS SDN.BHD	7,450,899.95	372,545.00	12,244,315.71	612,215.79
Accounts receivable	Hefei Hua Ling Share Holding Co. , Ltd.	106,215.43	5,310.77	461,954.29	25,921.50
Accounts receivable	Hubei Midea Refrigerator Co. Ltd.			55,579.28	2,778.96
Accounts receivable	GD Midea Heating & Ventilating Equipment Co., Ltd.			383,283.04	19,164.15
Accounts receivable	MIDEA ITALIA S.R.L			706,673.25	70,557.33
Accounts receivable	Hefei Midea Refrigerator Co. Ltd.			43,547.38	2,777.66
Total		273,420,887.50	13,671,044.38	249,538,677.65	12,516,379.72
Advanced money	Hefei Midea Materials Supply Co., Ltd.	582.92			
Advanced money	Huai'an Welling Motor Manufacturing Co., Ltd.	3,000.00			

Total		3,582.92		
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**Payable to the related parties**

Unit: yuan

Item	Name of related parties	Closing amount	Opening amount
Accounts receivable	Huai'an Welling Motor Manufacturing Co., Ltd.	28,842,211.40	40,022,965.01
Accounts receivable	Hefei Midea Materials Supply Co., Ltd.	22,451,239.65	7,956,562.94
Accounts receivable	Hefei Bainian Molding Technology Co., Ltd.	1,621,616.66	15,932,705.63
Accounts receivable	Hefei Huitong Energy-saving Materials Co., Ltd.	3,717,374.49	
Accounts receivable	Hefei Huitong New Materials Co., Ltd.		1,420,794.54
Accounts receivable	Zhongshan Midea Environmental Electric Engineering Products Installation Service Co., Ltd.	137,032.00	137,032.00
Accounts receivable	Guangdong Zhengli Precision Machinery Co., Ltd.		85,200.00
Accounts receivable	Annto Logistics Co. Ltd.	95,833.16	784,905.06
Accounts receivable	Ningbo Annto Logistics Co. Ltd.	6,181,555.67	331,939.49
Accounts receivable	Hubei Midea Refrigerator Co. Ltd.	1,425,666.88	
Accounts receivable	Hefei Hua Ling Share Holding Co. , Ltd.	1,046,811.72	
Total		65,519,341.63	66,672,104.67
Other payable	GD Midea Holding Co., Ltd.		390,636.00
Total			390,636.00
Advance receipt	Midea Electric Trading (Singapore) Co. Ltd	12,651,697.07	
Total		12,651,697.07	

**IX. Contingencies**

**As of 30 June, 2013, no significant Contingencies.**

**X. Commitments****1. Significant commitments**

**As of 30 June, 2013, no significant commitments should be disclosed.**

**XI. Events after the balance sheet date**

**Naught**

**XII. Other significant events****1. Assets and liabilities measured by fair value**

Unit: yuan

Item	Opening amount	Gains and losses of fair value in this period	The cumulative fair value recognized in equity movements	Provision for impairment in this period	Closing amount
1. Financial assets					
2. Derivative financial assets	1,224,590.00	10,584,660.00			11,809,250.00
3. Financial assets available for sale	286,944.00	-44,688.00	120,662.60		242,256.00
Subtotal of financial assets	1,511,534.00	10,539,972.00	120,662.60		12,051,506.00
Total	1,511,534.00	10,539,972.00	120,662.60		12,051,506.00
Financial liabilities	0.00	0.00	0.00		0.00

**2. Financial liabilities and foreign financial liabilities**

Unit: yuan

Item	Opening amount	Gains and losses of fair value in this period	The cumulative fair value recognized in equity movements	Provision for impairment in this period	Closing amount
1. Financial assets					
2. Derivative financial assets	1,224,590.00	10,584,660.00			11,809,250.00
Subtotal of financial assets	1,224,590.00	10,584,660.00			11,809,250.00
Financial liabilities	0.00	0.00			0.00

**XIII. Notes to the financial statements of Parent Company****1. Accounts receivable****(1) Accounts receivable**

Unit: yuan

Items	Closing balance				Opening balance			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Account receivable with consolidated provision for bad debt								
Consolidation 1: aging	364,236,166.34	59.12%	19,280,091.11	5.29%	333,592,268.24	99.74%	17,836,822.90	5.35%

consolidation								
Consolidation 2: account received in the range of consolidated statements	251,035,965.53	40.75%						
Subtotal of consolidation	615,272,131.87	99.87%	19,280,091.11	3.13%	333,592,268.24	99.74%	17,836,822.90	5.35%
Account receivable with small individual amount and provision for bad debt	801,084.02	0.13%	801,084.02	100%	861,084.02	0.26%	861,084.02	100%
Total	616,073,215.89	--	20,081,175.13	--	334,453,352.26	--	18,697,906.92	--

**Note to type of account receivable:****Naught.****Account receivable with large individual amount and provision for bad debt at the end of period** Applicable     Inapplicable**Account receivable in the consolidation with provision for bad debt by aging analysis method:** Applicable     Inapplicable

Unit: yuan

Aging	Closing balance			Opening balance		
	Book balance		Provision for bad debts	Book balance		Provision for bad debts
	Amount	Proportion		Amount	Proportion	
Within 1 year						
Including:	--	--	--	--	--	--
Subtotal	357,234,955.61	98.86%	17,862,000.80	325,737,081.06	97.65%	16,286,854.06
1 to 2 years	210,680.56	0.03%	21,068.06	210,685.97	0.06%	21,068.60
2 to 3 years	6,693,239.63	1.09%	1,338,647.92	7,644,501.21	2.29%	1,528,900.24
Over 3 years	97,290.54	0.02%	58,374.32			
3 to 4 years	97,290.54	0.02%	58,374.32			
Total	364,236,166.34	--	19,280,091.11	333,592,268.24	--	17,836,822.90

**Account receivable in the consolidation with provision for bad debt by balance percentage method:** Applicable     Inapplicable**Account receivable in the consolidation with provision for bad debt by other method:** Applicable     Inapplicable**Account receivable with small individual amount and provision for bad debt at the end of period** Applicable     Inapplicable

Unit: yuan

Content of account receivable	Book balance	Amount of bad debt	Proportion (%)	Reason
Wuxi Shengchao Petrochemical	801,084.02	801,084.02	100%	Hard to take back

Metallurgical Equipment Parts Factory				
Total	801,084.02	801,084.02	--	--

**(2) Particulars about account receivable returned or withdrawn in the reporting period**

Unit: yuan

Content of account receivable	Reason of return or withdrawal	Foundation to confirm provision for bad debt	Accumulated amount of provision for bad debt before return or withdrawal	Amount returned or withdrawn
Wuxi Shengchao Petrochemical Metallurgical Equipment Parts Factory	Offset and reduce of the Consolidation of advances received accounts	Hard to take back	861,084.02	60,000.00
Total	--	--	861,084.02	--

**(3) Top 5 companies with largest amount of account receivable**Unit:  
yuan

Company name	Relationship	Amount	Years limit	Proportion in total amount of account receivable (%)
Suning Yunshang Group Co., LTD. Suning Purchasing Center	seller	144,358,294.43	Within 1 year	23.43%
ELECTROLUX DO BRASIL	seller	18,646,620.51	Within 1 year	3.03%
Jijin Province Midea Refrigeration Sales Co., Ltd.	seller	16,791,811.34	Within 1 year	2.73%
Harbin Heiji Midea Refrigeration Sales Co., Ltd.	seller	12,982,470.06	Within 1 year	2.11%
GOME Electrical Appliances Co., Ltd	seller	7,288,421.51	Within 1 year	1.18%
Total	--	200,067,617.85	--	32.48%

**(4) Account receivable from related parties**

Unit: yuan

Company name	Relationship	Amount	Proportion in total amount of account receivable (%)
MIDEA SCOTT&ENGLISH ELECTRONILCS SDN.BHD	Holding shares of controlling shareholder of the Company	114,219.51	0.02%
PT.Midea Planet Indonesia	Holding shares of controlling shareholder of the Company	3,848,290.84	0.62%
Hefei Midea Washing Machine Co, Ltd	Subsidiary	251,035,965.53	40.75%
Total	--	254,998,475.88	41.39%

**2. Other receivables****(1) Other receivables**

Unit: yuan

Items	Closing balance				Opening balance			
	Book value		Provision for bad debts		Book value		Provision for bad debts	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Other receivables with consolidated provision for bad debt								
Consolidation 1: aging consolidation	73,803,624.85	44.31%	4,003,657.15	5.42%	17,806,355.81	16.26%	3,787,364.45	21.27%
Consolidation 2: other receivables in the range of consolidated statements	92,302,217.12	55.41%	92,285,617.12	99.98%	91,716,023.13	83.74%	91,637,472.43	99.91%
Subtotal of consolidation	166,105,841.97	99.72%	96,289,274.27	57.97%	109,522,378.94	100%	95,424,836.88	87.13%
Other receivables with small individual amount and provision for bad debt	471,865.05	0.28%	471,865.05	100%				
Total	166,577,707.02	--	96,761,139.32	--	109,522,378.94	--	95,424,836.88	--

**Note to type of other receivables:****Naught.****Other receivables with large individual amount and provision for bad debt at the end of period:** Applicable     Inapplicable**Other receivables in the consolidation with provision for bad debt by aging analysis method:** Applicable     Inapplicable

Unit: yuan

Aging	Closing balance				Opening balance			
	Book balance		Provision for bad debts	Proportion	Book balance		Provision for bad debts	Proportion
	Amount	Proportion			Amount	Proportion		
Within 1 year								
Including:	--	--	--	--	--	--	--	--
Subtotal	71,347,539.99	96.67%	3,567,695.18		11,323,747.98	63.59%	566,187.40	
1 to 2 years	1,164,446.41	1.58%	116,444.65		532,175.30	2.99%	53,217.53	
2 to 3 years	1,138,664.33	1.54%	227,732.86		1,034,500.00	5.81%	206,900.00	
Over 3 years	152,974.12	0.21%	91,784.47		4,887,182.53	27.45%	2,932,309.52	

3 to 4 years	152,974.12	0.21%	91,784.47	4,887,182.53	27.45%	2,932,309.52
Over 5 years				28,750.00	0.16%	28,750.00
Total	73,803,624.85	--	4,003,657.15	17,806,355.81	--	3,787,364.45

**Other receivables in the consolidation with provision for bad debt by balance percentage method:**

Applicable     Inapplicable

**Other receivables in the consolidation with provision for bad debt by other methods:**

Applicable     Inapplicable

**Other receivables with small individual amount and provision for bad debt at the end of period:**

Applicable     Inapplicable

**(2) Top 5 companies with largest amount of other receivables**

Unit: yuan

Company name	Relationship	Amount	Years limit	Proportion in total amount of account receivable (%)
Wuxi People's Government New District Management Committee Finance Bureau	Government sector	61,614,548.70	Within 1 year	37.09%
Wang Ruiqun	Staff	1,839,000.00	Within 1 year	1.11%
Industrial and Commercial Bank of China Beijing Branch Special Account for Asset Custody	Partner	1,200,000.00	Within 1 year	0.72%
Wuxi Huarun Gas Co., Ltd.	Partner	688,983.70	Within 1 year	0.41%
Huang Qingqing	Staff	459,870.00	Within 1 year	0.28%
Total	--	65,802,402.40	--	39.61%

**(3) Other account receivables from related parties**

Unit: yuan

Company name	Relationship	Amount	Proportion in total amount of other account receivable (%)
Wuxi Midea Refrigerator Sales Co., Ltd.	Subsidiary	10,968,856.34	6.6%
Wuxi Little Swan Washing Machinery Co., Ltd.	Subsidiary	3,396,698.02	2.04%
Wuxi Little Swan General Electric Co., Ltd.	Subsidiary	16,600.00	0.01%
Wuxi Little Swan Import and Export Co., Ltd.	Subsidiary	1,107,029.55	0.67%
Jiangsu Little Swan Marketing Co., Ltd.	Subsidiary	76,813,033.21	46.24%
Total	--	92,302,217.12	55.56%

## 3. Long-term equity investments

Unit: yuan

Invested entities	Method	Amount of Initial investment	Opening amount	Increase/decrease	Closing amount	Proportions of shareholding (%)	Proportion of voting rights (%)	Explanations on differences between shareholding proportion and voting right proportion	Impairment provision	Accrued impairment provision	Cash dividends
Guangzhou Antaida Logistical Co., Ltd.	Equity method	2,000,000.00	3,285,850.80	53,125.03	3,338,975.83	20%	20%				
Wuxi Little Swan Import & Export Co., Ltd	Cost method	57,500,000.00	57,500,000.00		57,500,000.00	88.46%	88.46%				
Wuxi Little Swan Washing Machine Co., Ltd.	Cost method	37,259,587.50	37,259,587.50		37,259,587.50	75%	75%				
Wuxi Meitian Refrigerator Marketing and Sale Co., Ltd.	Cost method	24,840,000.00	24,840,000.00		24,840,000.00	75%	75%				
Jiangsu Little Swan Marketing and Sales Co., Ltd.	Cost method	417,550,000.00	417,550,000.00		417,550,000.00	99.54%	99.54%				
Wuxi Filin Electronics Co., Ltd.	Cost method	19,620,041.50	25,660,308.10		25,660,308.10	73%	73%				
Wuxi Little Swan General Electric Appliances Co., Ltd.	Cost method	19,600,000.00	19,600,000.00		19,600,000.00	70%	70%				
San Jin(Jing Zhou) Electrical Appliances Co., Ltd.	Cost method	11,869,431.12	11,869,431.12		11,869,431.12	100%	100%				
Wuxi Little Swan Driving & Control	Cost method	4,500,000.00	4,500,000.00		4,500,000.00	90%	90%				



Development Technology Co. , Ltd.											
Little Swan International(Singapore) Co., Ltd.	Cost method	34,052,500.00	34,052,500.00		34,052,500.00	100%	100%				
Hefei Midea Washing Machine Co, Ltd	Cost method	830,962,252.35	830,962,252.35		830,962,252.35	69.47%	69.47%				
Tianjin Little Swan Washing Machine Co. , Ltd.	Cost method	200,000,000.00	200,000,000.00		200,000,000.00	100%	100%				
(Malaysia) Midaqi Little Swan Industry Co., Ltd.	Cost method	4,224,744.00				51%	51%		4,224,744.00		
Hengtai Insurance Brokers Co., Ltd.	Cost method	1,000,000.00	1,000,000.00	-1,000,000.00							
Suzhou People's Shopping Mall(100,000 shares)	Cost method	150,000.00	150,000.00		150,000.00						50,000.00
Bank of Jiangsu Inc. (2,202,564 shares)	Cost method	1,100,000.00	1,210,000.00		1,210,000.00						
Total	--	1,666,228,556.47	1,669,439,929.87	-946,874.97	1,668,493,054.90	--	--	--	4,224,744.00		50,000.00

**4. Operating revenues and costs****(1) Operating revenues and costs**

Unit: yuan

Item	Amount of current period	Amount of last period
Revenue from main business	2,727,383,248.53	1,729,468,582.51
Revenue from other business	183,019,115.33	165,705,963.74
Total	2,910,402,363.86	1,895,174,546.25
Operating costs	2,197,383,259.40	1,465,593,618.16

**(2) Main business (by industry)**

Unit: yuan

Industry	Amount of current period		Amount of last period	
	Operating income	Operating costs	Operating income	Operating costs
Appliances Manufacturing	2,727,383,248.53	2,027,184,268.86	1,729,468,582.51	1,321,093,348.83
Total	2,727,383,248.53	2,027,184,268.86	1,729,468,582.51	1,321,093,348.83

**(3) Main business (by product)**

Unit: yuan

Product	Amount of current period		Amount of last period	
	Operating income	Operating costs	Operating income	Operating costs
Washing machine	2,727,383,248.53	2,027,184,268.86	1,729,468,582.51	1,321,093,348.83
Total	2,727,383,248.53	2,027,184,268.86	1,729,468,582.51	1,321,093,348.83

**(4) Main business (by region)**

Unit: yuan

Region	Amount of current period		Amount of last period	
	Operating income	Operating costs	Operating income	Operating costs
Domestic	2,441,391,796.73	1,761,028,103.60	1,422,198,309.92	994,550,309.79
Other countries	285,991,451.80	266,156,165.26	307,270,272.59	326,543,039.04
Total	2,727,383,248.53	2,027,184,268.86	1,729,468,582.51	1,321,093,348.83

**(5) Operating revenues of the top 5 clients of the company**

Unit: yuan

Name of client	Total operating revenues	Proportion in total operating revenue(%)
Suning Yunshang Group Co., LTD. Suning Purchasing Center	240,301,560.82	8.26%
Midea Electric Trading(Singapore) Co. Ltd	135,672,092.59	4.66%
TOSHIBA INTERNATIONAL PROCUREMENT HONG KONG,LTD.	78,350,015.91	2.69%
Guizhou Midea Refrigeration Sales Co., Ltd.	51,293,541.25	1.76%
Ganshu Midea Refrigeration Sales Co., Ltd.	36,697,719.45	1.26%
Total	542,314,930.02	18.63%

## 5. Investment income

### (1) Details of investment income

Unit: yuan

Item	Amount of current period	Amount of last period
Income from long-term equity investment calculated by cost method	50,000.00	163,405.12
Income from long-term equity investment calculated by equity method	53,125.03	50,887.51
Investment income gained during the period of holding marketable financial assets	3,071,840.00	3,013,700.00
Others	19,567,723.65	
Total	22,742,688.68	3,227,992.63

### (2) Income from long-term equity investment calculated by cost method

Unit: yuan

Invested company	Amount of current period	Amount of last period	Reason of increase/decrease in current period
Suzhou People's Department Store	50,000.00	40,000.00	
Bank of Jiangsu, Inc.		123,405.12	
Total	50,000.00	163,405.12	--

### (3) Income from long-term equity investment calculated by equity method

Unit: yuan

Invested company	Amount of current	Amount of last	Reason of increase/decrease in current
------------------	-------------------	----------------	--

	period	period	period
Guangzhou Antaida Logistical Co., Ltd.	53,125.03	50,887.51	
Total	53,125.03	50,887.51	--

## 6. Appendix of Cash Flow Statement

Unit: yuan

Item	Amount of this period	Amount of last period
I. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	175,420,207.11	173,396,155.41
Add: Provision for impairment of assets	2,850,533.92	-13,852.04
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	29,124,372.80	24,461,367.47
Amortization of intangible assets	1,398,648.06	1,402,556.16
Amortization of long-term deferred expense	11,994,070.95	13,639,702.36
Losses on disposal of property, plant and equipment, intangible assets and other long-term assets(gains: negative)	9,094.71	-5,449,947.67
Loss on retirement of fixed assets(gains: negative)	-6,513,520.00	2,668,300.00
Investment loss(gains: negative)	-22,742,688.68	-3,227,992.63
Decrease in deferred income tax assets(gains: negative)	-8,247,791.44	14,421,731.43
Increase in deferred income tax liabilities(decrease: negative)	977,028.00	-400,245.00
Decrease in inventory(gains: negative)	210,786,341.44	96,058,899.86
Decrease in accounts receivable from operating activities(gains: negative)	257,042,104.21	1,096,344,881.03
Increase in payables from operating activities(decrease: negative)	48,743,611.37	-662,253,362.78
Net cash flows generated from operating activities	700,842,012.45	751,048,193.61
II. Investing and financing activities that do not involving cash receipts and payment:	--	--
III. Net increase in cash and cash equivalents	--	--
Closing balance of cash	804,050,801.77	2,049,502,496.94
Less: Opening balance of cash	848,257,647.96	1,470,854,364.19
Net increase in cash and cash equivalents	-44,206,846.19	578,648,132.75

**XIV. Supplementary information****1. List of non-recurring gains and losses in the period**

Unit: yuan

Item	Amount	Notes
Loss and gains on disposal of non-current assets (Including write-off part of the provision for asset impairment)	1,068,313.60	
Governmental subsidy included in the current profits and losses(is closely related with the business event, except for the governmental subsidy that according to the national unity standard quota or the quantitative regal assets)	7,073,551.50	
Gains and losses of committing others of investment or managing assets	33,824,376.42	Mainly is entrust financial benefits
The reversal of impairment of receivables of the individual impairment test	72,146.16	
Income and expenses of the other operation except for the mentioned above	4,615,649.96	
The other items of gains and losses conforming the definition of non-recurring gains and losses	7,002,321.69	
Less: the effect of income tax	5,399,615.63	
the effect of minority interest (after tax)	34,252,100.32	--

**The company, who defines the gains and losses as the non-recurring items according to the definition outlined in the "Public Company's Information Disclosure Explanatory Notice No. 1 – Extraordinary Items Gains and Losses" and as the recurrent gains and losses which are listed in the "Public Company's Information Disclosure Explanatory Notice No. 1 – Extraordinary Items Gains and Losses" as non-recurring gains and losses, should explain the reason.**

Applicable     Inapplicable

**2. Return on equity and earnings per share**

Unit: yuan

Profits in the reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profits belonging to shareholders of common shares	5.82%	0.35	0.35
Net profits belonging to shareholders of common shares after deducting non-recurring profit and loss	4.92%	0.3	0.3

**3. Main items in the accounting statements and movements thereof**

Item	30 Jun. 2012	31 Dec. 2011	Increase/decrease	Increase/decrease	Reasons for movement
Notes receivable	1,180.93	122.46	1,058.47	864%	Increase of the foreign exchange long-term contracting business contracted with banks
Other receivables	155,228.79	226,281.44	-71,052.66	-31%	Collections from due notes decreased
Inventory	9,008.12	1,698.45	7,309.67	430%	Subsidies for energy payments receivable increased
Other current assets	65,610.67	95,274.79	-29,664.12	-31%	Operating risk reduced and control the scale of Inventories
Notes receivable	181,054.86	120,117.18	60,937.68	51%	Purchasing bank financial products increased
Long-term deferred expense	1,576.66	2,772.99	-1,196.33	-43%	Production molds amortized and devaluated
Tax payable	5,652.24	-382.10	6,034.34	1579%	Tax payable increased due to impact of production and marketing circle
Dividends payable	512.95	371.02	141.93	38%	Dividends of 2012 not paid to certain shareholders
Deferred income tax liabilities	179.27	21.17	158.10	747%	Fair value of transaction financial assets increased
Sales tax and addition	2,595.76	1,573.18	1,022.59	65%	Increased along with the current turnover tax
Sales expenses	53,996.61	28,384.46	25,612.15	90%	Due to the adjustment and increase of the modes of sales and changing of the sales structure.
Management expenses	17,309.22	12,362.49	4,946.73	40%	Mainly due to the increase of the R&D investment.
Financial expenses	2,014.31	-3,054.00	5,068.31	166%	Exchange rate changed, exchange losses increased and the

					gains of bank financial product in this period had been reclassified into investment income.
Loss from impairment of assets	1,372.64	275.93	1,096.70	397%	Losses of the devaluation of raw materials increased
Income from change in fair value	1,058.47	-429.23	1,487.70	347%	Income from change in fair value of foreign exchange long-term contract increased.
Income from investments	3,858.17	506.28	3,351.89	662%	Reclassified the gains of bank financial product in this period from financial expenses into this item.
Non-operating revenues	743.25	368.74	374.50	102%	Losses of disposal of fixed assets increased.
Other comprehensive incomes	-56.97	7.17	-64.14	-895%	Exchange rate and the foreign currency translation differences changed.
Net cash flows from investment activities	-60,014.40	-7,588.90	-52,425.51	-691%	Due to the investment of bank financial products, the cash paid for the investment increased.
Net cash flows from financing activities	-18,258.37	-12,562.01	-5,696.36	-45%	Cash paid for dividend distribution increased

## **IX. Documents Available for Reference**

1. Text of the Interim Report 2013 with the signature of the Chairman of the Board of Directors.
2. Accounting statements with signatures and seals of the legal representative, the chief financial officer and the head of accounting.
3. Originals of all documents and announcements of the Company ever disclosed on *Securities Times* and *Hong Kong Ta Kung Pao* in the reporting period.

**Chairman of the Board: Fang Hongbo**

**Wuxi Little Swan Company Limited**

**6 August 2013**