



Wuxi Little Swan Company Limited

2014 Semi-annual Report

August 2014

Section 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.

Contents

Section I. Important Reminders, Contents & Explanation.....	1
Section II. Company Profile.....	4
Section III. Highlights of Accounting Data & Financial Indicators.....	6
Section IV. Report of the Board of Directors.....	8
Section V. Significant Events.....	19
Section VI. Change in Shares & Shareholders.....	33
Section VII. Preferred Shares.....	38
Section VIII. Directors, Supervisors & Senior Management Staff.....	39
Section IX. Financial Report.....	40
Section X. Documents Available for Reference.....	140

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.
TITONI	Refers to	TITONI INVESTMENTS DEVELOPMENT LTD.
Midea Holding	Refers to	GD Midea Holding Co., Ltd.
Reporting period	Refers to	1 Jan. 2014-30 Jun. 2014

Section 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	Mr. Zhao Yulin
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	zhaoyl@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 2013 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 2013 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 2013 Annual Report.

Section III. Highlights of Accounting Data & Financial Indicators

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)	4,974,057,020.56	3,998,224,336.31	24.41%
Net profit attributable to shareholders of the Company (RMB Yuan)	316,358,532.13	220,961,466.94	43.17%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	272,497,997.10	186,709,366.62	45.95%
Net cash flows from operating activities (RMB Yuan)	825,104,435.83	931,122,295.82	-11.39%
Basic EPS (RMB Yuan/share)	0.50	0.35	42.86%
Diluted EPS (RMB Yuan/share)	0.50	0.35	42.86%
Weighted average ROE (%)	7.78%	5.82%	1.96%
	As at the end of the reporting period	As at the end of last year	+/- (%)
Total assets (RMB Yuan)	9,686,393,875.10	9,222,527,380.74	5.03%
Net assets attributable to shareholders of the Company (RMB Yuan)	4,041,109,118.33	3,908,897,654.74	3.38%

II. Differences between accounting data under domestic and overseas accounting standards

1. Differences of net profit and net assets disclosed in financial reports prepared under international and Chinese accounting standards

Applicable Inapplicable

No difference.

2. Differences of net profit and net assets disclosed in financial reports prepared under overseas and Chinese accounting standards

Applicable Inapplicable

No difference.

III. Items and amounts of extraordinary gains and losses√Applicable Inapplicable

Unit: RMB Yuan

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	-1,184,389.51	
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	6,454,141.22	
Gain/loss on entrusting others with investments or asset management	52,412,042.89	
Gain/loss on debt restructuring	1,688,200.34	
Reversal of impairment provisions for the accounts receivable on which impairment tests were carried out separately	5,548,244.81	
Other non-operating income and expenses other than the above	1,652,425.93	
Other gain/loss items that meet the definition of an extraordinary gain/loss	-5,809,948.33	
Less: Income tax effects	9,985,599.85	
Minority interests effects (after tax)	6,914,582.47	
Total	43,860,535.03	--

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

No such cases.

Section IV. Report of the Board of Directors

I. Overview

In the first half of 2014, affected by the downward macro-economy, the withdrawal of the consumption stimulus package and the real estate policies, the washing machine industry as a whole slowed down in growth, with the market being stable. Consumption was upgrading in an obvious manner and the business restructuring accelerated, with an increased weight of middle and high-end products, as well as roller washing machines. There was a significant growth in the sale of high-capacity, inverter and intelligent washing machines. The industry became more centralized.

During the reporting period, closely adhering to the strategic axis of “leading products, efficiency-driven and global operation”, we continued to focus on changes in the industry, improved products and kept pushing forward and deepening operation transformation. As a result, great progress was achieved in almost all kinds of work. For the reporting period, the Company achieved operating revenues of RMB 4.97 billion, up 24.4% year on year, and a net profit attributable to the shareholders of the Company of RMB 320 million, up 43.2% from a year earlier.

During the reporting period, we mainly carried out the following work:

In terms of domestic sale, we implemented the “Spring Ploughing Plan” to speed up expansion of the distribution network, which increased the network coverage and effectiveness; vigorously expanded the e-commerce channel and pushed forward the online and off-line channel layout, which enlarged the market share of our retail; and promoted terminal standardization and improved user experience. In the reporting period, domestic sale grew steadily, with an obvious increase in profitability. And the e-business was in fast development. For the domestic sale in the reporting period, the income stood at RMB 3.57 billion, up 24.2% year on year, and the gross profit rate at 33.2%, up by 2.3 percentage points from a year earlier.

In terms of export, we continued to optimize the product and customer structures, enhanced our efforts in strategy and market access, and withdrew some overseas operations with no market. We allowed branches in some regions to launch their own brands to increase business incomes and profits. The reporting period saw a strong growth in Europe, the largest market share in Latin America as before and a major breakthrough in the drying machine business. For the reporting period, the export generated an income of RMB 990 million, up 21.3% when compared with the same period of last year; and the gross profit rate of export stood at 9.2%, up 0.3% year on year.

In regard to product strength, we developed over 200 new products, launching the third generation automatic throw-in washing machines—the I-intelligent product series. And we continued to improve our strength in R&D and innovation, especially that of intelligent and networked products. During the reporting period, the Company was awarded the “Appliance” Low-carbon Environmental Protection Award by China Household Electrical Appliances Association, and Little Swan Beverly Roller Washing Machine won the Germany IF Product Design Award, and so on.

Concerning quality improvement, with “Prevent Massive Quality Problems and Reduce Repair Needs” as the main line and “Focus

on the Beginning of the Production Process and Control the Process” as the means, we focused on massive quality problem prevention, solidified what was fundamental and became more systematic in quality management. With market as the guidance and products as the core, we particularly improved the key indicators about products that decided customers’ satisfaction and our market reputation, enhancing management of “two sources and one process”. As a result, our product quality improved significantly, along with our reputation on the market.

As for operating efficiency, we further regulated and optimized our authorization mechanism, decision-making procedure and management mechanism. Meanwhile, we continued to push forward the project of “produce according to sale”, organized lean logistics improvement projects, and input more resources in replacing workers with machines, so as to increase our overall operating efficiency.

In the coming six months, we will continue to push forward all the work and deepen operation transformation; continue to explore traditional channels and vigorously expand online channels; promote delicacy channel management, continuously optimize the product sale structure and increase the weight of middle and high-end products; deepen the strategic cooperation with overseas customers, solidify competitive areas, explore new markets, update business modes and move manufacture overseas; continue to focus on products, enhance research in consumer demand, promote planning management and standardization, and build an efficient R&D supporting system; firmly stick to the quality principle and improve the quality of new products and suppliers; carry out quality engineering, particularly improve reliability and realize the transition from “qualified and satisfactory quality” to “charming and habit-forming quality”; and continue to optimize the organization flow and managerial mechanism, implement the order commitment mechanism, constantly optimize the logistics layout, increase the operating and turnover efficiency, accelerate the automation strategy and build a lean manufacture system characteristic of stability, automation and flexibility.

II. Main business analysis

YoY change of major financial data:

Unit: RMB Yuan

	Reporting period	Same period of last year	YoY +/-%	Main reasons for change
Operating revenues	4,974,057,020.56	3,998,224,336.31	24.41%	
Operating costs	3,655,315,076.59	3,005,810,911.14	21.61%	
Selling expenses	708,872,153.90	539,966,097.76	31.28%	Increased along with the sales income
Administrative expenses	210,082,884.69	173,092,190.68	21.37%	Increase in the R&D input
Financial expenses	-9,899,828.86	20,143,097.74	-149.15%	Exchange loss decreased on exchange rate fluctuations.
Income tax expenses	66,436,602.59	42,992,351.93	54.53%	Increased along with total profits
R&D input	188,396,276.35	149,156,933.04	26.31%	
Net cash flows from operating activities	825,104,435.83	931,122,295.82	-11.39%	

Net cash flows from investing activities	-134,495,207.51	-600,144,036.70	77.59%	The cash paid to acquire financing products and the cash returns on maturity were almost even.
Net cash flows from financing activities	-134,190,940.03	-182,583,655.47	26.50%	
Net increase in cash and cash equivalents	556,418,288.29	148,394,603.65	274.96%	

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	4,557,126,125.99	3,280,741,426.30	28.01%	23.58%	20.32%	1.95%
Classified by product:						
Washing machines	4,557,126,125.99	3,280,741,426.30	28.01%	23.58%	20.32%	1.95%
Classified by region:						
China	3,568,465,105.73	2,382,803,528.64	33.23%	24.24%	20.11%	2.30%
Other countries	988,661,020.26	897,937,897.66	9.18%	21.29%	20.89%	0.30%

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 2013, according to the evaluation of R&F Global Ranking Information Group Ltd., the brand of Little Swan was worth 19.308 billion, keeping its place in the “Most Valuable 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’s two production bases—Wuxi and Hefei—have a 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 e-commerce, we proactively make plans about online channels by working with JD, TMALL and some other major online channels, as well as making use of the online shopping mall—I. Midea—built by Midea Group.

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) Foreign investment

Applicable Inapplicable

There was no foreign investment of the Company in the reporting period.

(2) Equity-holdings in financial enterprises

Applicable Inapplicable

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	2,202,564	0.00%	2,202,564	0.00%	1,210,000	0.00	Long-term equity investment	Private offering

Total	1,100,000	2,202,564	--	2,202,564	--	1,210,000	0.00	--	--
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(3) Investment in securities

Applicable Inapplicable

The Company did not invest in any securities in the reporting period.

2. Wealth management entrustment, derivative investments and entrustment loans**(1) Wealth management entrustment**

Applicable Inapplicable

Unit: RMB Ten thousand

Name of trustee	Relation	Related-party transaction or not	Product variety	Amount entrusted	Beginning date	Ending date	Payment determination	Principal actually recovered	Impairment provision (if any)	Predicted gain	Actual gain/loss in reporting period
Bank	No	No	Floating gains	416,337	3 Jan. 2014	22 May 2015	Floating interest rate, contractual highest annualized income rate	400,100		5,241.2	5,241.2
Total				416,337	--	--	--	400,100		5,241.2	5,241.2
Source of the entrusted funds				All is from the self-owned funds of the Company. The entrusted funds are cumulative. The line for wealth management entrustment is RMB 2 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)				7 Mar. 2014							

(2) Derivative investment

Applicable Inapplicable

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	Actual gain/loss in reporting period
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										Company's closing net assets (%)	
Bank	No	No	Forward exchange contract	48,371	16 May 2013	7 Jan. 2015	48,371		18,773	3.99%	-958.36
Total				48,371	--	--	48,371		18,773	3.99%	-958.36
Capital source for derivative investment				All self-owned funds							
Disclosure date of the board announcement approving the wealth management entrustment (if any)				7 Mar. 2014							
Disclosure date of the general meeting announcement approving the wealth management entrustment (if any)				16 Apr. 2014							
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. 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</p>							

	<p>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>
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.	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.
Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the reporting period compared to the previous reporting period	No significant changes.
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) Entrustment loans

Applicable Inapplicable

There was no entrustment loan of the Company in the reporting period.

3. Use of raised funds**(1) Overview of the use of raised funds**

Applicable Inapplicable

(2) Projects invested with raised funds as promised

Applicable Inapplicable

(3) Change of raised-funds-invested projects

Applicable Inapplicable

No change of raised-funds-invested projects during the reporting period.

4. Analysis to main subsidiaries and stock-participating companies

Applicable Inapplicable

Main subsidiaries and stock-participating companies:

Unit: RMB Ten thousand

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	13,552 (USD)	362,850.19	173,137.07	221,274.50	8,212.11	6,917.58
Wuxi Little Swan General Electrical Appliances Co., Ltd	Subsidiary	Manufacture	Washer-dryer manufacture	2,800	26,340.56	163,843.52	12,630.57	1,176.17	999.74
Wuxi FILIN Electronics Co., Ltd	Subsidiary	Manufacture	Development and manufacture of new electronic components	362.4564 (USD)	42,234.33	31,613.65	17,499.02	3,847.17	3,645.59

5. Significant projects invested with non-raised funds

Applicable Inapplicable

No significant projects of investments with non-raised funds during the reporting period.

VI. Predict the operating results of Jan.-Sept. 2014

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. Explanation by the Board of Directors and the Supervisory Committee about the “non-standard audit report” issued by the CPAs firm for the reporting period

Applicable Inapplicable

VIII. Explanation by the Board of Directors about the “non-standard audit report” for last year

Applicable Inapplicable

IX. 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 2013, the Company, based on the total 632,487,764 shares as at the end of 2013, distributed a cash dividend of RMB 3 for every 10 shares held by its shareholders. And the Company did not turn capital reserve into share capital for 2013. The plan was reviewed and approved at the 8th Session of the 7th Board of Directors on 5 Mar. 2014 and then the 2013 Annual Shareholders' General Meeting on 16 Apr. 2014. The <Announcement on Implementation of Equity Distribution for Y2013> was published on 6 Jun. 2014. Implementation of the profit allocation plan was completed in the reporting period.

Special statement about the cash dividend policy	
In compliance with the Company's Articles of Association and the resolution of the general meeting	Yes
Specific and clear dividend standard and ratio	Yes
Complete decision-making procedure and mechanism	Yes
Independent directors fulfilled their responsibilities and played their due role.	Yes
Minority shareholders have the chance to fully express their opinion and desire and their legal rights and interests were fully protected.	Yes
In adjustment or alteration of the cash dividend policy, the conditions and procedure were in compliance with regulations and transparent.	Inapplicable

X. Preplan for profit distribution and turning capital reserve into share capital for the reporting period

Applicable Inapplicable

The Company planed not to distribute cash dividends or bonus shares or turn capital reserve into share capital for the reporting period.

XI. Researches, visits and interviews received in the reporting period

√ Applicable □ Inapplicable

Time	Place	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
14 Jan. 2014	Conference Room of the Company	Field research	Institution	Changjiang Securities, Hongyuan Securities	Overall operation of the Company
15 Jan. 2014	Conference Room of the Company	Field research	Institution	Baring Asset Management, First State Investments	Overall operation of the Company
16 Jan. 2014	Conference Room of the Company	Field research	Institution	Founder Securities, Macro Vision Investment, Matthews International Capital Management	Overall operation of the Company
12 Mar. 2014	Conference Room of the Company	Field research	Institution	Industrial Securities	Overall operation of the Company
26 Mar. 2014	Conference Room of the Company	Field research	Institution	Cinda Securities	Overall operation of the Company
27 Mar. 2014	Conference Room of the Company	Field research	Institution	Mirae Asset	Overall operation of the Company
28 May 2014	Conference Room of the Company	Field research	Institution	Industrial Securities	Overall operation of the Company
6 Jun. 2014	Conference Room of the Company	Field research	Institution	Tianhong Asset Management	Overall operation of the Company
17 Jun. 2014	Conference Room of the Company	Field research	Institution	China Galaxy Securities	Overall operation of the Company
27 Jun. 2014	Conference Room of the Company	Field research	Institution	GM Investment	Overall operation of the Company

Section 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. Related Events of bankruptcy reorganization

Applicable Inapplicable

The Company was not involved in any related events of bankruptcy reorganization.

V. Assets transaction events

1. Purchase of assets

Applicable Inapplicable

The Company was not involved in any purchase of assets.

2. Sales of assets

Applicable Inapplicable

Transaction party	Assets sold	Disposal date	Transaction price	Net profit contributed to the Company from the period-begin to the disposal	Impact to the company	Ratio of the net profit contributed by the asset to the Company	Pricing principle	Related-party transaction or not	Relationship between the transaction party and the Company	Whether or not the ownership of the asset involved has	Whether or not the creditor's right and liabilities	Disclosure date	Disclosure index
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				date(RMB Ten thousand)		y to the total profit			y (applica ble for related- party transacti ons)	been fully transferr ed	involve d have been fully transferr ed		
Midea Group Finance Co., Ltd.	Equities of the Jiangsu Comme rcial Bank Co., Ltd.	23 Dec. 2013	881.03	0	N/A	0.00%	Confirm ed accordin g to the market price of similar assets	Yes	Compan y controll ed by the controlli ng sharehol der	Yes	No		Inapplic able

The above transfer of property right had completed on 9 Jul. 2014.

3. Combination of enterprises

Applicable Inapplicable

The Company was not involved in any combination of enterprises.

VI. Implementation of equity incentive and its influence

Applicable Inapplicable

The Company was not involved in any implementation of equity incentive and its execution.

VII. Significant related-party transactions

1. Related-party transaction relevant to routine operation

Applicable Inapplicable

Related party	Relationship	Type of the related- party transacti on	Content of the related-p arty transacti on	Pricing principle of the related-p arty transacti on	Transa ction price	Transaction amount (RMB Ten thousand)	Proporti on in same kind of transacti ons (%)	Settlement method of the related-party transaction	Market price	Disclos ure date	Disclosure index
Ningbo Annto Logistics Co., Ltd.	Subsidiary controlled by controller	Revenue from service	Logistic s, storage	Market price		3,715.26	1.15%	Cash or acceptance due 3-6		7 Mar. 2014 and 22	On 7 Mar. 2014 and 22 Apr. 2014,

			service					months		Apr.	the company
Hubei Midea Refrigerator Co., Ltd.	Subsidiary controlled by controller	Purchase	Purchase of materials	Market price		77.01	0.02%	Cash or acceptance due 3-6 months		2014	published on the information network's announcement: (Announcement No.: 2014-05 and 2014-17)
Huaian Weiling Motor Manufacturing Co., Ltd.	Subsidiary controlled by controller	Purchase	Purchase of materials	Market price		19,182.71	5.95%	Cash or acceptance due 3-6 months			
Hefei Midea Materials Supply Co., Ltd.	Subsidiary controlled by controller	Purchase	Purchase of materials	Market price		7,903.86	2.45%	Cash or acceptance due 3-6 months			
Ningbo Midea Joint Supplies Co., Ltd.	Subsidiary controlled by controller	Purchase	Purchase of materials	Market price		11,439.34	3.55%	Cash or acceptance due 3-6 months			
Hefei Hualing Electric Appliances Co., Ltd.	Subsidiary controlled by controller	Purchase	Purchase of materials	Market price		4.03	0.00%	Cash or acceptance due 3-6 months			
Guangdong Midea Environment Appliances Manufacturing Co., Ltd.	Subsidiary controlled by controller	Purchase	Purchase of products	Market price		428.89	0.13%	Cash or acceptance due 3-6 months			
Annto Logistics Co., Ltd.	Subsidiary controlled by controller	Revenue from service	Logistics service	Market price		8.9	0.00%	T/T, Transfer or online banking			
Huaian Weiling Motor Manufacturing Co., Ltd.	Subsidiary controlled by controller	Sales	Sales of materials	Market price		5.12	0.00%	Cash or acceptance due 3-6 months		Naught	Naught
MIDEA CONSUMER ELECTRIC (VIETNAM) CO.,LTD	Subsidiary controlled by controller	Sales	Sales of products	Market price		81.62	0.02%	Party B paid to party A in cash, after receiving the party A's supply in the bill of lading within 90 days		7 Mar. 2014	On 7 Mar. 2014, the Company published on the information network's announcement

MIDEA ELECTRIC TRADING(SINGAPORE)CO.PTE.LTD	Subsidiary controlled by controller	Sales	Sales of products	Market price		67,690.79	13.61%	Party B paid to party A in cash, after receiving the party A's supply in the bill of lading within 120 days		nt: (Announcement No.: 2014-05)
MIDEA SCOTT&ENGLISH ELECTRONICS SDN.BHD	Subsidiary controlled by controller	Sales	Sales of products	Market price		1,255.35	0.25%	Party B paid to party A in cash, after receiving the party A's supply in the bill of lading within 150 days		
PT. MIDEA PLANET INDONESIA	Subsidiary controlled by controller	Sales	Sales of products	Market price		205.55	0.04%	Party B paid to party A in cash, after receiving the party A's supply in the bill of lading within 90 days		
Total				--	--	111,998.43	--	--	--	--
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 IX. Financial report “(VIII) Related-party and related-party transactions, 5. Related-party transactions”.						

2. Related-party transactions arising from asset acquisition or sale

Applicable Inapplicable

The Company was not involved in any related-party transactions arising from asset acquisition or sale during the reporting period.

3. Related-party transactions with joint investments

Applicable Inapplicable

The Company was not involved in any related-party transaction with joint investments during the reporting period.

4. Credits and liabilities with related parties

Applicable Inapplicable

Was there any non-operating credit or liability with any related party?

Yes No

The Company was not involved in any credits and liabilities with related parties during the reporting period.

5. Other significant related-party transactions

Applicable Inapplicable

(1) The Company held the 1st Special Shareholder's General Meeting on 27 Aug. 2013, which reviewed and approved the following proposals:

① Reviewed and approved the Proposal of the Related-party Transactions about Signing the Financial Services Agreement with Midea Group Finance Co., Ltd.

The agreement agreed that, according to the requirements of the subsidiary of the Company, the Finance Company should provide deposit services, loan services, bill discounting services, guarantees, settlement services and a series of financial services that what the Finance Company could work on approved by CBRC to the Company and its subsidiary. Within the 3 years validity period since the date of the validation of the agreement, the maximum daily deposit balance the Company and its subsidiary deposit in the Financial Company should not exceed RMB 1 billion; the maximum daily outstanding balance of the loan principal and interest the Financial Company grants for the Company and its subsidiary should not exceed RMB 1 billion.

The Company was not involved in any loan business with the deposit balance in the Midea Group Finance Co., Ltd. of RMB 274,842,700 at the end of the reporting period.

② Reviewed and approved the Proposal of the Related-party Transaction about the Trademark Licensing

The Company permitted GD Midea Holding and its controlled subsidiaries to use trademark of "LITTLE SWAN and picture" in air conditioner commodities; permitted Hubei Midea Refrigerator Co., Ltd. and its controlled subsidiaries to use trademark of "LITTLE SWAN and picture" in refrigerator and freezer commodities; at the same time 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. 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. 2014 to 31 Dec. 2016.

(Note: After approved by CSRC through [2013]1014 document, Midea Group had split off as well as consolidated and combined the original controller GD Midea Holding on 18 Sep. 2013. After the consolidation and combination, Midea Group inherited and undertook the whole rights and obligations of the whole assets and liabilities etc of GD Midea Holding as the reminder enterprise and had finished the relevant registration procedures of shares transfer on 31 Dec. 2013.)

(2) The 2013 Annual Shareholder's General Meeting was convened on 16 Apr. 2014, at which reviewed and approved the Proposal on Prediction of the Line of Routine Related Transaction of the Company for 2014.

(3) The 9th Meeting of the 7th Board of Directors was convened on 21 Apr. 2014, at which reviewed and approved the Proposal on Adjustment of the Line of Routine Related Transaction of the Company for 2014.

For details of the routine related-party transactions, see IX. Financial report "(VIII) Related-party and related-party transactions".

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

Name of the interim announcement	Disclosure date of the interim announcement	Website to disclose the interim announcement
Announcements about trademark license of related transactions (No.: 2013-18)	6 Aug. 2013	www.cninfo.com.cn

Proposal of the Related-party Transactions about Signing the Financial Services Agreement with Midea Group Finance Co., Ltd. (No.: 2013-17)	6 Aug. 2013	www.cninfo.com.cn
Proposal on Prediction of the Line of Routine Related Transaction of the Company for 2014 (No.: 2014-05)	7 Mar. 2014	www.cninfo.com.cn
Proposal on Adjustment of the Line of Routine Related Transaction of the Company for 2014 (No.: 2014-17)	22 Apr. 2014	www.cninfo.com.cn

VIII. Particulars about the non-operating occupation of funds by the controlling shareholder and other related parties of the Company

Applicable Inapplicable

The Company was not involved in the non-operating occupation of funds by the controlling shareholder and other related parties during the reporting period.

IX. Particulars about significant contracts and their fulfillment

1. Particulars about trusteeship, contract and lease

(1) Trusteeship

Applicable Inapplicable

There was no any trusteeship of the Company in the reporting period.

(2) Contract

Applicable Inapplicable

There was no any contract of the Company in the reporting period.

(3) Lease

Applicable Inapplicable

Explanation on the lease

There was neither any significant lease event nor any significant lease event carried down into the reporting period.

The lease whose profits reaching more than 10% of the total profits of the Company in the reporting period.

Applicable Inapplicable

2. Guarantees provided by the company

Applicable Inapplicable

Unit: RMB Ten Thousand Yuan

Guarantees provided by the company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure	Amount for	Actual	Actual	Type of	Period of	Executed	Guarante

	date on relevant announcement of guaranteed amount	guarantee	occurrence date (date of agreement)	guarantee amount	guarantee	guarantee	or not	e 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 on relevant announcement of guaranteed amount	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.	7 Mar. 2014	127,000	28 Mar. 2014	64.54	General warranty	Six months	No	No
Hefei Midea Washing Machine Co., Ltd.	7 Mar. 2014	127,000	28 Mar. 2014	6.37	General warranty	Six months	No	No
Total guarantee line approved for the subsidiaries during the reporting period (B1)			129,000	Total actual occurred amount of guarantee for the subsidiaries during the reporting period (B2)				70.90
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period (B3)			129,000	Total actual guarantee balance for the subsidiaries at the end of the reporting period (B4)				70.90
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)			129,000	Total actual occurred amount of guarantee during the reporting period (A2+B2)				70.90
Total guarantee line that has been approved at the end of the reporting period (A3+B3)			129,000	Total actual guarantee balance at the end of the reporting period (A4+B4)				70.90

Proportion of total guarantee amount (A4+B4) to the net assets of the Company	0.02%
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

(1) Particulars about illegal external guarantee

Applicable Inapplicable

There was no particular about illegal external guarantee of the Company in the reporting period.

3. Other significant contracts

Applicable Inapplicable

There was no other significant contract of the Company in the reporting period.

4. Other significant transactions

Applicable Inapplicable

There was no other significant transaction of the Company in the reporting period.

X. Commitments made by the Company or shareholders holding over 5% of the Company's shares in the reporting period or such commitments carried down into the reporting period

Applicable Inapplicable

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>1. As for the commitment of avoiding horizontal competition, Midea Group (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, the actual controller Mr. He Xiangjian, his immediate family, Midea Group and its controlled other enterprises neither recently nor in the future will engage in any production or operation activity the same as or similar to the recently main business of Little Swan or its controlled enterprises, as well as will neither engage in nor participate in any competitive business the same as the recently main business of Little Swan or its controlled enterprises through controlling other economic entities, institutions, economic organizations. If Little Swan and its controlled enterprises further developed its scope of the operation business on the basis of the recently business, and if the actual controller Mr. He Xiangjian, his immediate family, Midea Group and its controlled other enterprises had executed production of that, would solve the corresponding horizontal competition problems within the reasonable period. If recently there was no any production or operation, would not engage in the similar new business that competed with Little Swan and its controlled enterprises. If there was any situation violated the above commitments, the profits gained from the business related to operation were belongs to Little Swan.</p>	1 Dec. 2010, 6 Jun. 2014	Long-term	In the process of implementation
	Controlling shareholder and actual controller	<p>2. The commitment by Midea Group and the actual controller on the specification of the related-party transaction. Midea Group (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, the actual controller Mr. He Xiangjian, his immediate family, Midea Group and its controlled other enterprises will specify and try their best to reduce the related-party transactions with Little Swan and its controlled enterprises. If occurred the unavoidable related transactions with Little Swan and its controlled enterprises, would sign the normative related-party transactions agreement Little Swan according to laws and would execute the approval procedure according to the relevant regulations to ensure the fairness of the price of the related-party transactions; ensure to execute the information disclose obligation of related-party transactions according to the relevant regulations; ensure not to make advantage of the related-party transactions for illegally transferring the assets and profits of Little Swan, as well as not to make advantage of the related-party transactions for harming to the interests of Little Swan and the shareholders; would not require Little Swan to offer any more favorable condition compared with that offered to the independent third party in any fair trade market transaction; execute the voting debarb obligation when involved in the voting of the related events of the actual controller Mr. He Xiangjian, his immediate family, Midea Group and its controlled other enterprises. If Midea Group and Mr. He</p>	1 Dec. 2010, 6 Jun. 2014	Long-term	In the process of implementation

		Xiangjian violated the above commitments and promises that led to the harm for the equity of Little Swan or other shareholders, Midea Group and Mr. He Xiangjian should take the responsibility of the corresponding liability for damage.			
Controlling shareholder		3. As for the commitment on independence, Midea Group has promised to protect Little Swan's independence in terms of assets, staff, finance, organization and business. 3. As for the commitment on independence, Midea Group and the actual controller Mr. He Xiangjian has promised that, to further ensure the independent operation of Little Swan, Mr. He Xiangjian, Midea Group and its controlled other enterprises would maintain the mutual independent in terms of personnel, finance, assets, business and institutions with Little Swan according to the relevant laws and regulations as well as the normative documents.	1 Dec. 2010, 6 Jun. 2014	Long-term	In the process of implementation
Controlling shareholder		4. As for the commitment on related-party deposits and borrowings, up to 8 Apr. 2010, the Financial Settlement Center of Midea Group had settled all internal deposits and borrowings with Hefei Royalstar Washing Equipment Manufacturing Co., Ltd.; and Midea Group 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..	1 Dec. 2010	Long-term	In the process of implementation
Controlling shareholder		5. The commitment by Midea Group on housing properties with no ownership certificates of the target company for sale is detailed as follows. 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. Midea Group 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.	1 Dec. 2010	Long-term	In the process of implementation
Controlling shareholder		6. The commitment by Midea Group on trademarks is detailed as follows. (1) Concerning the “Midea” trademark: Upon approval and implementation of the equity transfer transaction, Midea Group 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 Midea Group) 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	1 Dec. 2010	No. (2), RongShiDa trademark is due by March 31, 2013 and won't renew its contract; Other items for a long term	In the process of implementation

		shareholders will be safeguarded. (2) Concerning the “Royalstar” trademark: Midea Group 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, Midea Group 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, Midea Group is willing to take on the responsibility instead and make compensations to Royalstar Washing Equipment and Little Swan at full amount.		implement	
	Controlling shareholder	7. The commitment by Midea Group on social security payment and tax risks is detailed as follows. Midea Group 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, Midea Group 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, Midea Group 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, Midea Group 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, Midea Group will assume the corresponding responsibility for compensation.	1 Dec. 2010	Long-term	In the process of implementation
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
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XI. Particulars about engagement and disengagement of CPAs firm

Whether the semi-annual financial report had been audited?

Yes No

XII. Punishment and Rectification

Applicable Inapplicable

There was no any punishment and rectification of the Company in the reporting period.

XIII. Reveal of the delisting risks of illegal or violation

Applicable Inapplicable

There was no any delisting risk of illegal or violation of the Company in the reporting period.

XIV. Explanation about other significant matters

Applicable Inapplicable

There was no any other significant matter needed to be explained in the reporting period.

Section VI. Changes in Share Capital and Particulars about Shareholders

I. Changes in share capital

Unit: Share

	Before this change		Increase/decrease (+, -)					After the change	
	Amount	Proportion (%)	Issuance of new shares	Bonus share	Capitalization of public reserve fund	Other	Subtotal	Amount	Proportion (%)
I. Shares subject to trading moratorium	3,689,890	0.58%				1,000	1,000	3,690,890	0.58%
1. State-owned shares									
2. State-owned legal person shares									
3. Other domestic shares	3,689,890	0.58%				1,000	1,000	3,690,890	0.58%
Including: Shares held by domestic legal persons	3,686,890	0.58%						3,686,890	0.58%
Shares held by domestic individuals	3,000					1,000	1,000	4,000	
4. Shares held by overseas shareholders									
Including: Shares held by overseas legal persons									
Shares held by overseas individuals									
II. Shares not subject to trading moratorium	628,797,874	99.42%				-1,000	-1,000	628,796,874	99.42%
1. Ordinary shares denominated in RMB	437,762,002	69.21%				-1,000	-1,000	437,761,002	69.21%
2. Domestically listed foreign shares	191,035,872	30.20%						191,035,872	30.20%
3. Overseas listed foreign									

shares									
4. Other									
III. Total of shares	632,487,764	100.00%						632,487,764	100.00%

Reasons for changes in share

Applicable Inapplicable

Approval of share changes

Applicable Inapplicable

Transfers in share changes

Applicable Inapplicable

Influence of share changes towards financial indexes in the latest year and latest period such as basic EPS and diluted EPS, and net assets per share belonging to shareholder with ordinary share

Applicable Inapplicable

Other contents that the Company thinks necessary or is asked by securities regulators to be disclosed

Applicable Inapplicable

Explanation of the changes in the sum of the shares and the structure of the shareholders and the structure of the assets as well as the liabilities of the Company

Applicable Inapplicable

II. Number of shareholders and shareholding

Unit: Share

Total number of common shareholders at the end of the reporting period		29,163	Total number of preferred shareholders that had restored the voting right at the end of the reporting period (if any)		0			
Shareholding of shareholders holding more than 5% shares								
Name of shareholder	Nature of shareholder	Holding percentage (%)	Number of shareholding at the end of the reporting period	Increase and decrease of shares during reporting period	Number of shares held subject to trading moratorium	Number of shares held not subject to trading moratorium	Pledged or frozen shares	
							Status of shares	Number of shares
MIDEA GROUP CO., LTD.	Domestic non-state-owned corporation	35.20%	222,661,571	0		222,661,571		
GAOLING FUND,L.P.	Overseas corporation	8.57%	54,207,686	56,100		54,207,686		
TITONI INVESTMENTS DEVELOPMENT LTD.	Overseas corporation	4.88%	30,851,714	0		30,851,714		

FINANCE BUREAU OF WUXI	On behalf of the government	3.49%	22,057,657	0	22,057,657		
BOCI SECURITIES LIMITED	Overseas corporation	3.36%	21,273,615	63,806	21,273,615		
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Overseas corporation	2.39%	15,089,700	741,629	15,089,700		
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 102	Domestic non-state-owned corporation	1.90%	12,000,000	0	12,000,000		
CCB— PENGHUA VALUE ADVANTAGE STOCK SECURITIES INVESTMENT FUND	Domestic non-state-owned corporation	1.04%	6,593,148	-500,000	6,593,148		
INDUSTRIAL SECURITIES CO., LTD	Domestic non-state-owned corporation	0.98%	6,200,000	6,200,000	6,200,000		
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108	Domestic non-state-owned corporation	0.98%	6,180,101	-1,000,000	6,180,101		
Strategic investors or the general legal person due to the placement of new shares become the top 10 shareholders (if any)	Inapplicable						
Explanation on associated relationship or/and persons	MIDEA GROUP CO., LTD. and TITONI INVESTMENTS DEVELOPMENT LTD. are parties acting in concert.						
Particulars about shares held by top 10 shareholders not subject to trading moratorium							
Name of shareholder	Number of shares held not subject to trading moratorium at the end of the period	Type of share					
		Type of share	Number				
Midea Group Co., Ltd.	222,661,571	RMB ordinary share	222,661,571				
GAOLING FUND,L.P.	54,207,686	Domestically listed foreign share	222,661,571				
TITONI INVESTMENTS DEVELOPMENT LTD.	30,851,714	Domestically listed foreign share	30,851,714				
FINANCE BUREAU OF WUXI	22,057,657	RMB ordinary share	22,057,657				
BOCI SECURITIES LIMITED	21,273,615	Domestically listed foreign share	21,273,615				
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	15,089,700	Domestically listed	15,089,700				

		foreign share	
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 102	12,000,000	RMB ordinary share	12,000,000
CCB—Penghua Value Advantage Stock Securities Investment Fund	6,593,148	RMB ordinary share	6,593,148
INDUSTRIAL SECURITIES CO., LTD	6,200,000	RMB ordinary share	6,200,000
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108	6,180,101	RMB ordinary share	6,180,101
Explanation on associated relationship among the top ten shareholders of tradable share not subject to trading moratorium, as well as among the top ten shareholders of tradable share not subject to trading moratorium and top ten shareholders, or explanation on acting-in-concert	Midea Group Co., Ltd. and TITONI INVESTMENTS DEVELOPMENT LTD. are parties acting in concert.		
Particular about shareholder participate in the securities lending and borrowing business (if any)	Naught		

Did any shareholder of the Company carry out an agreed buy-back in the reporting period?

Yes No

Shareholders of the Company had not carried out any agreed buy-back in the reporting period.

III. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

Applicable Inapplicable

There was no any change of the controlling shareholder of the Company in the reporting period.

Change of the actual controller in the reporting period

Applicable Inapplicable

There was no any change of the actual controller of the Company in the reporting period.

IV. Particulars on shareholding increase scheme during the reporting period proposed or implemented by the shareholders and act-in-concert persons

Applicable Inapplicable

Name of shareholder / act-in-concert person	Amount of shares to be increased holding	Shares proportion to be increased	Amount of shares actually held	Shares proportion increased actually	Initial disclosure date of the shareholding increase scheme	Disclosure date for the completion of implementing the shareholding increase scheme
Midea Group and TITONI	126,497,553	20.00%			9 Jun. 2014	

For further improve the business synergistic effect between Midea Group and Little Swan, strengthen the core competition power of the washing machine industry of Little Swan, Midea Group planed to associate with its wholly owned and controlled foreign company TITONI to execute partly tender offer of Share A and Share B of Little Swan, in order to strengthen the control power of Little Swan. The tender offer was not for terminating the listing status of the stocks of Little Swan. Up to the date of the disclosure of

the report, the period of the tender offer had expired and according to the disclosure of the Shenzhen Exchange Stock website, the amount of the accumulative estimated offer shares was of 79,639,774 shares which was of 12.59% of the total shares of the Company. Midea Group is going through the registration procedures of the shares transfer. For the details of the tender offer please refer to the relevant announcements disclosed by the Company.

Section VII. Situation of the Preferred Shares

I. Situation of issue and listing of preferred shares in the reporting period

Applicable Inapplicable

II. Situation of the number and holding of the preferred shares shareholders of the Company

Applicable Inapplicable

III. Situation of buy-back or transfer of the preferred shares

1. Situation of buy-back the preferred shares

Applicable Inapplicable

2. Situation of transfer the preferred shares

Applicable Inapplicable

IV. Situation of recovery and execution of the voting right of preferred shares

Applicable Inapplicable

V. Accounting policies and reasons adopted by the preferred shares

Applicable Inapplicable

Section VIII. Directors, Supervisors, Senior Management Staffs

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

Applicable Inapplicable

There was no change in shareholding of directors, supervisors and senior management staffs, for the specific information please refer to the 2013 Annual Report.

II. Changes in directors, supervisors and senior management staffs

Applicable Inapplicable

Name	Position	Type	Date	Reason
Yang Xiaowen	Supervisor	Left	7 Mar. 2014	Personal reasons
Hu Ziqiang	Deputy General Manager	Left	22 Apr. 2014	Job transfer
Chen Jianwu	Supervisor	Selected	16 Apr. 2014	Special election of Supervisors
Jiang Huafang	Chairman of the Supervisory	Left	5 Aug. 2014	Job transfer
Chen Jianwu	Supervisor	Left	5 Aug. 2014	Job transfer
Ye Dexin	Supervisor of the Staff Representative	Left	5 Aug. 2014	Personal reasons
Xu Pengcheng	Staff-representative supervisor	Elected	5 Aug. 2014	Became the Staff-representative Supervisor on by-election

The service term of the Independent Directors of the Company—Mr. Zhao Shuming and Mr. Ye Yongfu had expired and the Company held the 11th Meeting of the 7th Board of Directors on 5 Aug. 2014, at which the Board nominated Mr. Jiang Qingyun and Mr. Liu Chunlin as candidates for the Independent Directors of the 7th Board of Directors. The Company also held the 11th Session of the 7th Supervisory Committee on 5 Aug. 2014, at which the Supervisory Committee nominated Mr. Liang Pengfei and Mr. Wang Shouhu as supervisor candidates for the 7th Supervisory Committee. For more information, see relevant announcements of the Company.

IX. Financial Report

I. Audit report

Has this semi-annual report been audited?

Yes No

The semi-annual financial report has not been audited.

II. Financial statements

Currency unit for the statements in the notes to these financial statements: RMB Yuan

1. Consolidated balance sheet

Prepared by Wuxi Little Swan Company Limited

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	2,165,295,105.79	1,617,373,088.50
Settlement reserves		
Intra-group lendings		
Transactional financial assets	1,486,950.00	15,016,740.00
Notes receivable	2,376,741,559.62	2,449,770,225.41
Accounts receivable	825,357,689.50	777,744,132.32
Accounts paid in advance	163,170,120.91	140,841,924.06
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable		
Dividend receivable		
Other accounts receivable	25,557,616.45	26,163,524.13
Financial assets purchased under agreements to resell		
Inventories	581,264,111.18	798,141,838.58
Non-current assets due within 1 year		
Other current assets	1,959,627,280.92	1,791,288,539.62
Total current assets	8,098,500,434.37	7,616,340,012.62

Non-current assets:		
Loans by mandate and advances granted		
Available-for-sale financial assets	251,664.00	312,816.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	4,598,996.45	4,579,148.88
Investing property	8,961,631.44	9,466,777.10
Fixed assets	1,131,351,176.29	1,194,244,286.86
Construction in progress	2,957,911.82	
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	216,719,963.63	219,445,532.87
R&D expense		
Goodwill		
Long-term deferred expenses	3,466,516.25	7,147,835.74
Deferred income tax assets	219,585,580.85	170,990,970.67
Other non-current assets		
Total of non-current assets	1,587,893,440.73	1,606,187,368.12
Total assets	9,686,393,875.10	9,222,527,380.74
Current liabilities:		
Short-term borrowings	50,117,340.00	
Borrowings from Central Bank		
Customer bank deposits and due to banks and other financial institutions		
Intra-group borrowings		
Transactional financial liabilities		
Notes payable	868,240,658.99	385,673,110.34
Accounts payable	3,157,373,388.21	2,768,046,095.46
Accounts received in advance	439,535,919.42	1,057,952,597.52
Financial assets sold for repurchase		
Handling charges and commissions payable		
Employee's compensation payable	165,171,100.88	207,323,619.92

Tax payable	246,020,710.21	199,203,856.56
Interest payable		
Dividend payable	4,088,128.36	3,740,152.33
Other accounts payable	40,154,741.17	50,021,093.66
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	4,970,701,987.24	4,671,960,525.79
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term payables		
Specific payables	3,783,957.30	2,073,957.30
Estimated liabilities	10,162,452.89	11,310,523.59
Deferred income tax liabilities	245,747.10	2,284,388.40
Other non-current liabilities	517,000.00	568,600.00
Total non-current liabilities	14,709,157.29	16,237,469.29
Total liabilities	4,985,411,144.53	4,688,197,995.08
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	632,487,764.00	632,487,764.00
Capital reserves	1,134,752,577.59	1,129,431,304.91
Less: Treasury stock		
Specific reserves		
Surplus reserves	290,958,368.49	290,958,368.49
Provisions for general risks		
Retained profits	1,986,192,134.05	1,859,579,931.10
Foreign exchange difference	-3,281,725.80	-3,559,713.76
Total equity attributable to owners of the Company	4,041,109,118.33	3,908,897,654.74
Minority interests	659,873,612.24	625,431,730.92
Total owners' (or shareholders') equity	4,700,982,730.57	4,534,329,385.66

Total liabilities and owners' (or shareholders') equity	9,686,393,875.10	9,222,527,380.74
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Legal representative: Fang Hongbo

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

Chief of the accounting division: Zhong Fangliu

2. Balance sheet of the Company

Prepared by Wuxi Little Swan Company Limited

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	1,319,381,125.13	910,325,739.17
Transactional financial assets	891,830.00	8,727,740.00
Notes receivable	1,775,116,288.67	1,541,082,811.22
Accounts receivable	466,793,123.77	731,446,199.69
Accounts paid in advance	49,001,417.27	56,620,106.39
Interest receivable		
Dividend receivable		
Other accounts receivable	20,467,623.01	18,752,200.83
Inventories	368,431,047.85	543,401,541.27
Non-current assets due within 1 year		
Other current assets	915,046,019.24	939,664,538.10
Total current assets	4,915,128,474.94	4,750,020,876.67
Non-current assets:		
Available-for-sale financial assets	251,664.00	312,816.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	1,401,743,488.02	1,601,723,640.45
Investing property	8,961,631.44	9,466,777.10
Fixed assets	540,694,322.78	568,924,123.24
Construction in progress	2,184,273.62	
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		

Intangible assets	99,829,619.68	101,069,007.28
R&D expense		
Goodwill		
Long-term deferred expenses	2,991,763.99	6,781,326.79
Deferred income tax assets	148,189,983.08	119,667,809.75
Other non-current assets		
Total of non-current assets	2,204,846,746.61	2,407,945,500.61
Total assets	7,119,975,221.55	7,157,966,377.28
Current liabilities:		
Short-term borrowings		
Transactional financial liabilities		
Notes payable	461,682,942.33	273,399,760.34
Accounts payable	2,164,235,637.83	1,766,585,288.21
Accounts received in advance	257,588,046.63	724,228,146.67
Employee's compensation payable	91,049,261.41	118,237,120.06
Tax payable	183,250,231.91	156,722,107.53
Interest payable		
Dividend payable	4,088,128.36	3,740,152.33
Other accounts payable	11,228,323.15	208,682,591.14
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	3,173,122,571.62	3,251,595,166.28
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Long-term payables		
Specific payables		
Estimated liabilities		
Deferred income tax liabilities	156,479.10	1,341,038.40
Other non-current liabilities		
Total non-current liabilities	156,479.10	1,341,038.40
Total liabilities	3,173,279,050.72	3,252,936,204.68
Owners' equity (or shareholders' equity)		
Paid-up capital (or share capital)	632,487,764.00	632,487,764.00

Capital reserves	1,295,769,729.27	1,291,483,360.14
Less: Treasury stock		
Specific reserves		
Surplus reserves	278,308,224.59	278,308,224.59
Provisions for general risks		
Retained profits	1,740,130,452.97	1,702,750,823.87
Foreign exchange difference		
Total owners' (or shareholders') equity	3,946,696,170.83	3,905,030,172.60
Total liabilities and owners' (or shareholders') equity	7,119,975,221.55	7,157,966,377.28

Legal representative: Fang Hongbo

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

Chief of the accounting division: Zhong Fangliu

3. Consolidated income statement

Prepared by Wuxi Little Swan Company Limited

Unit: RMB Yuan

Item	Jan.-Jun. 2014	Jan.-Jun 2013
I. Total operating revenues	4,974,057,020.56	3,998,224,336.31
Including: Sales income	4,974,057,020.56	3,998,224,336.31
Interest income		
Premium income		
Handling charge and commission income		
II. Total operating cost	4,606,970,952.57	3,778,696,264.86
Including: Cost of sales	3,655,315,076.59	3,005,810,911.14
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	31,180,668.93	25,957,616.21
Selling and distribution expenses	708,872,153.90	539,966,097.76
Administrative expenses	210,082,884.69	173,092,190.68

Financial expenses	-9,899,828.86	20,143,097.74
Asset impairment loss	11,419,997.31	13,726,351.33
Add: Gain/(loss) from change in fair value (“-” means loss)	-13,529,790.00	10,584,660.00
Gain/(loss) from investment (“-” means loss)	56,378,070.46	38,581,681.44
Including: share of profits in associates and joint ventures		
Foreign exchange gains (“-” means loss)		
III. Business profit (“-” means loss)	409,934,348.45	268,694,412.89
Add: non-operating income	11,614,209.80	17,650,895.21
Less: non-operating expense	4,748,238.66	7,432,491.94
Including: loss from non-current asset disposal		
IV. Total profit (“-” means loss)	416,800,319.59	278,912,816.16
Less: Income tax expense	66,436,602.59	42,992,351.93
V. Net profit (“-” means loss)	350,363,717.00	235,920,464.23
Including: Net profit achieved by combined parties before the combinations		
Attributable to owners of the Company	316,358,532.13	220,961,466.94
Minority shareholders’ income	34,005,184.87	14,958,997.29
VI. Earnings per share	--	--
(I) Basic earnings per share	0.50	0.35
(II) Diluted earnings per share	0.50	0.35
VII. Other comprehensive incomes	226,008.76	-569,691.66
VIII. Total comprehensive incomes	350,589,725.76	235,350,772.57
Attributable to owners of the Company	316,584,540.89	220,391,775.28
Attributable to minority shareholders	34,005,184.87	14,958,997.29

Legal representative: Fang Hongbo

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

Chief of the accounting division: Zhong Fangliu

4. Income statement of the Company

Prepared by Wuxi Little Swan Company Limited

Unit: RMB Yuan

Item	Jan.-Jun. 2014	Jan.-Jun 2013
I. Total sales	3,642,700,222.95	2,910,402,363.86
Less: cost of sales	2,718,742,930.62	2,197,383,259.40
Business taxes and surcharges	21,764,077.70	20,320,831.11

Distribution expenses	518,302,677.11	394,075,467.07
Administrative expenses	144,963,100.14	109,549,513.68
Financial costs	-4,561,649.19	12,174,679.39
Impairment loss	-5,948,475.57	2,850,533.92
Add: gain/(loss) from change in fair value (“-” means loss)	-7,835,910.00	6,513,520.00
Gain/(loss) from investment (“-” means loss)	23,473,873.16	22,742,688.68
Including: income from investment on associates and joint ventures		
II. Business profit (“-” means loss)	265,075,525.30	203,304,287.97
Add: non-business income	3,734,536.38	7,992,467.00
Less: non-business expense	3,191,532.34	4,601,303.60
Including: loss from non-current asset disposal		
III. Total profit (“-” means loss)	265,618,529.34	206,695,451.37
Less: income tax expense	38,492,571.05	31,275,244.26
IV. Net profit (“-” means loss)	227,125,958.29	175,420,207.11
V. Earnings per share	--	--
(I) Basic earnings per share	0.36	0.28
(II) Diluted earnings per share	0.36	0.28
VI. Other comprehensive income	-51,979.20	-37,984.80
VII. Total comprehensive income	227,073,979.09	175,382,222.31

Legal representative: Fang Hongbo

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

Chief of the accounting division: Zhong Fangliu

5. Consolidated cash flow statement

Prepared by Wuxi Little Swan Company Limited

Unit: RMB Yuan

Item	Jan.-Jun. 2014	Jan.-Jun 2013
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	3,811,640,189.96	3,863,185,024.86
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	3,315,534.83	50,388,592.37
Other cash received relating to operating activities	15,703,387.98	18,947,986.23
Subtotal of cash inflows from operating activities	3,830,659,112.77	3,932,521,603.46
Cash paid for goods and services	1,682,161,655.09	1,835,326,159.78
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	378,843,499.77	309,287,589.09
Various taxes paid	332,132,100.43	221,545,520.17
Other cash payment relating to operating activities	612,417,421.65	635,240,038.60
Subtotal of cash outflows from operating activities	3,005,554,676.94	3,001,399,307.64
Net cash flows from operating activities	825,104,435.83	931,122,295.82
II. Cash flows from investing activities:		
Cash received from withdrawal of investments	4,001,000,000.00	4,832,824,376.42
Cash received from return on investments	56,358,222.89	4,704,180.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	264,120.00	16,794,737.42
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	4,057,622,342.89	4,854,323,293.84
Cash paid to acquire fixed assets, intangible assets and other long-term assets	28,747,550.40	30,407,330.54
Cash paid for investment	4,163,370,000.00	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	4,192,117,550.40	5,454,467,330.54
Net cash flows from investing activities	-134,495,207.51	-600,144,036.70
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received from borrowings	50,117,340.00	
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	50,117,340.00	
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit	184,308,280.03	182,583,655.47
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	184,308,280.03	182,583,655.47
Net cash flows from financing activities	-134,190,940.03	-182,583,655.47
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	556,418,288.29	148,394,603.65
Add: Opening balance of cash and cash equivalents	1,558,204,866.53	1,293,126,217.00
VI. Closing balance of cash and cash equivalents	2,114,623,154.82	1,441,520,820.65

Legal representative: Fang Hongbo

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

Chief of the accounting division: Zhong Fangliu

6. Cash flow statement of the Company

Prepared by Wuxi Little Swan Company Limited

Unit: RMB Yuan

Item	Jan.-Jun. 2014	Jan.-Jun 2013
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	2,579,939,149.03	2,373,009,947.22
Tax refunds received		23,034,383.44
Other cash received relating to operating activities	9,230,784.56	12,592,559.37
Subtotal of cash inflows from operating activities	2,589,169,933.59	2,408,636,890.03
Cash paid for goods and services	1,106,675,777.67	1,049,033,086.46
Cash paid to and for employees	244,060,695.70	193,294,387.88
Various taxes paid	244,269,676.94	166,569,207.35
Other cash payment relating to operating activities	443,271,306.57	298,898,195.89
Subtotal of cash outflows from operating activities	2,038,277,456.88	1,707,794,877.58
Net cash flows from operating activities	550,892,476.71	700,842,012.45
II. Cash flows from investing activities:		
Cash received from retraction of investments	2,040,000,000.00	2,072,567,723.65
Cash received from return on investments	31,967,080.07	3,121,840.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,722,280.00
Net cash received from disposal of subsidiaries or other business units	38,977.14	
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	2,072,006,057.21	2,077,411,843.65
Cash paid to acquire fixed assets, intangible assets and other long-term assets	13,518,301.57	19,877,046.82
Cash paid for investment	2,013,000,000.00	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	2,026,518,301.57	2,639,877,046.82
Net cash flows from investing activities	45,487,755.64	-562,465,203.17
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	184,964,713.60	182,583,655.47
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	184,964,713.60	182,583,655.47
Net cash flows from financing activities	-184,964,713.60	-182,583,655.47
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	411,415,518.75	-44,206,846.19
Add: Opening balance of cash and cash equivalents	882,413,120.18	848,257,647.96
VI. Closing balance of cash and cash equivalents	1,293,828,638.93	804,050,801.77

Legal representative: Fang Hongbo

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

Chief of the accounting division: Zhong Fangliu

7. Consolidated Statement of Changes in Owners' Equity

Prepared by Wuxi Little Swan Company Limited

Jan.-Jun. 2014

Unit: RMB Yuan

Item	Jan.-Jun. 2014									
	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	1,129,431,304.91			290,958,368.49		1,859,579,931.10	-3,559,713.76	625,431,730.92	4,534,329,385.66
Add: change of accounting policy										
Correction of errors in previous periods										
Other										
II. Balance at the beginning of the year	632,487,764.00	1,129,431,304.91			290,958,368.49		1,859,579,931.10	-3,559,713.76	625,431,730.92	4,534,329,385.66
III. Increase/ decrease in the period ("-" means decrease)		5,321,272.68					126,612,202.95	277,987.96	34,441,881.32	166,653,344.91
(I) Net profit							316,358,532.15		34,005,184.87	350,363,717.02
(II) Other comprehensive incomes		-51,979.20						277,987.96		226,008.76
Subtotal of (I) and (II)		-51,979.20					316,358,532.13	277,987.96	34,005,184.87	350,589,725.76
(III) Capital paid in and reduced by owners		5,373,251.88							436,696.45	5,809,948.33

1. Capital paid in by owners										
2. Amounts of share-based payments recognized in owners' equity		5,373,251.88							436,696.45	5,809,948.33
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	1,134,752,577.59			290,958,368.49		1,986,192,134.05	-3,281,725.80	659,873,612.24	4,700,982,730.57

Jan.-Jun. 2013

Unit: RMB Yuan

Item	Jan.-Jun. 2013									
	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	1,129,409,313.71			270,617,248.93		1,656,317,300.32	-2,621,131.09	564,332,580.26	4,250,543,076.13
Add: retrospective adjustment due to business combination 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	1,129,409,313.71			270,617,248.93		1,656,317,300.32	-2,621,131.09	564,332,580.26	4,250,543,076.13
III. Increase/ decrease in the period ("-" means decrease)		21,991.20			20,341,119.56		203,262,630.78	-938,582.67	61,099,150.66	283,786,309.53
(I) Net profit							413,350,079.54		61,407,620.25	474,757,699.79
(II) Other comprehensive incomes		21,991.20						-938,582.67		-916,591.47
Subtotal of (I) and (II)		21,991.20					413,350,079.54	-938,582.67	61,407,620.25	473,841,108.32

(III) Capital paid in and reduced by owners										-308,469.59	-308,469.59
1. Capital paid in by owners											
2. Amounts of share-based payments recognized in owners' equity											
3. Others										-308,469.59	-308,469.59
(IV) Profit distribution					20,341,119.56		-210,087,448.76				-189,746,329.20
1. Appropriations to surplus reserves					20,341,119.56		-20,341,119.56				
2. New increase of capital (or share capital) from surplus reserves											
3. Surplus reserves for making up losses							-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	1,129,431,304.91		290,958,368.49		1,859,579,931.10	-3,559,713.76	625,431,730.92	4,534,329,385.66

Legal representative: Fang Hongbo

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

Chief of the accounting division: Zhong Fangliu

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

Prepared by Wuxi Little Swan Company Limited

Jan.-Jun. 2014

Unit: RMB Yuan

Item	Jan.-Jun. 2014							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Total owners' equity
I. Balance at the end of the previous year	632,487,764.00	1,291,483,360.14			278,308,224.59		1,702,750,823.87	3,905,030,172.60
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	632,487,764.00	1,291,483,360.14			278,308,224.59		1,702,750,823.87	3,905,030,172.60
III. Increase/ decrease in the period ("-" means decrease)		4,286,369.13					37,379,629.10	41,665,998.23
(I) Net profit							227,125,958.30	227,125,958.30

(II) Other comprehensive incomes		-51,979.20						-51,979.20
Subtotal of (I) and (II)		-51,979.20					227,125,958.29	227,073,979.09
(III) Capital paid in and reduced by owners		4,338,348.33						4,338,348.33
1. Capital paid in by owners								
2. Amounts of share-based payments recognized in owners' equity		4,338,348.33						4,338,348.33
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	1,295,769,729.27			278,308,224.59		1,740,130,452.97	3,946,696,170.83

Jan.-Jun. 2013

Unit: RMB Yuan

Item	Jan.-Jun. 2013							
	Paid-up capital (or share capital)	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	General risk reserve	Retained profit	Total owners' equity
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 in the period ("-" means decrease)		21,991.20			20,341,119.56		-6,676,253.12	13,686,857.64
(I) Net profit							203,411,195.64	203,411,195.64
(II) Other comprehensive incomes		21,991.20						21,991.20
Subtotal of (I) and (II)		21,991.20					203,411,195.64	203,433,186.84

(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					20,341,119.56		-210,087,448.76	-189,746,329.20
1. Appropriations to surplus reserves					20,341,119.56		-20,341,119.56	
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	1,291,483,360.14			278,308,224.59		1,702,750,823.87	3,905,030,172.60

Legal representative: Fang Hongbo

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

Chief of the accounting division: Zhong Fangliu

(III) Company profile

Wuxi Little Swan Company Ltd. was founded as an 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 4th Session of the Sixth Board of Directors and the 1st 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.

After approved by CSRC through [2013]1014 document, Midea Group had split off as well as consolidated and combined the original controller GD Midea Holding on 18 Sep. 2013. After the consolidation and combination, Midea Group inherited and undertook the whole rights and obligations of the whole assets and liabilities etc of GD Midea Holding as the reminder enterprise and had finished the relevant registration procedures of shares transfer on 31 Dec. 2013.

As of 31 Dec. 2013, registered capital of the company is RMB 632,487,764, among which the restricted exchange-traded A shares are 3,689,890 shares, accounting for 0.583% of the whole shares; the unrestricted exchange-traded A shares are 437,762,002 shares, accounting for 69.213%; and the unrestricted exchange-traded B shares are 191,035,872 shares, account for 30.204% 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 7 Aug. 2014.

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
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	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
Group 1: 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.
Group 2: 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)	5.00%	5.00%
From 1-2 years	10.00%	10.00%
From 2-3 years	30.00%	30.00%
Over 3 years	50.00%	50.00%
Over 5 years	100.00%	100.00%

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

(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 on the basis of issuing equity securities shall be the fair value of the equity securities issued.

B. 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.

C. 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.

F. 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	20-35 years	5.00%	2.71-4.75%
Machineries	10-15 year	5.00%	6.33-9.50%
Electronic equipment	3-5 year	5.00%	19%-31.67%
Vehicles	5 year	5.00%	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 expected 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 valuation technique, including referring to the prices of the market trade used recently by all parties who know well of the situation and trade by voluntary,

referring to the recently fair value of other financial instruments which are essentially the same, discount cash flow method and options pricing model etc.

(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 labor services

Revenue from rendering labor 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 labor services can be determined.

(4) Recognition basis and method for the schedule of contracted project when recognizing the revenue from providing labor 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 policy

Government grants that are obtained by enterprises used for purchase or construction, or forming the long-term assets by other ways belongs to the government subsidies pertinent to assets; government subsidies except those pertinent to assets belongs to the government subsidies pertinent to income.

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.

The government subsidies pertinent to incomes shall be treated respectively in accordance with the circumstances as follows:

- ① Those subsidies used for compensating the related future expenses or losses of the Company shall be recognized as deferred income and shall included in the current profits and losses during the period when the relevant expenses are recognized;
- ② Those subsidies used for compensating the related expenses or losses incurred to the Company shall be directly included in the current profits and losses

Government subsidies should be confirmed and measured according to the actual amount to the account when practically receiving the accounts. Only when there is unambiguous evidence indicates the subsidy is appropriated according to the fixed quota standards and there is unambiguous evidence indicates that it meet with the relevant conditions stipulated by financial support policy and is estimated to receive the financial support funds, could confirm and measure it according to the amounts receivable.

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

The withdrawal proportion of the bad debt provision of the creditor's rights receivables and the accounting estimates of the

depreciation life of the fixed assets changed in the reporting period.

(1) Change of accounting estimates

Were the main accounting estimates changed during the reporting period?

Yes No

Specific explanation

Unit: RMB Yuan

The content and reasons of the changes of accounting estimates	Approval process	Name of the influenced report item	Influenced amount
For maintain the consistency between the accounting policy and the accounting estimates of the controlling shareholders, and for strengthen the anti-risk power of the Company itself, the Company changed the withdrawal proportion of the bad debt provision of the creditor's rights receivables and the accounting estimates of the depreciation life of the fixed assets according to the relevant regulations of Accounting Standards for Business Enterprises.	According to the relevant regulations of Securities Law, Shenzhen Stock Exchange Listing Rules, Guidance No. 7 on the Information Disclosure Work of the Listed Companies of Shenzhen Stock Exchange—Accounting Policy and Accounting Estimates Alternation and Articles of Associations, the alternation of the accounting estimates had executed through reviewal and approval by the Board of Directors and Board of Supervisors of the Company and the Independent Directors issued independent advice on the matter.	Income statement	

For the details of the above accounting estimates changes, please refer to the announcement disclosed on www.cninfo.com.cn of the Company on 7 Mar. 2014.

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%. Certificate No. GF201134000043 of Hefei Media Washing Machine Co., Ltd. had expired at the end of Y2013, and had applied for new high-tech enterprise again, which was in the approval procedure. Each index of the Company was met with the application standards, so the income tax expense was still calculated according to 15% of the income tax rate.

VI. Business combination and consolidated financial statements

1. Subsidiaries

(1) Subsidiaries obtained by establishment and investment

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
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		70.00%	70.00%	Yes	43,448,957.00		
Wuxi Filin Electronics Co., Ltd.	Holding subsidiaries	Wuxi	Production	USD 3,624,600.00	Manufacture of computer control components for washing machine	25,630,294.47		73.00%	73.00%	Yes	85,356,866.98		
Wuxi Little Swan Washing Machine	Holding subsidiaries	Wuxi	Production	49,679,500.00	Manufacture and sale of commercial	37,259,780.00		99.91%	99.91%	Yes			-38,128,999.72

Co., Ltd.					washing machine , dryers and spare parts								
Wuxi Meitian Refrigerator Market Co., Ltd.	Holding subsidiaries	Wuxi	Trading	USD 4,000,000.00	Sales of refrigerator	24,840,000.00		75.00%	75.00%	Yes			
Jiangsu Little Swan Marketing and Sales Co., Ltd.	Holding subsidiaries	Wuxi	Trading	419,500,000.00	Sales of household electrical appliances	417,794,000.00		99.63%	99.63%	Yes			-81,851,346.36
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			-15,266,022.30
Little Swan International (Singapore) Co., Ltd.	Wholly-owned subsidiary	Singapore	Investment	USD 5,000,000.00	Investment	34,052,500.00		100.00%	100.00%	Yes			

Note: Wuxi Little Swan Washing Machine Co. Ltd. had written off on 15 Jul. 2014.

(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 (Jingzhou) Electronic Appliances Co., Ltd.	Wholly-owned subsidiary	Jingzhou	Production	11,070,200.00	Manufacture of washing machines	11,869,400.00		100.00%	100.00%	Yes			
Hefei Media Washing Machine Co., Ltd.	Holding subsidiaries	Hefei	Production	USD 135,520,000.00	Manufacture of washing machines	830,962,300.00		69.47%	69.47%	Yes	528,933,955.18		
Hefei Midea Washing Machine Manufacture Co., Ltd.	Holding subsidiaries	Hefei	Production	20,000,000.00	Manufacture of washing machines	18,000,000.00		90.00%	90.00%	Yes	2,133,833.08		

2. Explanation on changes in consolidated scope

Explanation on changes in consolidated scope:

The subsidiary Tianjin Little Swan Washing Machine Co., Ltd. had been written off on 28 Jan. 2014 and not included in the consolidation scope since the date.

Applicable Inapplicable

3. Main entities which are newly included into or are not included into consolidation scope during the reporting period

The subsidiaries, special purpose entities and the operation entities which formed the control rights through methods such as entrusted operation or lease etc.

Unit: RMB Yuan

Name	Disposal of the daily net assets	Net profits from the year-begin to the disposal date
Tianjin Little Swan Washing Machine Co., Ltd.	191,467,411.60	-100.00

4. Exchange rates of major items in financial statements for foreign entities

The exchange rates of the major items in financial statements for foreign entities included in the consolidation financial statements of the reporting period are: for assets and liabilities, using the spot exchange rate on the balance sheet date with USD 1 dollar at the period-end converted into RMB 6.1528. For the entitlement programs of the owners (except for the retained profits items), using the spot exchange rate when obtained and for the income statement as well as the cash flow statement, using the approximate exchange rate within the year, which means USD 1 dollar is converted to RMB 6.1431.

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	RMB amount	Amount in foreign currency	Exchange rate	RMB amount
Cash:	--	--	8,158.18	--	--	21,277.15
RMB	--	--	8,158.18	--	--	21,277.15
Bank deposit:	--	--	2,114,614,996.65	--	--	1,558,183,589.38
RMB	--	--	2,062,208,224.21	--	--	1,495,172,481.08
USD	8,408,703.00	6.1528	51,737,067.80	10,072,251.52	6.0969	61,409,510.29
EUR	79,777.92	8.3946	669,703.73	190,238.29	8.4189	1,601,597.14
JPY	15.00	0.060815	0.91	15.00	0.057771	0.87

Other monetary funds:	--	--	50,671,950.96	--	--	59,168,221.97
RMB	--	--	46,619,468.31	--	--	56,125,194.49
USD	658,640.40	6.1528	4,052,482.65	499,110.61	6.0969	3,043,027.48
Total	--	--	2,165,295,105.79	--	--	1,617,373,088.50

2. Trading financial assets

(1) Trading financial assets

Unit: RMB Yuan

Item	Closing fair value	Opening fair value
Derivative financial assets	1,486,950.00	15,016,740.00
Total	1,486,950.00	15,016,740.00

3. Notes receivable

(1) Category of notes receivable

Unit: RMB Yuan

Category	Closing balance	Opening balance
Bank acceptance bill	2,376,741,559.62	2,449,770,225.41
Total	2,376,741,559.62	2,449,770,225.41

(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	17 Apr. 2014	17 Oct. 2014	10,000,000.00	
Suning Yunshang Group Co., Ltd. Procurement Center	17 Apr. 2014	17 Oct. 2014	10,000,000.00	
Suning Yunshang Group Co., Ltd. Procurement Center	17 Apr. 2014	17 Oct. 2014	7,087,627.41	
Ningbo Yongning Suning Yunshang Trading Co., Ltd.	17 Jan. 2014	17 Jul. 2014	6,803,424.56	
Xiamen Xiangyu Trading Supply Chain Co., Ltd.	26 Feb. 2014	26 Aug. 2014	5,000,770.00	
Total	--	--	38,891,821.97	--

4. Accounts receivable

(1) Accounts receivable listed by categories

Unit: RMB Yuan

Category	Closing balance	Opening balance
----------	-----------------	-----------------

	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion	Amount	Proportion	Amount	Proportion	Amount	Proportion
Accounts receivable for which bad debt provisions are made on the group basis								
Group 1: Aging group	869,491,640.31	98.64%	44,133,950.81	5.08%	819,724,441.69	97.94%	41,980,309.37	5.12%
Group 2: Account receivable within the scope of consolidated sheet								
Subtotal of group	869,491,640.31	98.64%	44,133,950.81	5.08%	819,724,441.69	97.94%	41,980,309.37	5.12%
Accounts receivable with insignificant single amount and individually withdrawn bad debt provision	12,011,214.28	1.36%	12,011,214.28	100.00%	17,241,527.92	2.06%	17,241,527.92	100.00%
Total	881,502,854.59	--	56,145,165.09	--	836,965,969.61	--	59,221,837.29	--

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		Provision for bad debts
	Amount	Proportion		Amount	Proportion	
Within 1 year						
Including:	--	--	--	--	--	--
Subtotal of within 1 year	865,881,546.48	99.58%	43,294,077.12	813,679,130.91	99.26%	40,683,956.54
1-2 years	2,851,779.12	0.33%	285,177.91	4,906,952.28	0.60%	490,695.24
2-3 years	3,401.36	0.00%	1,020.41	115,910.66	0.01%	23,182.13
Over 3 years	402,475.95	0.05%	201,237.97	599,930.94	0.07%	359,958.56
Over 5 years	352,437.40	0.04%	352,437.40	422,516.90	0.05%	422,516.90
Total	869,491,640.31	--	44,133,950.81	819,724,441.69	--	41,980,309.37

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
AVEST	317,931.17	317,931.17	100.00%	Difficult to withdraw
CNPEC	853,104.00	853,104.00	100.00%	Difficult to withdraw
Chongqing Taizheng (Group) Co., Ltd.	851,500.00	851,500.00	100.00%	Difficult to withdraw
Chongqing R&F Property Development Co., Ltd.	1,675,800.00	1,675,800.00	100.00%	Difficult to withdraw
Chongqing Zhongcheng Property Development Co., Ltd.	1,655,000.00	1,655,000.00	100.00%	Difficult to withdraw
61 Households of Hunan Huitang Hot Spring Huatian City Real Estate Co., Ltd. etc	6,657,879.11	6,657,879.11	100.00%	Difficult to withdraw
Total	12,011,214.28	12,011,214.28	--	--

(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
Foshan Shunde Midea Nuantong Equipment Sales Co., Ltd.	Negotiated collection	Difficult to withdraw	0.30	0.30
CNOOC Energy Technology & Services-Catering & Support Services Co., Ltd.	Negotiated collection	Difficult to withdraw	57,662.50	57,662.50
CNPE	Negotiated collection	Difficult to withdraw	150,500.00	107,500.00
Chongqing Wanzhou Wanda Hotel Management Co., Ltd.	Negotiated collection	Difficult to withdraw	303,092.00	187,569.00
Hunan Huitang Hot Spring Huatian City Real Estate Co., Ltd.	Negotiated collection	Difficult to withdraw	1,272,000.00	260,000.00
Tangshan Wanda Investment Real Estate Co., Ltd.	Negotiated collection	Difficult to withdraw	531,488.00	472,116.00
Hangzhou Xixi Investment Development Co., Ltd.	Negotiated collection	Difficult to withdraw	745,584.30	521,909.01
Chongqing Taizheng (Group) Co., Ltd.	Negotiated collection	Difficult to withdraw	1,851,500.00	1,000,000.00

Headquarters of Hangzhou Xihu Xixi Wetland Comprehensive Protection Project	Negotiated collection	Difficult to withdraw	1,427,004.00	1,427,004.00
CNPEC	Negotiated collection	Difficult to withdraw	2,367,588.00	1,514,484.00
Total	--	--	8,706,419.10	--

(3) Information of top 5 accounts receivable

Unit: RMB Yuan

Name of entity	The relationship with the Company	Amount	Aging	Proportion
MIDEA ELECTRIC TRADING (SINGAPORE)CO.PTE.LTD	Retailer	289,064,145.28	Within 1 year	32.79%
Suning Yunshang Group Co., Ltd. Procurement Center	Retailer	99,922,892.06	Within 1 year	11.34%
Kunming Midea Refrigeration Product Sales Co., Ltd.	Retailer	24,617,486.49	Within 1 year	2.79%
Jilin Media Refrigeration Product Sales Co., Ltd.	Retailer	24,293,337.75	Within 1 year	2.76%
Xi'an Guomei Electrical Appliance Co., Ltd.	Retailer	15,912,699.98	Within 1 year	1.81%
Total	--	453,810,561.56	--	51.49%

(4) The amounts due from related parties

Unit: RMB Yuan

Name of entity	The relationship with the Company	Amount	Proportion
MIDEA ELECTRIC TRADING (SINGAPORE)CO.PTE.LTD	Shareholder controlling company	289,064,145.28	32.79%
PT. MIDEA PLANET INDONESIA	Shareholder controlling company	801,605.24	0.09%
MIDEA SCOTT&ENGLISH ELECTRONIICS SDN.BHD	Shareholder controlling company	7,845,232.18	0.89%
MIDEA CONSUMER ELECTRIC (VIETNAM) CO.,LTD	Shareholder controlling company	844,303.34	0.10%
Total	--	298,555,286.04	33.87%

5. 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								
Group 1: Aging group	29,203,534.86	100.00%	3,645,918.41	12.48%	29,105,439.83	100.00%	2,941,915.70	10.11%
Group 2: Other account receivable with in the scope of consolidated sheet								
Subtotal of group	29,203,534.86	100.00%	3,645,918.41	12.48%	29,105,439.83	100.00%	2,941,915.70	10.11%
Total	29,203,534.86	--	3,645,918.41	--	29,105,439.83	--	2,941,915.70	--

Explanation of the category of other accounts receivable

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		Provision for bad debts
	Amount	Proportion		Amount	Proportion	
Within 1 year						
Including:						
Subtotal of within 1 year	11,241,866.26	38.49%	562,093.31	24,970,133.06	85.79%	1,248,506.66
1-2 years	14,541,464.65	49.79%	1,454,146.47	1,442,035.00	4.95%	144,203.50
2-3 years	762,052.00	2.61%	228,615.60	208,868.00	0.72%	41,773.60
Over 3 years	2,514,177.83	8.61%	1,257,088.92	2,442,429.65	8.39%	1,465,457.82
Over 5 years	143,974.12	0.49%	143,974.12	41,974.12	0.15%	41,974.12
Total	29,203,534.86	--	3,645,918.41	29,105,439.83	--	2,941,915.70

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

Applicable Inapplicable

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

Applicable Inapplicable

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

Applicable Inapplicable

(2) Information of top five other accounts receivable

Unit: RMB Yuan

Name of entity	Relationship with the Company	Amount	Aging	Proportion of the total
MIIT	Government sector	13,138,701.10	Within 2 years	44.99%
Wang Ruiqun	Company personnel	2,588,000.00	Within 1 year	8.86%
Wuxi China Resources Natural Gas Co., Ltd.	Cooperator	1,212,830.80	Within 1 year	4.15%
Fiscal Treasury payment center of Hefei High-Tech Industry Development Zone	Government sector	1,000,000.00	3 to 4 years	3.42%
Zhejiang Tmall Technology Co., Ltd.	Cooperator	924,391.72	Within 1 year	3.17%
Total	--	18,863,923.62	--	64.59%

6. Prepayment**(1) List by aging analysis:**

Unit: RMB Yuan

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	159,627,528.25	97.83%	130,792,399.39	92.86%
1 to 2 years	2,978,949.72	1.83%	5,434,937.53	3.86%
2 to 3 years	563,642.94	0.35%	4,614,587.14	3.28%
Total	163,170,120.91	--	140,841,924.06	--

(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	57,792,070.00	Within 1 year	Advance material payment
East China Chemical Sales of PetroChina Company Limited	Supplier	28,528,050.00	Within 1 year	Advance material payment
Ningbo Midea Joint Supplies Co., Ltd.	Supplier	15,845,206.76	Within 1 year	Advance material payment
Shanghai Shabo Basis Trade & Commerce Co., Ltd.	Supplier	11,325,600.00	Within 1 year	Advance material

				payment
Anhui Power Company Hefei Power Supply Company	Supplier	6,580,086.42	Within 1 year	Advance electric charge
Total	--	120,071,013.18	--	--

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	43,663,080.32	1,464,472.25	42,198,608.07	43,399,847.13	3,610,554.47	39,789,292.66
Construction contract assets	15,007,996.51		15,007,996.51	10,469,267.54		10,469,267.54
Inventory goods	561,274,873.94	37,217,367.34	524,057,506.60	785,045,416.69	37,162,138.31	747,883,278.38
Total	619,945,950.77	38,681,839.59	581,264,111.18	838,914,531.36	40,772,692.78	798,141,838.58

(2) Impairment of inventories

Unit: RMB Yuan

Category	Opening balance	Increase	Decrease		Closing balance
			Reversal	Written off	
Raw materials	3,610,554.47			2,146,082.22	1,464,472.25
Inventory goods	37,162,138.31	55,229.03			37,217,367.34
Total	40,772,692.78	55,229.03		2,146,082.22	38,681,839.59

8. Other current assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Bank financing	1,942,370,000.00	1,780,000,000.00
Deferred expense-module	17,257,280.92	11,288,539.62
Total	1,959,627,280.92	1,791,288,539.62

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	251,664.00	312,816.00
Total	251,664.00	312,816.00

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							
Guangzhou Attend Logistics Co., Ltd.	20.00%	20.00%	20,208,753.70	4,263,771.47	15,944,982.23	8,833,062.79	98,901.84

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	With draw n	Cash bonus in the reporting period

										od
Guangzhou Attendant Logistics Co., Ltd.	Equity method	2,000,000.00	3,169,148.88	19,847.57	3,1-188,996.45	20.00%	20.00%			
Suzhou People's Shopping Mall	Cost method	150,000.00	150,000.00		150,000.00					
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					
Total	--	3,300,000.00	4,579,148.88	19,847.57	4,598,996.45	--	--	--		

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	30,936,720.15			30,936,720.15
1. Property and building	25,586,926.80			25,586,926.80
2. Land using right	5,349,793.35			5,349,793.35
II. Total of accumulated depreciation and amortization	8,893,877.76	505,145.66		9,399,023.42
1. Property and building	7,003,618.26	451,647.75		7,455,266.01
2. Land using right	1,890,259.50	53,497.91		1,943,757.41
III. Total of the net book value of the investment real estate	22,042,842.39	-505,145.66		21,537,696.73
1. Property and building	18,583,308.54	-451,647.75		18,131,660.79
2. Land using right	3,459,533.85	-53,497.91		3,406,035.94
IV. Total of accruing amount of the investment real estate impairment	12,576,065.29			12,576,065.29

provision				
1. Property and building	12,576,065.29			12,576,065.29
IV. Total of book value of real estate investment	9,466,777.10	-505,145.66		8,961,631.44
1. Property and building	6,007,243.25	-451,647.75		5,555,595.50
2. Land using right	3,459,533.85	-53,497.91		3,406,035.94

13. Fixed assets

(1) 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	1,741,335,928.35	22,886,697.42		27,239,278.42	1,736,983,347.35
Including: Property and building	815,100,557.69	1,932,811.43		723,116.23	816,310,252.89
Machineries	804,141,462.70	14,286,868.02		19,506,735.88	798,921,594.84
Vehicles	26,559,949.77	1,132,307.72		1,585,949.92	26,106,307.57
Electronic equipments and other	95,533,958.19	5,534,710.25		5,423,476.39	95,645,192.05
--	Opening book balance	Increase in reporting period	Withdrawal in reporting period	Decrease in the reporting period	Closing book balance
II. Accumulated depreciation	537,806,930.26		66,946,085.42	19,619,298.91	585,133,716.77
Including: Property and building	140,533,670.34		17,598,916.42	93,767.10	158,038,819.66
Machineries	315,766,343.75		35,378,377.19	13,481,424.63	337,663,296.31
Vehicles	14,408,730.42		4,900,144.71	1,150,943.83	18,157,931.30
Electronic equipments and other	67,098,185.75		9,068,647.10	4,893,163.35	71,273,669.50
--	Opening book balance			--	Closing book balance
III. The net book value of fixed assets	1,203,528,998.09		--		1,151,849,630.58
Including: Property and building	674,566,887.35		--		658,271,433.23
Machineries	488,375,118.95		--		461,258,298.53
Vehicles	12,151,219.35		--		7,948,376.27
Other equipment	28,435,772.44		--		24,371,522.55
IV. Total impairment	9,284,711.23		--		20,498,454.29

provision			
Including: Property and building	4,550,556.97	--	3,906,896.14
Machineries	4,074,257.81	--	16,094,122.63
Vehicles	271,413.75	--	138,534.16
Electronic equipments and other	388,482.70	--	358,901.36
V. Total book value of fixed assets	1,194,244,286.86	--	1,131,351,176.29
Including: Property and building	670,016,330.38	--	654,364,537.09
Machineries	484,300,861.14	--	445,164,175.90
Vehicles	11,879,805.60	--	7,809,842.11
Electronic equipments and other	28,047,289.74	--	24,012,621.19

Depreciation amount of this reporting period was RMB 66,946,085.42; 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
T1451633001 drum SCOTT line overhaul under constructionT1451633001	2,184,273.62		2,184,273.62			
Injection molding machine overhaul	773,638.20		773,638.20			
Total	2,957,911.82		2,957,911.82			

15. Intangible assets

(1) Intangible assets

Unit: RMB Yuan

Item	Opening balance	Increase in the reporting period	Decrease in the reporting period	Closing balance
I. Total original book value	258,801,275.07	168,420.00		258,969,695.07
Land use right	254,629,820.51			254,629,820.51
Non-patent technology	1,992,000.00			1,992,000.00
Software, etc.	2,179,454.56	168,420.00		2,347,874.56
II. Accumulative amortization	39,355,742.20	2,893,989.24		42,249,731.44
Land use right	35,908,646.36	2,739,231.85		38,647,878.21
Non-patent technology	1,992,000.00			1,992,000.00

Software, etc.	1,455,095.84	154,757.39		1,609,853.23
III. Total net book value of intangible assets	219,445,532.87	-2,725,569.24		216,719,963.63
Land use right	218,721,174.15	-2,739,231.85		215,981,942.30
Non-patent technology				
Software, etc.	724,358.72	13,662.61		738,021.33
Land use right				
Non-patent technology				
Software, etc.				
Total book value of intangible assets	219,445,532.87	-2,725,569.24		216,719,963.63
Land use right	218,721,174.15	-2,739,231.85		215,981,942.30
Non-patent technology				
Software, etc.	724,358.72	13,662.61		738,021.33

Amortization was of RMB2,893,989.24 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	4,796,970.60	2,399,857.56	5,156,395.93		2,040,432.23	
IT consultant expense	2,048,522.86	470,000.00	1,168,024.44		1,350,498.42	
Improvement of lease expense	302,342.28		226,756.68		75,585.60	
Total	7,147,835.74	2,869,857.56	6,551,177.05		3,466,516.25	--

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	16,084,674.12	16,382,981.18
Remuneration and dismiss expense	5,234,689.32	5,760,927.08
Withdrawal expense	189,652,304.86	135,295,945.42
Internal unrealized profit	5,694,551.24	10,451,805.07

Estimated liabilities	1,524,367.93	1,696,578.54
Deferred income (government subsidy)	77,550.00	85,290.00
Investment differences	1,317,443.38	1,317,443.38
Subtotal	219,585,580.85	170,990,970.67
Deferred income tax liabilities:		
Estimated value of trading financial instruments, derivative financial instruments	223,042.50	2,252,511.00
Fair value changes on available-for-sale financial assets that recognized into capital reserves	22,704.60	31,877.40
Subtotal	245,747.10	2,284,388.40

Lists of deferred tax assets and liabilities unrecognized

Unit: RMB Yuan

Item	Closing amount	Opening amount
Deductible temporary differences	29,467,415.77	15,798,136.82
Deductible losses	27,511,181.44	75,366,221.20
Total	56,978,597.21	91,164,358.02

Notes of taxable differences and deductible differences between projects

Unit: RMB Yuan

Item	Amount	
	Closing	Opening
Item of taxable differences		
Changes in the fair value -Tradable financial assets	1,486,950.00	15,016,740.00
Changes in the fair value - Available-for-sale financial assets	151,364.00	212,516.00
Subtotal	1,638,314.00	15,229,256.00
Item of deductible differences		
Preparation for the impairment of assets	107,231,160.84	109,219,874.55
Payment and dismissal costs	34,897,928.81	38,406,180.54
Accrued expenses	1,264,348,699.05	901,972,969.48
Internal unrealized profits	37,963,674.94	69,678,700.46
Anticipation liabilities	10,162,452.89	11,310,523.59
Deferred income (government subsidies)	517,000.00	568,600.00
Investment differences	8,782,955.88	8,782,955.88
Subtotal	1,463,903,872.41	1,139,939,804.50

18. Notes of preparation for the impairment of assets

Unit: RMB 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	62,163,752.99	10,433,166.25	12,805,835.75		59,791,083.49
2. Inventory falling price reserves	40,772,692.78	55,229.03		2,146,082.22	38,681,839.59
3. The investment real estate impairment provision	12,576,065.29				12,576,065.29
4. Fixed assets impairment provision	9,284,711.23	13,737,437.77		2,523,694.71	20,498,454.29
Total	124,797,222.29	24,225,833.05	12,805,835.75	4,669,776.93	131,547,442.66

19. Short-term borrowing**(1) The classification of short-term borrowing**

Unit: RMB Yuan

Item	Closing amount	Opening amount
Debt of honor	50,117,340.00	
Total	50,117,340.00	

20. Notes payable

Unit: RMB Yuan

Category	Closing amount	Opening amount
Bank acceptance	868,240,658.99	385,673,110.34
Total	868,240,658.99	385,673,110.34

The amount due of next accounting period is RMB 868,240,658.99.

21. Accounts payable**(1) Accounts payable**

Unit: RMB Yuan

Item	Closing amount	Opening amount
Within 1 year	3,050,363,216.49	2,670,837,986.87
1 to 2 years	26,290,927.95	45,299,711.81

2 to 3 years	30,869,764.59	22,284,494.89
3 to 5 years	36,180,695.40	17,047,547.93
Over 5 years	13,668,783.78	12,576,353.96
Total	3,157,373,388.21	2,768,046,095.46

22. Deposit received

(1) Deposit received

Unit: RMB Yuan

Item	Closing amount	Opening amount
Within 1 year	389,903,766.85	980,920,518.26
1 to 2 years	16,578,457.31	44,922,372.19
2 to 3 years	7,095,067.96	5,916,412.68
3 to 5 years	13,242,062.59	8,434,917.26
Over 5 years	12,716,564.71	17,758,377.13
Total	439,535,919.42	1,057,952,597.52

23. Payroll payable

Unit: RMB 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	137,431,309.36	246,418,485.31	282,972,639.93	100,877,154.74
II. Employee welfare	8,043,769.84	14,146,210.98	17,516,916.03	4,673,064.79
III. Social insurance	7,670,870.72	52,670,189.60	47,614,618.85	12,726,441.47
IV. Housing fund	6,451,718.24	11,156,760.07	11,209,397.25	6,399,081.06
V. Redemption for terminations of labor contract	43,366,596.83	8,370,442.31	14,535,249.04	37,201,790.10
VI. Others	4,359,354.93	3,928,892.46	4,994,678.67	3,293,568.72
Total	207,323,619.92	336,690,980.73	378,843,499.77	165,171,100.88

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

The labor union budget and employee education budget is RMB 3,293,568.72, and the non-monetary benefits are RMB0.00, as well as the compensation for terminating the labor contract is RMB 37,201,790.10.

24. Taxes payable

Unit: RMB Yuan

Item	Closing amount	Opening amount
Value-added tax	23,794,975.52	26,109,122.01
Consumption tax	360,000.00	360,000.00
Business tax	190,476,604.21	137,640,615.34
Corporate income tax	1,916,633.99	649,936.36
Personal income tax	2,459,493.70	6,945,372.39
Urban maintenance and construction tax	3,356,209.46	3,807,332.62
Property tax	1,681,437.66	3,105,747.40
Land use tax	494,204.11	599,259.73
Stamp tax	2,124,202.04	4,986,066.76
Education surtax	12,314,603.00	11,974,697.00
Other	7,042,346.52	3,025,706.95
Total	246,020,710.21	199,203,856.56

25. Dividends payable

Unit: RMB Yuan

Name of entity	Closing amount	Opening amount	Reason of unpaid over one year
Other restricted legal person shareholder	4,088,128.36	3,740,152.33	Did not cash
Total	4,088,128.36	3,740,152.33	--

26. Other accounts payable**(1) Other accounts payable**

Unit: RMB Yuan

Item	Closing amount	Opening amount
Within 1 year	24,913,188.78	34,703,583.02
1 to 2 years	6,370,703.99	4,046,107.47
2 to 3 years	3,022,338.47	2,886,513.66
3 to 5 years	5,138,486.28	7,209,641.43
Over 5 years	710,023.65	1,175,248.08
Total	40,154,741.17	50,021,093.66

27. Estimated liabilities

Unit: RMB Yuan

Item	Opening amount	Increase in the period	Decrease in the period	Closing amount
Product quality assurance	11,310,523.59		1,148,070.70	10,162,452.89
Total	11,310,523.59		1,148,070.70	10,162,452.89

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. 2014, the company has a risk loss of RMB 10,162,500 for the sold products.

28. Account payable special funds

Unit: RMB Yuan

Item	Opening amount	Increase in the period	Decrease in the period	Closing amount	Notes
Relocation compensation	2,073,957.30	1,710,000.00		3,783,957.30	
Total	2,073,957.30	1,710,000.00		3,783,957.30	--

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.

29. Other non-current liabilities

Unit: RMB Yuan

Item	Book value at the end of the period	Book value at the opening of the period
Deferred income	517,000.00	568,600.00
Total	517,000.00	568,600.00

Liabilities project involving government subsidies

Unit: RMB Yuan

Item	Opening balance	Subsidies newly increased in this period	Non-operating income recorded in this period	Other changes	Closing balance	Related to assets/related to income
Subsidies of substation reformation	277,400.00		25,200.00		252,200.00	Related to assets
Special guide subsidies of modern service industry development	291,200.00		26,400.00		264,800.00	Related to assets

Total	568,600.00		51,600.00		517,000.00	--
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30. Share capital

Unit: RMB 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

31. Capital reserves

Unit: RMB 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
Other capital reserve	39,179,385.00			39,179,385.00
Gains and losses from fair value changes	180,638.60		51,979.20	128,659.40
Equity investment preparation	1,638,562.74			1,638,562.74
Share-based payment	33,250,000.00	5,373,251.88		38,623,251.88
Total	1,129,431,304.91	5,373,251.88	51,979.20	1,134,752,577.59

Notes:

The amount increased in this period is RMB 5,373,251.88, which is the Midea Group's stock payment to the middle and high-level staffs of the Company, The amount decreased in this period is RMB 51,979.2, which is the change of gains and losses of fair value of available-for-sale financial assets this year.

32. Surplus reserves

Unit: RMB Yuan

Item	Opening amount	Increase in the period	Decrease in the period	Closing amount
Statutory surplus reserves	290,958,368.49			290,958,368.49
Total	290,958,368.49			290,958,368.49

33. Retained profits

Unit: RMB Yuan

Item	Amount	Withdrawal or distributed proportion
Opening balance of retained profits before adjustments	1,859,579,931.10	--

Opening balance of retained profits after adjustments	1,859,579,931.10	--
Add: Net profit attributable to owners of the Company	316,358,532.13	--
Dividend of common stock payable	189,746,329.20	
Closing retained profits	1,986,192,134.05	--

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.

34. Revenue and Cost of Sales

(1) Revenue and Cost of Sales

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Sales of main business	4,557,126,125.99	3,687,450,129.55
Other operating income	416,930,894.57	310,774,206.76
Cost of sales	3,655,315,076.59	3,005,810,911.14

(2) Main business (Classified by industry)

Unit: RMB Yuan

Industry	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Home appliances	4,557,126,125.99	3,280,741,426.30	3,687,450,129.55	2,726,631,893.14
Total	4,557,126,125.99	3,280,741,426.30	3,687,450,129.55	2,726,631,893.14

(3) Main business (Classified by product)

Unit: RMB Yuan

Product	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Washing machine	4,557,126,125.99	3,280,741,426.30	3,687,450,129.55	2,726,631,893.14
Total	4,557,126,125.99	3,280,741,426.30	3,687,450,129.55	2,726,631,893.14

(4) Main business (Classified by area)

Unit: RMB Yuan

Area	Reporting period		Same period of last year	
	Revenue of sales	Costs of sales	Revenue of sales	Costs of sales
Domestic	3,568,465,105.73	2,382,803,528.64	2,872,344,515.78	1,983,874,080.54
Other countries	988,661,020.26	897,937,897.66	815,105,613.77	742,757,812.60
Total	4,557,126,125.99	3,280,741,426.30	3,687,450,129.55	2,726,631,893.14

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

Unit: RMB Yuan

Customer	Main business revenue	Proportion of total business revenue (%)
MIDEA ELECTRIC TRADING SINGAPORE)CO.PTE.LTD	676,907,927.34	13.61%
Suning Yunshang Group Co., Ltd., Suning Procurement Center	399,698,023.79	8.04%
Beijing Jingdong Century Information Technology Co., Ltd	125,369,962.89	2.52%
Guizhou Midea Refrigeration Product Marketing Co., Ltd.	109,166,797.72	2.19%
PAKSHOMA COMPANY	63,556,770.56	1.28%
Total	1,374,699,482.30	27.64%

35. Business tax and surtax

Unit: RMB Yuan

Item	Reporting period	Same period of last year	Calculation and payment standard
Business tax	322,440.93	5,000.00	
Urban maintenance and construction tax	17,347,782.20	15,156,953.78	
Education surtax	13,510,445.80	10,795,662.43	
Total	31,180,668.93	25,957,616.21	--

36. Selling expenses

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Employee compensation	73,992,301.57	76,234,924.20
Transportation and handling charges	155,628,481.76	130,242,382.58
Travel expense	13,073,313.35	12,797,757.82
Rental expense	18,647,338.57	32,455,094.80
Installation expense	48,998,580.73	48,906,375.12

Spare part expense	21,676,208.69	14,295,051.53
Maintenance expense	46,371,434.61	39,098,324.93
Advertisement, sales promotional expense	308,607,736.97	169,723,315.28
Others	21,876,757.65	16,212,871.50
Total	708,872,153.90	539,966,097.76

37. Administration expense

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Employee compensation	82,621,273.67	64,056,529.49
Depreciation	14,187,273.51	11,377,056.42
Utility bills	4,129,792.72	3,688,956.75
Quality loss	1,417,018.85	5,826,771.54
Building taxes	4,592,771.25	5,896,626.16
Product certification fee	1,541,366.30	572,756.78
Share-based payment	5,809,948.33	
Others	95,783,440.06	81,673,493.54
Total	210,082,884.69	173,092,190.68

38. Financial expense

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Interest expense	2,431,394.70	1,760,399.50
Less: interest income	9,196,425.25	6,020,314.35
Add: exchange loss	-4,461,581.30	22,963,618.21
Handling charge	1,326,782.99	1,439,394.38
Total	-9,899,828.86	20,143,097.74

39. Gains and losses from changes in fair value

Unit: RMB Yuan

Source	Reporting period	Same period of last year
Trading financial assets	-13,529,790.00	10,584,660.00
Total	-13,529,790.00	10,584,660.00

40. Investment income**(1) Investment income**

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Long-term equity investment income accounted by cost method		50,000.00
Long-term equity investment income accounted by equity method	19,847.57	53,125.03
Investment income received from holding of trading financial assets	3,946,180.00	4,654,180.00
Others	52,412,042.89	33,824,376.41
Total	56,378,070.46	38,581,681.44

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

Unit: RMB Yuan

Name of investee	Reporting period	Same period of last year	Reason for increase/decrease
Attend Logistics Co., Ltd	19,847.57	53,125.03	
Total	19,847.57	53,125.03	--

41. Impairment losses

Unit: RMB Yuan

Item	Reporting period	Same period of last year
I. Bad debts losses	-2,372,669.49	4,006,859.24
II. Inventory falling price losses	55,229.03	9,719,492.09
III. fixed assets impairment losses	13,737,437.77	
Total	11,419,997.31	13,726,351.33

42. Non-operating revenue**(1) Non-operating revenue**

Unit: RMB Yuan

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

Gains from fixed assets deposition	497,193.03	4,258,090.27	497,193.03
Gains from debt restructuring	1,688,200.34		1,688,200.34
Government grants	6,454,141.22	7,073,551.50	6,454,141.22
Penalty income	205,112.93	4,054,332.64	205,112.93
Others	2,769,562.28	2,264,920.80	2,769,562.28
Total	11,614,209.80	17,650,895.21	11,614,209.80

(2) List of government grants

Unit: RMB Yuan

Item	Reporting period	Same period of last year	Related to assets/ related to income	Whether belong to non-current gains and losses
VAT refund upon collection	3,240,786.67	2,708,323.50	Related to income	Yes
Foreign trade promoting rewards	1,715,200.00	1,364,082.00	Related to income	Yes
Subsidy on export letter of credit	500,000.00	1,623,000.00	Related to income	Yes
Patent grants and subsidy for new products	173,500.00	116,646.00	Related to income	Yes
subsidy for equipment investment	51,600.00	300,000.00	Related to income	Yes
Special guide funding of provincial modern service industry development	2,100.00	26,400.00	Related to income	Yes
Intellectual property advantage enterprises subsidies	200,000.00		Related to income	Yes
Subsidies for AICA of export products	200,000.00		Related to income	Yes
Social security reward for talent policies	125,786.55		Related to income	Yes
Production efficiency and advanced statistical awards	110,000.00		Related to income	Yes
Dr. Subsidies	75,000.00		Related to income	Yes
Special subsidies for R&D	50,168.00		Related to income	Yes
Industrial design Taihu Lake award	10,000.00		Related to income	Yes
Government grants of foreign trade and economic cooperation for regional development		262,000.00	Related to income	Yes
Industrial design relocate subsidy		500,000.00	Related to income	Yes
Award of cleaner production projects		100,000.00	Related to income	Yes
Other		73,100.00	Related to income	Yes

Total	6,454,141.22	7,073,551.50	--	--
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43. Non-operating expenses

Unit: RMB 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	1,475,989.61	3,189,776.67	1,475,989.61
Penalty expense	90,201.32	361,628.40	90,201.32
Donation expense	896,062.50		896,062.50
Local fees (flood prevention and security funds etc.)	1,744,406.84	2,539,111.79	
Others	541,578.39	1,341,975.08	541,578.39
Total	4,748,238.66	7,432,491.94	3,003,831.82

44. Income tax expense

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Current income tax expense accounted by tax and relevant regulations	117,060,681.30	48,833,267.58
Adjustment of income tax	-50,624,078.71	-5,840,915.65
Total	66,436,602.59	42,992,351.93

45. 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	316,358,532.13	220,961,466.94
Non-recurring gains and losses of net profit attributable to common shareholders of the Company after deducting influence on income tax	2	43,860,535.03	34,252,100.32
Net profit attributable to common shareholders of the Company after deducting non-recurring gains and losses	3=1-2	272,497,997.10	186,709,366.62
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)	$14=1\div13$	0.50	0.35
Basic earnings per share(II)	$15=3\div12$	0.43	0.30
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 exercising of company bond, subscription certificate, or share option	19	-	-
Diluted EPS(I)	$20=[1+(16-18)\times(1-17)]\div(13+19)$	0.50	0.35
Diluted EPS(II)	$21=[3+(16-18)\times(1-17)]\div(12+19)$	0.43	0.30

46. Other comprehensive income

Unit: RMB Yuan

Item	Reporting period	Same period of last year
1. Profits/(losses) from available-for-sale financial assets	-61,152.00	-44,688.00
Less: Effects on income tax generating from available-for-sale financial assets	-9,172.80	-6,703.20
Subtotal	-51,979.20	-37,984.80
2. Converted amount of foreign currency financial statements	277,987.96	-531,706.86
Subtotal	277,987.96	-531,706.86
Total	226,008.76	-569,691.66

47. Notes of Cash Flow Statement**(1) Other cash received relevant to operating activities**

Unit: RMB Yuan

Item	Amount
Penalty income	205,112.93
Subsidy on income, etc.	3,138,606.39
Interest income from normal bank deposit	9,196,425.25
Actual rent received from operating lease	652,675.00
Other cash income from non-operation	2,510,568.41
Total	15,703,387.98

(2) Other cash paid relevant to operating activities

Unit: RMB Yuan

Item	Amount
Sales expense paid in reporting period	488,083,830.35
Administration expense paid in reporting period	111,480,111.74
Handling charges for financial expense in reporting period	1,326,782.99
Others	11,526,696.57
Total	612,417,421.65

48. Appendix of Cash Flow Statement**(1) Appendix of Cash Flow Statement**

Unit: RMB Yuan

Item	Reporting period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating	--	--

activities		
Net profit	350,363,717.00	235,920,464.23
Add: Provision for impairment of assets	11,419,997.31	13,726,351.33
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	67,451,231.08	61,997,041.15
Amortization of intangible assets	2,893,989.24	2,886,528.31
Amortization of long-term deferred expense	6,551,177.05	13,664,749.38
Losses on disposal of property, plant and equipment, intangible assets and other long-term assets (gains: negative)	-591,204.60	-1,068,313.60
Losses from changes in fair value (gains: negative)	13,529,790.00	-10,584,660.00
Financial expense (gains: negative)	656,433.57	
Investment loss (gains: negative)	-56,378,070.46	-38,581,681.44
Decrease in deferred income tax assets (gains: negative)	-48,594,610.18	-7,428,614.62
Increase in deferred income tax liabilities (decrease: negative)	-2,029,468.50	1,587,699.00
Decrease in inventory (gains: negative)	218,968,580.59	287,313,554.77
Decrease in accounts receivable from operating activities (gains: negative)	34,104,953.91	577,251,722.96
Increase in payables from operating activities (decrease: negative)	276,875,259.82	-205,562,545.65
Net cash flows generated from operating activities	875,221,775.83	931,122,295.82
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	2,114,623,154.82	1,441,520,820.65
Less: Opening balance of cash	1,558,204,866.53	1,293,126,217.00
Net increase in cash and cash equivalents	556,418,288.29	148,394,603.65

(2) Particulars about gain or disposal of subsidiary and other business entities

Unit: RMB Yuan

Appendix information	Reporting period	Same period of last year
I. Information about gain subsidiary and other business entities	--	--
II. Information about disposal of subsidiary and other business entities	--	--
1. Cash and cash equivalents of disposal of subsidiary and other business entities	38,977.14	
Less: Cash and cash equivalents held by subsidiary and other business entities	38,977.14	

(3) Composition of cash and cash equivalents

Unit: RMB Yuan

Item	Closing amount	Opening amount
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I. Cash	2,114,623,154.82	1,558,204,866.53
Including: cash in hand	8,158.18	21,277.15
Bank deposit can be used for payment at any time	2,114,614,996.65	1,558,183,589.38
II. Closing balance of cash and cash equivalents	2,114,623,154.82	1,558,204,866.53

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	Proportions of parent company's shareholding to the company (%)	Proportions of parent company's voting right to the company (%)	Ultimate controller of the company	Organization code
Midea Group Co., Ltd	Parent company	Joint stock company	Foshan, Guangdong	Fang Hongbo	Manufacture, sales and after sale service of household appliances and its equipments	1,686,323,389	40.08%	40.08%	He Xiangjian	72247334-4

Note:

According to the 2013 profits allocation preplan of Midea Group, the Midea Group transferred capital reserve to all shareholders up to 15 shares for every 10 shares, after the completion of bonus share, the registered capital increased to RMB 4,215,808,472. As of the disclosure date of the report, the profits allocation has been completed; however, the industrial and commercial registration change is still in process.

2. Particulars about the subsidiaries

Name of subsidiaries	Relationship	Business type	Registration place	Legal representative	Business nature	Registered capital (RMB thousand Yuan)	Shareholding to the company (%)	Voting right to the company (%)	Organization code
Wuxi Little Swan General Electric Appliances Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Wuxi	Yin Bitong	Production	2,800	70.00%	70.00%	76355342-0
Wuxi Filin Electronics Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Wuxi	Yin Bitong	Production	362.46 (dollars)	73.00%	73.00%	74815875-6

		y							
Wuxi Little Swan Washing Machine Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Wuxi	Chai Xinjian	Production	4,967.95	99.91%	99.91%	60792331-1
Wuxi Meitian Refrigerator Market Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Wuxi	Chai Xinjian	Trading	400(dollars)	75.00%	75.00%	71490141-7
Jiangsu Little Swan Marketing and Sales Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Wuxi	Chai Xinjian	Trading	41,950	99.63%	99.63%	73330538-9
Wuxi Little Swan Import & Export Co., Ltd	Wholly-owned subsidiary	Limited liability company	Wuxi	Yin Bitong	Import & Export	6,500	88.46%	88.46%	13600714-8
Little Swan International (Singapore) Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Singapore		Investment	500(dollars)	100.00%	100.00%	
Little Swan (Jingzhou) Electronic Appliances Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Jingzhou	Yin Bitong	Production	1,107.02	100.00%	100.00%	72614223-5
Hefei Midea Washing Machine Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Hefei	Yin Bitong	Production	13,552(dollars)	69.47%	69.47%	14906761-7
Hefei Midea Washing Machine Manufacture Co., Ltd.	Wholly-owned subsidiary	Limited liability company	Hefei	Yin Bitong	Production	2,000	90.00%	90.00%	67423819-7

Note: Wuxi Little Swan Washing Machine Co., Ltd. has been cancelled on July 15, 2014.

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									
Attend Logistics Co.	Limited	Guangzh	Ye	Logistics	10,000,000.	20.00%	20.00%	Assoc	72993557-2

Ltd.	liability company	ou	Weilong	services	00			iates	
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4. Other related parties of the Company

Name of the parties	Relationship	Organization code
Midea Group Co., Ltd	Company controlling shareholder	72247334-4
Midea Group Finance Co., Ltd	Under control of controlling shareholder of the Company	55912326-3
Little Swan (Jingzhou) Electronic Appliances Co., Ltd.	Under control of controlling shareholder of the Company	70696333-5
Hefei Midea Materail 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
MIDEA ELECTRIC TRADING(SINGAPORE)CO.PTE.LTD	Under control of controlling shareholder of the Company	
PT. MIDEA PLANET INDONESIA	Holding shares of controlling shareholder of the Company	
MIDEA SCOTT&ENGLISH ELECTRONIICS SDN.BHD	Holding shares of controlling shareholder of the Company	
MIDEA CONSUMER ELECTRIC (VIETNAM) CO.,LTD	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
Foshan Shunde District Bainian Technology Development Co., Ltd.	Under control of controlling shareholder of the Company	70807868-X
Foshan Shunde District Bainian Tongchuang Plastic Industrial Co., Ltd.	Under control of controlling shareholder of the Company	79462671-7
Ningbo Annto Logistics Co. Ltd.	Under control of controlling shareholder of the Company	57051088-9
Huai'an Welling Motor Manufacturing Co., Ltd.	Under control of controlling shareholder of the Company	75968160-6
Hubei Midea Refrigerator Co., Ltd.	Under control of controlling shareholder of the Company	70696333-5
Wuhu Bainian Technology Development Co., Ltd.	Under control of controlling shareholder of the Company	75096265-5
Annto Logistics Co. Ltd.	Under control of controlling shareholder	71992943-5

	of the Company	
Guangdong Midea Refrigeration Equipment Co., Ltd	Under control of controlling shareholder of the Company	72547107-X
Ningbo Midea United Material Supply Co., Ltd	Under control of controlling shareholder of the Company	56701636-1

5. Related party transactions

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

Unit: RMB 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	37,152,578.97	1.15%	48,196,839.91	1.93%
Hubei Midea Refrigerator Co. Ltd.	Material purchase	Market price	770,148.67	0.02%	5,437,926.04	0.22%
Huai'an Welling Motor Manufacturing Co., Ltd.	Electrical Machine& Material purchase	Market price	191,827,058.83	5.95%	188,867,242.92	7.56%
Hefei Midea Materials Supply Co., Ltd.	Material purchase	Market price	79,038,575.14	2.45%	157,245,794.25	6.30%
Ningbo Midea United Material Supply Co., Ltd	Material purchase	Market price	114,393,353.84	3.55%		
Hefei Hua Ling Share Holding Co. , Ltd.	Material purchase	Market price	40,259.03	0.00%		
Annto Logistics Share Holdings Co. Ltd.	Logistics service	Market price	88,989.25	0.00%	645,694.94	0.03%
Guangdong Midea Environment Appliances Co. Ltd.	Material purchase	Market price	4,288,888.90	0.13%		
Hefei Bainian Molding Technology Co., Ltd.	Material purchase	Market price			48,789,326.26	1.95%
Hefei Huitong Energy-saving Materials Co., Ltd.	Material purchase	Market price			43,917,322.82	1.76%
Total			432,816,946.64	13.42%	493,100,147.11	19.75%

Sales of goods, services provided among the related-party

Unit: RMB 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.		Market price			16,666,419.17	0.42%
Hefei Midea Refrigerator Co., Ltd		Market price			28,879.20	0.00%
Huai'an Welling Motor Manufacturing Co., Ltd.		Market price	51,192.77	0.00%	64,330.59	0.00%
MIDEA ELECTRIC TRADING (SINGAPORE)CO.PTE.LTD	Sales of washing machines	Sales of materials	676,907,927.34	13.61%	517,236,107.28	12.94%
Hefei Huitong Energy-saving Materials Co., Ltd.	Sales of materials	Sales of materials			8,051,388.90	0.20%
Hefei Hua Ling Share Holding Co., Ltd.	Sales of materials	Sales of materials			330,788.91	0.01%
PT. MIDEA PLANET INDONESIA	Sales of washing machines	Market price	2,055,545.17	0.04%	6,816,739.22	0.17%
MIDEA SCOTT&ENGLISH ELECTRONIICS SDN.BHD	Sales of washing machines	Market price	12,553,510.03	0.25%	7,439,098.97	0.19%
MIDEA CONSUMER ELECTRIC (VIETNAM) CO.,LTD	Sales of washing machines	Market price	816,211.03	0.02%		
Total			692,384,386.35	13.92%	556,633,752.25	13.92%

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

Unit: RMB Yuan

Related party	Type of related transaction	Content of related transaction	Pricing decision-making procedure of related transaction	Amount of current period		Amount of last period	
				Amount	Proportion in similar transactions (%)	Amount	Proportion in similar transactions (%)
Handan Midea Refrigeration	Asset transf	Sales of	Market			840,577.60	5.01%

Equipment Co., Ltd.	erring	equipment	price				
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: RMB 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.PTE.LTD	289,064,145.28	14,453,207.26	216,980,362.32	10,802,299.01
Accounts receivable	MIDEA SCOTT&ENGLISH ELECTRONILCS SDN.BHD	7,845,232.18	392,261.61	10,020,687.97	125,393.20
Accounts receivable	PT MIDEA PLANET INDONESIA	801,605.24	40,080.26	2,507,863.97	501,034.40
Accounts receivable	MIDEA CONSUMER ELECTRIC (VIETNAM) CO.,LTD	844,303.34	42,215.17	4,651.08	232.55
Accounts receivable	Hefei Midea Refrigerator Co. Ltd.			1,788.06	357.61
	Total	298,555,286.04	14,927,764.30	229,515,353.40	11,429,316.77
Receivable in advance	Hefei Midea Materials Supply Co., Ltd.	308.96		3,074,917.50	
Receivable in advance	Ningbo Midea United Material Supply Co., Ltd	15,845,206.76			
Receivable in advance	Ningbo Annto Logistics Co. Ltd.			16,406.87	
	Total	15,845,515.72		3,091,324.37	

Payable to the related parties

Unit: RMB Yuan

Item	Name of related parties	Closing amount	Opening amount
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Accounts receivable	Hefei Midea Materials Supply Co., Ltd.	1,339,438.80	60,510,586.85
Accounts receivable	Huai'an Welling Motor Manufacturing Co., Ltd.	44,912,510.57	39,169,018.59
Accounts receivable	Hefei Hua Ling Share Holding Co., Ltd.		510,238.62
Accounts receivable	Foshan Shunde District Bainian Technology Development Co., Ltd.	276,400.00	276,400.00
Accounts receivable	Hefei Bainian Molding Technology Co., Ltd.		172,082.75
Accounts receivable	Ningbo Annto Logistics Co. Ltd.	128,380.63	144,787.50
Accounts receivable	Annto Logistics Share Holding Co. Ltd.	81,649.55	90,630.06
Accounts receivable	Ningbo Midea United Material Supply Co., Ltd	1,068,111.50	
Accounts receivable	Hubei Midea Refrigerator Co., Ltd		291,120.87
	Total	47,806,491.05	101,164,865.24
Receivable in advance	MIDEA ELECTRIC TRADING(SINGAPORE)CO.PTE.LTD	1,050,573.11	56,655,613.54
Receivable in advance	MIDEA SCOTT&ENGLISH ELECTRONILCS SDN.BHD		30,931.47
	Total	1,050,573.11	56,686,545.01
Other accounts receivable	Midea Group Co., Ltd	0.00	390,636.00
	Total	0.00	390,636.00

IX. Share-based payment

1. Overall of share-based payment

Note to share-based payment

During the reporting period, the Midea Group and the high-level management personnel and technical backbone personnel of its subsidiaries implemented stock options incentive plan and authorized the incentive personnel stock options 40.602 million. According to the announcement of the Midea Group on 19 Feb 2014 and 27 May 2014, due to the demission of 12 incentive personnel before using their rights, they were no longer incentive personnel and the related stock options 657000 were written off. The stock options authorized to incentive personnel was adjusted to 39.945 million. In the year of 2013, the Midea Group distributed RMB 20 in cash for every 10 shares to all shareholders meanwhile transferred capital reserve up to 15 shares for every 10 shares. The equity

allocation plan had been conducted on 30 Apr. 2014, according to the stipulation of Company stock options incentive plan (draft) disclosed by the Midea Group, after the equity distribution, the stock options was adjusted to 999.8625 million.

As of the disclosure date of the report, the Company and its subsidiaries in the stock options incentive plan authorized incentive personnel 6.2325 million stock options

2. Share-based payment by equity method

Unit: RMB Yuan

Recognition method of the authorized fair value of the equity instruments	Adjusted based on market price
Accumulative amount of share-base payment by equity method in capital reserve	38,623,251.88
Total amount recognized through share-base payment by equity method	39,059,948.33

3. Service as a result of share-based payment

Unit: RMB Yuan

The total amount of the employee services as a result of share-based payment	39,059,948.33
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X. Contingencies

1The contingent liability and its financial impact arising from unsettled litigation or arbitration

Hefei Dongya Windows, Doors, Curtain Walls Decoration Co., Ltd had the project construction work contract dispute with Jiangsu Hongda Construction Group Co., Ltd and Hefei Midea Washing Machine Co., Ltd and Applied for litigation preservation from the people's court of Feixi County, Anhui Province; the subsidiary Hefei Midea Washing Machine Co., Ltd 's bank deposit RMB 620000 was frozen by the court.

2. The contingent liability and its financial impact arising from providing debt guarantees to other units

(1) According to the subsidiary's financial requirement of the production and operation and the needs of the business development, the company submits an application to the bank for the issuance of banker's acceptance bills RMB709000 providing guaranteed for Hefei Midea Washing Machine Co., Ltd.

(2) The Company pledges a deposit of RMB 3.4732 million

to the Bank of China a Ltd. Wuxi Branch for the issuance of bank acceptance bills.

(3) The Company pledges a deposit of RMB 313500 to Wuxi Branch of Agricultural Bank of China Co.,Ltd. for the issuance of bank acceptance bills.

XI. Commitments

1. Significant commitments

As of 31, Dec, 2014, no significant commitments should be disclosed.

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

Unit: RMB 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					
1. Derivative financial assets	15,016,740.00	-13,529,790.00			1,486,950.00
2. Financial assets available for sale	312,816.00	61,152.00	128,659.40		251,664.00
Total	15,329,556.00	-13,468,638.00	128,659.40		1,738,614.00
Financial liabilities	0.00				0.00

2. Financial liabilities and foreign financial liabilities

Unit: RMB 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
Financial assets					
1. Derivative financial assets	15,016,740.00	-13,529,790.00			1,486,950.00
Subtotal of financial assets	15,016,740.00	-13,529,790.00			1,486,950.00
Financial liabilities	0.00	0.00			0.00

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

Unit: RMB 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 consolidation	381,742,210.02	76.72%	19,124,409.26	5.01%	404,535,014.38	52.60%	20,348,820.07	5.03%
Consolidation 2: account	104,175,323.01	20.94%			347,260,005.38	45.16%		

received in the range of consolidated statements								
Subtotal of consolidation	485,917,533.03	97.65%	19,124,409.26	3.94%	751,795,019.76	97.76%	20,348,820.07	2.71%
Account receivable with small individual amount and provision for bad debt	11,693,283.11	2.35%	11,693,283.11	100.00%	17,241,527.92	2.24%	17,241,527.92	100.00%
Total	497,610,816.14	--	30,817,692.37	--	769,036,547.68	--	37,590,347.99	--

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: RMB 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 of within 1 year	381,031,054.70	99.81%	19,051,552.53	402,093,647.22	99.40%	20,104,682.36
1 to 2 years	706,801.51	0.19%	70,680.15	2,441,359.96	0.60%	244,136.00
2 to 3 years	1.60	0.00%	0.48	6.53	0.00%	1.31
Over 3 years	4,352.21	0.00%	2,176.10	0.67	0.00%	0.40
Total	381,742,210.02	--	19,124,409.26	404,535,014.38	--	20,348,820.07

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: RMB Yuan

Content of account receivable	Book balance	Amount of bad debt	Proportion (%)	Reason
CGNPC Engineering Co., Ltd	853,104.00	853,104.00	100.00%	Difficult to recover
Chongqing Taizheng Group Co., Ltd	851,500.00	851,500.00	100.00%	Difficult to recover
Chongqing R&F Properties Co., Ltd	1,675,800.00	1,675,800.00	100.00%	Difficult to recover
Chongqing Zhongcheng Properties Development Co., Ltd	1,655,000.00	1,655,000.00	100.00%	Difficult to recover

Hunan Huitang Hot Spring Huatiancheng Properties Co., Ltd and such 61 portals	6,657,879.11	6,657,879.11	100.00%	Difficult to recover
Total	11,693,283.11	11,693,283.11	--	--

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

Unit: RMB 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
Foshan City Shunde District Midea HVAC Equipment Co., Ltd. (Stop)	Negotiated collection	Estimated difficult to recover	0.30	0.30
CNOOC Energy Technology & Services - Catering & Support Services Co., Ltd	Negotiated collection	Estimated difficult to recover	57,662.50	57,662.50
China Nuclear Power Engineering Co., Ltd	Negotiated collection	Estimated difficult to recover	150,500.00	107,500.00
Chongqing Wanzhou Wanda Hotel Management Co., Ltd	Negotiated collection	Estimated difficult to recover	303,092.00	187,569.00
Hunan Huitang Hot Spring Huatiancheng Properties Co., Ltd	Negotiated collection	Estimated difficult to recover	1,272,000.00	260,000.00
Tangshan Wanda Investment Real Estate Co., Ltd	Negotiated collection	Estimated difficult to recover	531,488.00	472,116.00
Hangzhou Xixi Investment Development Co., Ltd	Negotiated collection	Estimated difficult to recover	745,584.30	521,909.01
Chongqing Taizheng Group Co., Ltd	Negotiated collection	Estimated difficult to recover	1,851,500.00	1,000,000.00
Hangzhou Xihu District Xixi Welt Land Comprehensive Protection Project Headquarters	Negotiated collection	Estimated difficult to recover	1,427,004.00	1,427,004.00
CGNPC Engineering Co., Ltd	Negotiated collection	Estimated difficult to recover	2,367,588.00	1,514,484.00
Total	--	--	8,706,419.10	--

(3) Top 5 companies with largest amount of account receivable

Unit: RMB Yuan

Company name	Relationship	Amount	Years limit	Proportion in total amount of account receivable (%)
Hefei Midea Washing Machine Co., Ltd	Subsidiary	96,411,504.02	Within 1 year	19.37%
Suning Yunshang Group Co., LTD. Suning Purchasing Center	Non-related party	84,479,958.13	Within 1 year	16.98%
MIDEA ELECTRIC TRADING (SINGAPORE)CO.PTE.LTD	Non-related party	42,301,936.23	Within 1 year	8.50%
Kunming Midea Refregeration Equipments Sales Co., Ltd	Non-related party	17,326,247.18	Within 1 year	3.48%
Jilin province Midea Refregeration Equipments Sales Co., Ltd	Non-related party	14,057,381.36	Within 1 year	2.82%
Total	--	254,577,026.92	--	51.15%

(4) Account receivable from related parties

Unit: RMB Yuan

Company name	Relationship	Amount	Proportion in total amount of account receivable (%)
MIDEA ELECTRIC TRADING (SINGAPORE)CO.PTE.LTD	Holding shares of controlling shareholder of the Company	42,301,936.23	8.50%
MIDEA SCOTT&ENGLISH ELECTRONIICS SDN.BHD	Holding shares of controlling shareholder of the Company	228,785.78	0.05%
PT. MIDEA PLANET INDONESIA	Holding shares of controlling shareholder of the Company	325,298.54	0.07%
Hefei Midea Washing Machine Co., Ltd	Subsidiary	96,411,504.02	19.37%
Total	--	139,267,524.57	27.99%

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

Unit: RMB 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	22,890,885.90	22.44%	2,423,262.89	10.59%	20,350,003.60	20.45%	1,597,802.77	7.85%

consolidation								
Consolidation 2: other receivables in the range of consolidated statements	79,112,973.93	77.56%	79,112,973.93	100.00%	79,150,338.65	79.55%	79,150,338.65	100.00%
Subtotal of consolidation	102,003,859.83	100.00%	81,536,236.82	79.93%	99,500,342.25	100.00%	80,748,141.42	100.00%
Total	102,003,859.83	--	81,536,236.82	--	99,500,342.25	--	80,748,141.42	--

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: RMB 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	9,831,062.11	42.95%	491,553.10	18,164,493.72	89.26%	908,224.69
1 to 2 years	11,264,946.91	49.21%	1,126,494.69	1,145,035.00	5.63%	114,503.50
2 to 3 years	746,052.00	3.26%	223,815.60	165,000.00	0.81%	33,000.00
Over 3 years	934,850.76	4.08%	467,425.38	833,500.76	4.10%	500,100.46
3 to 4 years	113,974.12	0.50%	113,974.12	41,974.12	0.21%	41,974.12
Over 5 years	22,890,885.90	--	2,423,262.89	20,350,003.60	--	1,597,802.77

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: RMB Yuan

Company name	Relationship	Amount	Term	Proportion in total amount of account receivable (%)
Ministry of Industry and Information	Government sector	10,128,571.10	Within 1 year	9.93%
Wang Ruiqun	Staff	2,588,000.00	Within 1 year	2.54%
Wuxi Huarun Gas Co., Ltd.	Partner	1,212,830.80	Within 1 year	1.19%
Huang Qingqing	Staff	829,671.14	Within 1 year	0.81%

The CPC Hunan Provincial Party Committee Party School,	Government sector	400,000.00	Within 1 year	0.39%
Total	--	15,159,073.04	--	14.86%

3. Long-term equity investments

Unit: RMB 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	3,169,148.88	19,847.57	3,188,996.45	20.00%	20.00%				
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				75.00%	75.00%		37,259,587.50		
Wuxi Meitian Refrigerator Marketing and Sale Co., Ltd.	Cost method	24,840,000.00				75.00%	75.00%		24,840,000.00		
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	73.00%	73.00%				
Wuxi Little Swan General Electric Appliances Co., Ltd.	Cost method	19,600,000.00	19,600,000.00		19,600,000.00	70.00%	70.00%				
San Jin(Jing Zhou) Electrical	Cost	11,869,431.12	11,869,431.12		11,869,431.12	100.00%	100.00%				

Appliances Co. , Ltd.	method										
Little Swan International(Singapore) Co., Ltd.	Cost method	34,052,500.00	34,052,500.00		34,052,500.00	100.00%	100.00%				
Hefei Royalstar Washing Equipment Manufacturing 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	0.00	100.00%	100.00%				
Suzhou People's Shopping Mall(100,000 shares)	Cost method	150,000.00	150,000.00		150,000.00						
Bank of Jiangsu Inc. (2,202,564 shares)	Cost method	1,100,000.00	1,210,000.00		1,210,000.00						
Total	--	1,656,503,812.47	1,601,723,640.45	-199,980,152.43	1,401,743,488.02	--	--	--	62,099,587.50		

Note: Wuxi Little Swan Washing Machine Co. , Ltd. had been cancelled on 15 Jul. 2017.

4. Operating revenues and costs

(1) Operating revenues and costs

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Revenue from main business	3,402,936,436.54	2,727,383,248.53
Revenue from other business	239,763,786.41	183,019,115.33
Total	3,642,700,222.95	2,910,402,363.86
Operating costs	2,718,742,930.62	2,197,383,259.40

(2) Main business (by industry)

Unit: RMB Yuan

Industry	Reporting period		Same period of last year	
	Operating income	Operating costs	Operating income	Operating costs
Household appliances Manufacturing	3,402,936,436.54	2,497,703,786.49	2,727,383,248.53	2,027,184,268.86
Total	3,402,936,436.54	2,497,703,786.49	2,727,383,248.53	2,027,184,268.86

(3) Main business (by product)

Unit: RMB Yuan

Product	Reporting period		Same period of last year	
	Operating income	Operating costs	Operating income	Operating costs
Washing machine	3,402,936,436.54	2,497,703,786.49	2,727,383,248.53	2,027,184,268.86
Total	3,402,936,436.54	2,497,703,786.49	2,727,383,248.53	2,027,184,268.86

(4) Main business (by region)

Unit: RMB Yuan

Region	Reporting period		Same period of last year	
	Operating income	Operating costs	Operating income	Operating costs
Domestic	3,032,491,395.17	2,157,882,349.17	2,441,391,796.73	1,761,028,103.60
Other countries	370,445,041.37	339,821,437.32	285,991,451.80	266,156,165.26
Total	3,402,936,436.54	2,497,703,786.49	2,727,383,248.53	2,027,184,268.86

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

Unit: RMB Yuan

Name of client	Total operating revenues	Proportion in total operating revenue (%)
Suning Yunshang Group Co., LTD. Suning Purchasing Center	324,363,654.31	8.90%
MIDEA ELECTRIC TRADING SINGAPORE)CO.PTE.LTD	262,458,087.19	7.21%
Beijing Jingdong Century Information Technology Co., Ltd.	92,580,624.78	2.54%
Guizhou Midea Refrigeration Sales Co., Ltd.	67,985,002.52	1.87%
PAKSHOMA COMPANY	63,556,770.56	1.74%
Total	810,944,139.36	22.26%

5. Investment income**(1) Details of investment income**

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Income from long-term equity investment calculated by cost method		50,000.00
Income from long-term equity investment calculated by equity method	19,847.57	53,125.03
Investment income from disposal of long term equity investment	-8,513,054.48	
Investment income gained during the period of holding marketable financial assets	2,341,450.00	3,071,840.00
Others	29,625,630.07	19,567,723.65
Total	23,473,873.16	22,742,688.68

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

Unit: RMB Yuan

Invested company	Reporting period	Same period of last year	Reason of increase/decrease in current period
Suzhou People's Department Store		50,000.00	
Total		50,000.00	--

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

Unit: RMB Yuan

Invested company	Reporting period	Same period of last year	Reason of increase/decrease in current period
Guangzhou Antaida Logistical Co., Ltd.	19,847.57	53,125.03	
Total	19,847.57	53,125.03	--

6. Appendix of Cash Flow Statement

Unit: RMB Yuan

Item	Reporting period	Same period of last year
I. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	227,125,958.29	175,420,207.11
Add: Provision for impairment of assets	-5,948,475.57	2,850,533.92
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	34,895,098.81	29,124,372.80
Amortization of intangible assets	1,461,305.51	1,398,648.06
Amortization of long-term deferred expense	8,753,810.65	11,994,070.95
Losses on disposal of property, plant and equipment, intangible assets and other long-term assets(gains: negative)	-1,895,918.10	9,094.71
Loss from fair value change (gains: negative)	7,835,910.00	-6,513,520.00
Finance expense (gains: negative)	656,433.57	
Investment loss(gains: negative)	-23,473,873.16	-22,742,688.68
Decrease in deferred income tax assets(gains: negative)	-28,522,173.33	-8,247,791.44
Increase in deferred income tax liabilities(decrease: negative)	-1,175,386.50	977,028.00
Decrease in inventory(gains: negative)	174,934,408.77	210,786,341.44
Decrease in accounts receivable from operating activities(gains: negative)	31,340,893.17	257,042,104.21
Increase in payables from operating activities(decrease: negative)	124,904,484.60	48,743,611.37
Net cash flows generated from operating activities	550,892,476.71	700,842,012.45
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	1,293,828,638.93	804,050,801.77
Less: Opening balance of cash	882,413,120.18	848,257,647.96
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	411,415,518.75	-44,206,846.19

XIV. Supplementary information

1. List of non-recurring gains and losses in the period

Unit: RMB Yuan

Item	Amount	Notes
Loss and gains on disposal of non-current assets (Including write-off part of the provision for asset impairment)	-1,184,389.51	
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)	6,454,141.22	
Gains and losses of committing others of investment or managing assets	52,412,042.89	
The reversal of impairment of receivables of the individual impairment test	1,688,200.34	
Income and expenses of the other operation except for the mentioned above	5,548,244.81	
The other items of gains and losses conforming the definition of non-recurring gains and losses	1,652,425.93	
Less: the effect of income tax	-5,809,948.33	
the effect of minority interest (after tax)	9,985,599.85	
Loss and gains on disposal of non-current assets (Including write-off part of the provision for asset impairment)	6,914,582.47	
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)	43,860,535.03	--

The government subsidies included in the current profits and losses was the current profits and losses project, which shall be disclosed with recognition reason.

Applicable Inapplicable

2. Return on equity and earnings per share

Unit: RMB 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	7.78%	0.50	0.50
Net profits belonging to shareholders of common shares after deducting non-recurring profit and loss	6.70%	0.43	0.43

3. Main items in the accounting statements and movements thereof

Unit: RMB Ten thousand

Item	30 Jun. 2014/ Jan.-Jun. 2014	31 Dec. 2013/ Jan.-Jun. 2013	Increase/decrease	Increase/decrease (%)	Reasons for movement

Monetary capital	216,529.51	161,737.31	54,792.20	34%	Operating activities net cash flows greatly increased
Tradable financial assets	148.70	1,501.67	-1,352.98	-90%	Affected by exchange rate fluctuations, foreign currency forward contracts fair value decreased and the foreign currency forward contracts signed with the bank decreased
Long-term deferred expense	346.65	714.78	-368.13	-52%	The mold amortization, book value decreased
Note payable	86,824.07	38,567.31	48,256.75	125%	Payment since the opening bank acceptance way increased in the reporting period
Receivable in advance	43,953.59	105,795.26	-61,841.67	-58%	Affected by the sales cycle, deferred revenue had decreased
Special account payable	378.40	207.40	171.00	82%	Received relocating & rebuilding compensation for this issue in the reporting period
Deferred income tax liabilities	24.57	228.44	-203.86	-89%	The book value of tradable financial assets decreased
Sales expense	70,887.22	53,996.61	16,890.61	31%	Increased in line with the increase of sales income
Financial expense	-989.98	2,014.31	-3,004.29	-149%	Exchange rate change, exchange loss reduced
Assets impairment loss	1,142.00	1,372.64	-230.64	-17%	Raw material price loss reduced
Gains on the changes in the fair value	-1,352.98	1,058.47	-2,411.45	-228%	Gains on the changes in the fair value of the foreign currency forward contracts reduced
Investment income	5,637.81	3,858.17	1,779.64	46%	As the increase of bank of financial products and yield rate, the income of bank financial products increased
Non-operating income	1,161.42	1,765.09	-603.67	-34%	Gains on the disposal of fixed assets and penalty was less than that in last year
Non-operating expenses	474.82	743.25	-268.43	-36%	Decreased in the disposal of fixed assets
Other comprehensive income	22.60	-56.97	79.57	140%	Exchange rate changes and changes of translation reserve
The net cash flow from investment activities	-13,449.52	-60,014.40	46,564.88	78%	The financial products pay in cash and cash due to recover were comparatively balance

X. Documents Available for Reference

1. Text of the Semi-annual Report 2014 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.

Wuxi Little Swan Co., Ltd.

Legal Representative: Fang Hongbo

5 Aug. 2014