

**Midea Group Co., Ltd.**  
**2014 Semi-annual Report**



**August 2014**

## **Section I. Important Reminders, Contents & Definitions**

The Board of Directors, the Supervisory Committee as well as all directors, supervisors and senior management staff of Midea Group Co., Ltd. (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 have 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 and president of the Company, and Ms. Yuan Liquan, responsible person for the Company’s financial affairs, have represented and warranted that the financial statements in this report are factual, accurate and complete.

This report has not been audited by a CPAs firm.

The future plans and some other forward-looking statements mentioned in this report shall not be considered as virtual promises of the Company to investors. And investors are kindly reminded to pay attention to possible investment risks.

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

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## Definitions

Term	Refers to	Definition
Company, the Company, or Midea Group	Refers to	Midea Group Co., Ltd.
Little Swan	Refers to	Wuxi Little Swan Company Limited
TITONI	Refers to	TITONI Investments Development Ltd.
GD 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	Midea Group	Stock Code	000333
Stock exchange listed with	Shenzhen Stock Exchange		
Chinese name of the Company	美的集团股份有限公司		
Abbr. of the Chinese name of the Company (if any)	美的集团		
English name of the Company (if any)	MIDEA GROUP CO.,LTD.		
Legal Representative	Fang Hongbo		

### II. Contact information

	Company Secretary	Securities Affairs Representative
Name	Jiang Peng	Wang Jing
Contact address	Midea Headquarters Building, No. 6 Meidi Dadao, Beijiao Town, Shunde District, Foshan City, Guangdong Province, China	
Tel.	0757-26605456	0757-26334559
Fax	0757-26651991	
E-mail	IR@midea.com	

### III. Other information

#### 1. Ways to contact the Company

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

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

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.

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

No change occurred to other relevant information of the Company 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 any accounting policy or correction of any accounting error?

☐ Yes ☒ No

	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues (RMB'000)	77,330,851.84	65,939,479.12	17.28%
Net profit attributable to shareholders of the Company (RMB'000)	6,610,132.76	2,646,834.61	149.74%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB'000)	6,667,645.57	2,128,115.51	213.31%
Net cash flows from operating activities (RMB'000)	13,171,462.85	3,569,363.63	269.01%
Basic EPS (RMB Yuan/share)	1.57	1.06	48.11%
Diluted EPS (RMB Yuan/share)	1.57	1.06	48.11%
Weighted average ROE (%)	18.97%	16.95%	2.02%
	As at the end of the reporting period	As at the end of last year	+/- (%)
Total assets (RMB'000)	118,089,557.79	96,946,024.77	21.81%
Net assets attributable to shareholders of the Company (RMB'000)	35,727,510.77	32,847,431.04	8.77%

Notes: 1. Midea Group granted 15 additional shares for every 10 shares using the capital reserve on 30 Apr. 2014.

As required, the EPS for the same period of last year shall be measured on the basis of the share capital after the increment (1,000,000,000 shares for the same period of last year; and 2,500,000,000 after the increment).

2. Midea Group merged with GD Midea Holding through share issuance and share exchange in Sept. 2013.

Pursuant to the accounting standards for income statement preparation, the net profit for the current period was after Midea Group merged with GD Midea Holding, while the net profit for the same period of last year was before Midea Group merged with GD Midea Holding when Midea Group held a 41.17% stake in GD Midea Holding. In order to help investors compare and analysis the overall business performance of Midea Group on the same basis, relevant items are adjusted as follows based on the pro-forma income statement (i.e. the merger of Midea Group and GD Midea Holding is deemed to have been finished on 1 Jan. 2013):

	Jan.-Jun. 2014	Jan.-Jun. 2013	YoY +/- (%)
Net profit attributable to shareholders of the Company (RMB'000)	6,610,132.76	4,178,951.77	58.18%
Minority interest income (RMB'000)	607,495.31	562,889.18	7.92%
EPS (RMB Yuan/share)	1.57	0.99	58.59%

Number of the Company's total shares in the trading day before disclosure:

Number of the Company's total shares in the trading day before disclosure (share)	4,215,808,472
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Whether the Company's share capital changed and the change affected the owners' equity due to reasons like the issuance of new shares, allotment of shares, equity incentive plans, and repurchases during the time from the end of the Reporting Period to the date when the Semi-annual Report was released

☐ Yes ☒ No

## 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

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

☐ Applicable ☒ Inapplicable

### 3. Explain reasons for the differences between accounting data under domestic and overseas accounting standards

☐ Applicable ☒ Inapplicable

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

☒ Applicable ☐ Inapplicable

Unit: RMB'000

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	-59,759.96	
Government grants recognized in the current period	449,018.93	
Gain/loss on entrusting others with investments or asset management	174,990.06	



Gain/loss on debt restructuring	1,688.20	
Gains and losses on change in fair value from tradable financial assets and tradable financial liabilities, as well as investment income from disposal of tradable financial assets and tradable financial liabilities and financial assets available for sales except for effective hedging related with normal businesses of the Company	-656,529.00	
Non-operating income and expenses other than the above	-60,340.08	
Less: Income tax effects	-43,373.67	
Minority interests effects (after tax)	-50,045.37	
Total	-57,512.81	

## Section IV. Report of the Board of Directors

### I. Overview

In face of the downward macro-economy, the call-off of the consumption stimulus package, the macro-control of the real estate policy, etc. in the first half of 2014, growth of the household appliance industry as a whole slowed down, and the industry entered a new period of restructuring, consumption upgrading and “efficiency comes first”. To promote efficiency and upgrade products, to enhance the development of intelligent products and the e-commerce layout, and to promote innovation in technology, marketing channels and service modes became the core driving force for household appliance makers to keep growing. In the first half of the year, sub-industries of household appliances started to polarize in growth. Among them, the A/C industry remained the sub-industry with the most certain growth in the consumer appliance industry, with a continuously strong sale at home. The kitchen appliance industry kept a fast and stable growth. And the refrigerator and washing machine industries were almost the same in growth. Along with consumption upgrading, high-end household appliances became a more and more obvious trend in the industry. The proportions of inverter air conditioners, cooling & heating air conditioners, multi-door and side-by-side combination refrigerators, roller washing machines, high-end kitchen appliances and small household appliances increased, with their average prices increasing and their profit growth much faster than the income growth. Leading enterprises in the industry still relied on their absolute advantages in brand and channel, and at the same time increased their inputs to R&D and new product development, which promoted competition marketization and business centralization. They maintained a sound and fast growth over the average level in the industry.

In general, the driving forces of the household appliance industry in China remain, which are as below:

1. China's economy is still in the process of speed-up industrialization and urbanization. In 2017, the urbanization rate is expected to reach 57%, and the per capita GDP is expected to reach USD10,000, which means there's large space for improvement both in quantity and quality. The development of urbanization, construction of new rural areas, improvement of living condition and per capita income, together with the low overall ownership rate of house appliances in third and fourth tier cities, will make the undeveloped consumption demand keep releasing.
2. The stock quantity of household appliances has exceeded 1.6 billion. The demand of upgrading appliances starts to become the significant driving motivation for sales volume growth. The upgrade of appliances in performance

and quality in aspects of energy-saving, environmental protection, intellectualization, networking, breakthrough in industrial design, and etc., will effectively push forward the consumption upgrade of household appliances, lead the improvement of optimization of product structure and profitability of household appliance enterprises, and offset some negative influences brought by the fluctuation of real estate sales.

3. The maturity of intelligent control technology, electronic information technology, the technology of internet of things, and related supporting technologies, as well as the popularization of smart mobile terminals, will effectively drive the fast development of smart household appliances. The development trend of smart home has gradually become the industry consensus. Household appliances is transforming from manufacturers of single products to providers with service of integrated solutions of smart home for clients, facing great growth space. According to the forecast of All View Consulting, the income of smart appliances will reach RMB1 trillion in 2020.

4. The potential of global household appliance market is tremendous. With the fast economy growth of markets in emerging countries, the overseas markets still waits for big moves. Chinese household appliance enterprises, especially the leading enterprises, have possessed globally competitive power.

## **II. Main businesses analysis**

### **(1) Overview**

In the first half year of 2014, guided by three main strategies of “products lead, efficiency drives, and operation globalizes”, the Company deepened its transformation, focused on improving products and efficiency, continuously strengthened profitability and operation quality, and further stabilized competitive market advantage by the synergy of multiple products. In the first half of the year, the operating revenues of the Company achieved a year-on-year increase of 17.28%, the net profit attributable to the Company calculated with the same caliber increased 58.18% as compared with the same period of last year, the general gross margin of 25.85% increased by 2.92% as compared with the same period of last year, the overall rate of net profit attributable to the Company of 8.51% reached a year-on-year increase of 2.18% as calculated with the same caliber, and the net cash flows from operating activities amounted to RMB 13.171 billion, representing a year-on-year growth of 269.01%.

Key work in the 1<sup>st</sup> half of Y2014 is listed below:

(1) Insisting on investment on R&D of customers, continuous optimization of product structure, and stable

enhancement of product power

The Company, according to the basic sense of making better products, insisted on customer research and product development, resulting to continuous optimized product structure, stable enhancement of high-end product ratio, continuous strengthened profitability, and increasingly improved public praises for products.

In the field of household air conditioners, the ECO energy-saving product series, advertised as “lower to one kwh electric power per night”, fully expanded the scale to three main series covering 16 product types, which formed sales mix of luxurious, high-end, and mid-end products equipped with super excellent market competitiveness. By technology cooperation with Aliyun and dependency on advanced technologies such as IOT (hereinafter referred to Internet of Things) and cloud computing, the Midea IOT smart air conditioners perfectly realized 12 top industrial intellectual technologies including voice control, sleep mode, reservation control, electric power management, and information reminder. Brand-new sub-diversified air conditioners were independently developed, for instances, the kitchen air conditioners with highly efficient lampblack filtration and powerful refrigeration function, and the children’s air conditioners with caring system and exclusive sleep mode launched to the market. The Midea R290 environmentally friendly new refrigerant air conditioners gained the first 3C authentication in China, and successfully won the bidding for the project of household air conditioners in 23 stadiums for 2014 Nanjing Youth Olympic Games. From the beginning of this year, ten product models of Midea air conditioners were selected in “leading energy-saving products”, Midea air conditioners of wholly-sealed series and ECO energy-saving Shanghu product series, advertised as “lower to one kwh per night”, gained the UET certification, and multiple product designs won the Red Dot Concept Design Award of Y2014, the Americas IDEA Industrial Design Award, and the German IF Design Award.

In the field of central air conditioners, by right of advantages such as internationally leading technologies, abundant product lines, distinguished quality, and rapid local service, the Company frequently won the bidding of significant projects in the world, including 75% stadiums in Brazil World Cup, the UAE 5000-villa project, Singapore Changi Airport, Thailand Don Muang Airport, and the Pakistan top-1 wind power generation project. In the field of retail sales for home decoration, depending on the activity of “million wealth”, the home decoration business of central air conditioners grew rapidly. As at the end of Jun, the sales scale of retail products (light commercial products and domestic water heaters) reached RMB 940 million, growing by 65% as compared with the same period of last year. The Midea centrifugal machines and water-cooled screw chillers had passed the certification by AHRI. The highly-efficient falling-film screw air-source heat pumps and the MDVS

direct-injection strong-heart multi-connected machines had passed the certification by the world-class authoritative AHRI. The split-type air-energy water heater and “smart shower band” won the IDEA Silver Award by their outstanding performances. The Midea central air conditioners earned the two significant industry awards of “The Best Supplier Cooperators for Chinese Real Estate Industry” and “The Annual Central Air Conditioner Brand Supplier Mostly Trusted by Chinese Real Estate Industry” again.

In the field of refrigerators, focusing on the technology research and result transformation on technologies of food preservation, materials, intelligence, refrigeration, packaging, CAE (simulation models), and door-sealing, the Midea super-low energy-consuming products, described as “1 kwh electric power in four days” gained the authoritative technology certification by CSC, thoroughly and systematically upgraded refrigerator energy-saving function while supported by five key energy-saving technologies including vacuum multivariant foaming, super-high efficient compressor, super-low standby energy consumption, optimization of refrigeration system, and optimization of refrigeration structure. The high-end Midea refrigerators of G-ZONE Series featured by 450L capacity and large multiple doors, together with the four-door open-in-pair Flush-Arc Series had the honor to win the German Red Dot Design Award of Y2014. In the Summit Forum of Chinese Refrigerator Industry in 2014, Midea won diversified awards including Energy-Saving Star, Energy-saving and Frostless Star, Leading Smart Refrigerator Brand in the Industry in one time. In the “Y2014 Leader Lists” announced by the Energy-Efficiency Identification Management Centre under China National Institute of Standardization, the Midea refrigerators won grand slam ranks in the Leader List of Smart Household Appliance Enterprises in 2014, the Leader List of Smart Household Appliances in 2014, the Leader List of Most Favored Bands of Household Appliances by Consumers in 2014, and the Leader List of Most Favored Household Appliances by Consumers in 2014, and thus became one of the biggest winners in the industry.

In the field of washing machines, the Company accomplished over 200 new product development projects. Little Swan, our subordinate brand, launched the 3<sup>rd</sup>-generation auto throw-in washing machines, which meant 15 models of smart product series covering roller and impeller machines could realize innovative functions such as precise throw-in, smart special stain cleaning, and smart water magic cube. The “FCS Fast-cleaning Smart System” could allow users choose the washing ways by themselves, and automatically adjust the most proper washing time. The independently developed Phase III series of washing machine controllers smoothly passed the certification by UL, the internationally authoritative testing institute, and thus won the green card for entering the USA market. Plenty of products won the “Appliance” low-carbon environment protection award granted by China

Household Electrical Appliances Association and German IF Design Award.

In the field of small household appliances, the Midea smart integrated kitchen adopted WIFI technology and IGRS interconnection and interworking agreement, constructed one-cloud and N-end IOT technology structure, realized integrated control over the whole kitchen electric appliances, mated synergic and unified kitchen electrical appliances, and provided users with integrated kitchen solutions. The Midea “stream cleaning” extractor hoods were endowed with intellectual functions of auto testing and auto reminder, winning 32 patents. The Midea X7 microwave ovens combined IOT technology with cloud technology, and realized functions of auto cooking through bar code scanning, remote control, and smart menu download, bringing users brand-new cooking experience. The Midea safe stoves set up sound defense lines for kitchen safety by 6 core technology innovations in gas leak alarming, auto gas turn-off for accidental heat -off, child-lock protection, skid resisting pot support, timing heat-off, and firewall. The Midea no-pot series of water purifiers, carrying the originally created patent of three-rolled-film technology, upgraded the single-channel water processing to multi-channel same-time water processing, which largely increased the output capacity of pure water. The Midea “zero cold water” water heaters realized the function of imMideate starting-up hot water. The Midea “flowing water” water heaters adopted patent drainage structure to drain incrustation inside tubes by pressing one button and improve water quality in inner tubes. In the field of small household appliances, the Company’s products won numerous awards in home and abroad. The smart suits of extractor hoods and stoves, as well as the outer box packaging of dust catchers won the German IF Design Award in 2014. The new Midea electric heating products earned the technology innovation award in “Appliance Awards”. The Midea “Panda Kaka” electric press cookers and QH2108 multi-functional electric induction cookers separately won the first and second prizes in the 3<sup>rd</sup> China “Taihu Award” Design Contest. G-ZONE, the high-end products of dish-washing machines won the Red Dot Design Award.

(2) Arranging growth space for new businesses, as well as positively and pragmatically carrying forward the strategy of smart home furnishing

In Mar, the Company published the M-Smart home furnishing strategy, trying to form smart service modes including “smart air steward”, “smart nutrition steward”, “smart healthy water steward”, and “smart energy and safety protection steward”, and provide customers with the most professional experience for smart home furnishing on the basis of the advantage of the most comprehensive product groups and user base of the Company in the globe. The Company had established smart home furnishing research institute to speed up the construction of the interconnected platform of smart home furnishing for whole-category household electric appliances by

systematically integrating the superior resources of its advantage of subordinate industry groups and technology R&D, as well as adopting technologies of sense, big data, and smart control. The Company internally unified and coordinated to construct core competitiveness, and had accomplished the Group's general no-category WIFI mode development and testing, the debugging of prototypes of 17 product types. The 1<sup>st</sup>-phase establishment of cloud server platform, and continuously developed the follow-up certification and reliance verification. The Company opened and integrated with external sides, cooperated in multiple layers with Alibaba, Jingdong, Huawei, Qualcomm, Neusoft, BAT, LeTV, and Hong Kong University of Science and Technology, promoted the breakthrough in the limit of single smart products, and forged open smart home furnishing appliance systems.

(3) Speeding up the transformation for internet thinking, and making a full-pledged push into E-commerce business

In the 1<sup>st</sup> half of Y2014, Midea founded the E-commerce company, set up the official comprehensive Midea flagship store for whole-category products in Tmall, activated the "love Midea" store operation, propelled the full-channel strategy layout of Midea's E-commerce business, impelled the synergism of internal logistics resources and socialized logistics resources, accelerated the logistics construction and regional warehouse layout in main lines and branch lines, included excellent offline resources such as Midea flagship stores, exclusive shops and aftersales service networks into the supporting system for E-commerce business, speeded up the mix of Midea's online and offline E-commerce business, and advanced the "last kilometer" service level for E-commerce business. In the 1<sup>st</sup> half of Y2014, the sales revenue of E-commerce business of Midea Group accumulated to RMB3.93 billion, representing a year-on-year increase of 160%, of which the sales revenue of major appliances amounted to RMB 1.93 billion, growing by 245% as compared with the same period of last year.

The Company further consolidated its strategic cooperation with platforms of Jingdong and Tmall. In the 1<sup>st</sup> half of Y2014, the sales revenue of Midea Group in Jingdong platform achieved RMB 1.63 billion, increasing by 220% as compared with the same period of last year, and the sales revenue of Midea Group in Taobao (including Tmall) achieved RMB 1.96 billion, increasing by 132% as compared with the same period of last year. The Midea brand has become the number one brand for sales amount in small household appliances in Taobao (including Tmall), and the sales ratio of core categories such as air conditioners, refrigerators, water heaters, electric cookers, electric induction cookers, electric pressure cookers, microwave ovens, and electric fans, ranked into the top 2 in the industry, achieving the development goal of "counted as one/two of the best" for E-commerce business.

As flagship stores were significant links in Midea's E-commerce strategy, the Company spared no effort to push

forward the opening of Midea flagship store and the system construction of information management and aftersales service standardization, and positioned the flagship stores as providers with quaternary functions of retail, aftersales service, delivery and installation, as well as member BBS. As at the end of Jun 2014, about 1400 flagship stores had been set up, the capability of comprehensive aftersales service for whole product categories were thoroughly improved, the value and effect of Midea flagship stores as the strategic channels of Midea Group with special competitive advantages had been showing out, and the O2O converged business of E-commerce mainly based on flagship stores were gradually being implemented.

(4) Refining operation management, promoting process reform, and raising operation efficiency

The Company further downsized organizational layers, established nimble organizations, activated operation motivation, and elevated operation efficiency; promoted the system of benchmarking management and scientific assessment for the enterprise, optimized inventory structure, reinforced treasury control, and controlled the non-operating expenses; continuously established and perfected related systems, processes, and standards, carried forward the work of one Midea, one system, and one standard, got through the internal and external value chains, and gradually established a highly-efficient process and system conducted by the market; advanced refined manufacturing and quality engineering, pushed forward the system transformation and upgrade by smart technology, atomization technology, and information technology, increased investment on automation equipment, and improved production efficiency; continued on strict quality control, executed the “one-vote negation system” for quality accidents, and improved the market maintenance ratio by 44% in 2014 as compared with the same period of last year.

(5) Positively arranging strategic overseas layout, and pushing forward the local sales growth in overseas market

The Company set International Division as the base of international strategies that can quickly absorb top international talents, preliminarily put up the operation and management platform of overseas company, gradually established the structure of basic internationalization process, and set up an alarming and correction system cored around internal finance control, internal and external audit, compliance management, and legal affair management.

The Company positively boosted the rapid growth of local businesses of investment projects in overseas emerging markets, and effectively made up the fluctuation risk of OEM export businesses. In the 1<sup>st</sup> half year, the local businesses in overseas market continuously took turn for the better, and presented overall rapid growth trend of sales amount and profit. According to the standard of comparable exchange rates, the local businesses in overseas



market in the first half year increased by 36%, of which the Manaus manufacture base of household air conditioners under Midea-Carrier Brazil joint venture had been built up as the largest manufacture base of household air conditioners in Latin America, Midea air conditioner fans of the joint venture had won the biggest market share in Brazil, and the assembly lines of microwave ovens had been put into operation.

In the 2<sup>nd</sup> half year of 2014, facing the changes and impacts of internal and external environment, the Company will hold on operation idea of deepening transformation, daring to change, and re-increasing, continue on investment increase for R&D and technologies, make better products, improve efficiency, create values around consumers and clients, and consolidate the market status and core competitiveness of the enterprise.

In respect of “deepening transformation”, the Company will concern about consumer demand, continue on expansion of R&D investment and product development, deeply dig out innovative selling points of products, strictly control quality management, and ensure the sustainable optimization of product structure and stable improvement of profitability; carry on delicacy management, improve the asset turnover ratio, and construct new advantages in cost; continue to propel the level of refined manufacturing and automation, and raise the manufacturing efficiency and product quality.

In respect of “daring to change”, the Company will give play to the advantages of Midea’s diversified product categories and industrial clusters, take the sense of making good products as fundamental, improve the synergy capability of internal resources, and positively and pragmatically impel Midea’s M-SAMRT smart home furnishing strategy and E-commerce breakthrough strategy; insist on simplification of operation and management, intensify customer orientation, carry on delayering of organizations and structures, get directed by value creation, and raise the efficiency of operation and management; stick to the introduction of technical talents and professional talents, improve team vitality and profession, and gradually cut down the quantity of functional staffs; further reform the enterprise culture, promote the atmosphere of honesty and fairness, and improve the vitality and dynamism of the enterprise; and carry on perfecting the incentive system, make staffs share company growth value, and improve the competitiveness of remuneration.

In respect of “re-increasing”, the Company will clearly plan, analyze, and implement the “333 Strategic Plan” of Midea Group, and prepare supporting resources. Midea Group will take around 3 years to make better products, consolidate basis, solidify its quality, and further improve operation quality; take around 3 years to stand out among the top three brands in Chinese household appliances and become the industry leader; and take around 3 years to win a share in the world-class household appliance industry and realize global operation.

## 2. YoY change of major financial data

Unit: RMB'000

	Reporting period	Same period of last year	YoY change	Reason for change
Operating revenues	77,330,851.84	65,939,479.12	17.28%	
Operating costs	57,343,283.31	50,818,563.75	12.84%	
Selling expenses	7,623,680.06	6,134,252.63	24.28%	
Administrative expenses	3,349,324.40	3,157,978.59	6.06%	
Financial expenses	-288,553.70	581,588.60	-149.61%	Decrease of interest expenses and YoY increase of exchange gains
Income tax expenses	1,530,715.47	980,052.69	56.19%	Expansion of sales scale in the reporting period
Net cash flows from operating activities	13,171,462.85	3,569,363.63	269.01%	Mainly caused by increase of operating profit and decrease of loans issued to clients
Net cash flows from investing activities	-22,486,720.02	-569,313.88	3,849.79%	Increase of cash paid for investment and financing
Net cash flows from financing activities	4,791,762.54	415,524.14	1,053.19%	Increase of trade financing borrowings
Net increase in cash and cash equivalents	-4,534,542.85	3,404,743.94	-233.18%	Above reasons for cash flow changes

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

☐ Applicable ☒ Inapplicable

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

## III. Breakdown of main business

Unit: RMB'000

	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:						
Industry of	73,211,746.10	54,044,665.56	26.18%	18.00%	14.23%	2.43%

manufacturing						
Industry of logistics transportation	1,572,766.55	1,388,965.63	11.69%	2.70%	3.87%	-0.99%
Classified by product:						
Major appliances	51,299,125.77	37,419,693.85	27.06%	19.02%	13.96%	3.24%
Air conditioners and accessories	41,692,542.15	30,507,576.85	26.83%	18.24%	14.02%	2.71%
Refrigerators and accessories	5,008,742.18	3,663,813.70	26.85%	21.24%	8.67%	8.46%
Washing machines and accessories	4,597,841.44	3,248,303.30	29.35%	24.00%	19.96%	2.38%
Small household appliances	17,792,284.51	13,116,945.26	26.28%	17.94%	17.03%	0.57%
Electrical machines	4,120,335.82	3,508,026.45	14.86%	6.88%	7.39%	-0.41%
Logistics	1,572,766.55	1,388,965.63	11.69%	2.70%	3.87%	-0.99%
Classified by region:						
Domestic	44,895,216.40	32,313,015.18	28.03%	25.06%	23.57%	0.87%
Overseas	27,292,542.66	20,915,402.72	23.37%	7.08%	1.05%	4.57%

In order to let investors get an actual understanding of real operation scale and capability of electrical machines and logistics of the Company, the above figures of electrical machines and logistic include internal sales data. As for figures excluding internal sales data, please refer to the notes to the financial report in this Semi-annual Report.

#### IV. Core competitiveness analysis

##### 1. Sustainable leading capability of innovation and R&D

Midea Group has been committed to product innovation and R&D, introduced high-level leading technical talents in the industry, and kept technology cooperation with leading scientific research institutions in home and abroad. Depending on the perfect innovation mechanism, as well as the sustainable and mass input to scientific research resources, the scientific technology level of Midea Group has kept standing at the advanced level in home and even abroad. The series of innovative products firstly researched, developed, and launched by Midea, including the full direct-current inverter air conditioners which are advertised as “1 kwh electric power per night”,

washing-drying integral machines which are advertised as “smart auto throw-in”, the “streaming cube” series of microwave ovens, the IH smart electric cookers, the high-temperature steam-cleaning extractor hoods, and the flowing-water water heaters have been highly recognized by the market.

The Company has founded a research institute for smart home furnishing, and stepped ahead in strategic layout of smart home furnishing and development of smart products on the basis of the Company’s abundant product categories and large user groups.

## 2. Broad and stable channel networks

Midea has formed omnibearing and stereo market coverage through many years of development and layout. In mature primary and secondary markets, the Company has always kept good cooperation with large appliance chain stores such as Gome and Suning. In broad third and fourth markets, the Company has added flagship store, exclusive stores, traditional channels, and new channels as effective supplement. The channel networks of the Company has realized full coverage in primary and secondary markets, and coverage rate of higher than 95% in third and fourth markets. At the same time, advantages of the Company in brands, products, offline channels, and logistics layout, have also provided beneficiary guarantee for the Company’s rapid expansion in E-commerce businesses and channels. In China, Midea Group has cooperated with most initial distributors for many years and cultivated high brand loyalty in distribution, In overseas market, Midea group has established plenty of overseas branches and institutes, set up production base in 6 foreign countries, and accelerated the marketing network construction in potential markets including Southeast Asia, North America, South America, Europe, and Middle East.

## 3. Capability of integrated synergic operation in supply chain and resource sharing

Midea Group is the one and only household appliance production enterprise in China with full industry chain and full product lines. With the supporting of industrial leading R&D and manufacturing technologies for core appliance accessories such as compressors, electric control, and magnetron, together with powerful capability of production of up-stream accessories of electrical machines and logistics service, the Company has formed a whole industry chain covering integrated R&D, manufacturing, and sales of key accessories and complete machines. Meanwhile, speaking of product lines, products of Midea Group cover major appliances such as air conditioners, refrigerators, and washing machines, and almost all main small household appliances for kitchen and bathroom, such as microwave ovens, electric cookers, and dish-washing machines, which founds an innate advantageous basis for providing consumers with integrated solutions.

Midea Group makes systematic planning and rational layout in production capacity and structure, comprehensively considers about factors such as regional radiation, supporting supply, and logistic cost, and converges large-scale and flexible production of diversified product categories, so that the Company can face the market change with more flexibility. At the same time, the advantage of full industry chain and full products makes Midea Group sufficiently share the resources in aspects of procurement, brands, technologies, and channels, and forms omnibearing synergic effect.

#### 4. Perfect governance mechanism and effective incentive mechanism of the Company

The Company pays close attention to governance structure, enterprise management and control, separation of powers, and the construction of power-centralized and power-separated mechanisms. It has formed mature management mechanism for professional managers. Having been operated for lots of years, the business divisions of the Company, which have formulated evaluation and incentive systems with fully decentralized powers and performance-oriented appraisal, have become the training and growth platform for professional managers of the Company. The Company's high-class operating management are all professional managers trained by operation and practices in Midea, and have worked in units of Midea for more than 15 years, possessed abundant experience of the industry and management, obtained profound understanding for global and Chinese household electrical appliances, and can make precise analysis on industrial operation environment and enterprise operation management. Mechanism advantages of the Company found a solid basis for Midea's stable and sustainable future development.

Currently, the Company's high-class management, core management teams, and mid-class talents have hold about 9% of the Company's shares by diversified means of direct and indirect shareholding, incentive plans of stock options, and etc. The Company has set up an incentive mechanism featured by coincident profit between the operating management and whole shareholders, as well as the unified relation between stock incentive and restraint for long-term and short-term periods.

#### 5. Industry-leading scale advantages

Midea Group owns complete industry supply chain of air conditioners, refrigerator, and washing machines, as well as complete small household appliance product groups. The Group has built 16 products bases in China, radiating to five main regions of South China, East China, Middle China, Southwest China, and North China, and built overseas production bases in Vietnam, The Republic of Belarus, Egypt, Brazil, Argentina, and India. The production capacity and volume, and sales amount of major and small appliances of the Company all stably stand

among the front ranks in home and abroad.

Meanwhile, Midea Group also owns strong supply capability for up-stream accessories of household appliances. The overall production capacity of electric machines of the Company is about 100 million units. The production and sales volume both rank high in the world. At the same time, the powerful transportation and distribution capability of logistics division in Midea Group provides strong guarantee for the development of the Company's household appliance industry.

Midea Group makes scale layout in household appliances and related industries, consolidates the leading competitive position of the Company in the industry, and guarantees the overall advantages of the Company in aspects of cost control, quality control, resource integration, and supply promptness.

## V. Investment analysis

### 1. Investments in equities of external parties

#### (1) Investments in external parties

☐ Applicable ☒ Inapplicable

The Company did not invest in any external party in the reporting period.

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

☒ Applicable ☐ Inapplicable

Enterprise name	Enterprise variety	Initial investment cost (RMB'000)	Opening equity-holdings (share)	Opening equity-holding ratio (%)	Closing equity-holdings (share)	Closing equity-holding ratio (%)	Closing book value (RMB'000)	Gain/loss in the reporting period (RMB'000)	Accounting title	Equity source
Golden Eagle Fund Management Co., Ltd.	Fund company	50,000.00	50,000,000	20.00%	50,000,000	20.00%	28,656.55	896.52	Long-term equity investment	Sponsoring and setting up
Bank of Jiang Su	Commercial bank	13,220.45	2,202,564	0.00%	5,232,676	0.00%	13,330.45	-	Long-term equity investment	Private offering

									nt	
Hubei Bank Corporation Limited	Commercial bank	5000.00	5,870,266	1.29%	5,870,266	1.29%	5,000.00	-	Long-term equity investment	Private offering
Foshan Shunde Rural Commercial Bank Company Limited	Commercial bank	452,840.00	186,104,160	6.33%	186,104,160	6.33%	452,840.00	59,214.96	Long-term equity investment	Private offering
Zhangshu Shunyun County Bank	Commercial bank	6,000.00	6,000,000	6.00%	6,000,000	0.60%	6,000.00	180.00	Long-term equity investment	Private offering
Fengcheng Shunyun County Bank	Commercial bank	6000.00	6,000,000	6.00%	6,000,000	0.60%	6,000.00	60.00	Long-term equity investment	Private offering
Total		533,060.45	256,176,990	--	259,207,102	--	511,827.00	60,351.48	--	--

### (3) Investment in securities

☐ Applicable ☒ Inapplicable

## 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	Beginning date	Ending date	Payment determination	Principal actually recovered	Impairment provision (if any)	Expected gain	Actual gain/loss for reporting period
Bank	No	No	Bank finance products	4,838,255	2014.1.1	2015.4.22	Agreement	3,765,163		17,499.01	17,499.01

Total	4,838,255	--	--	--	3,765,163		17,499.01	17,499.01
Source of the entrusted funds	Self-owned funds							
Cumulative overdue principals and gains	None							
Involving cases (if applicable)	Not applicable							
Disclosure date of the board announcement approving the wealth management entrustment (if any)	2014.03.29							
Disclosure date of the general meeting announcement approving the wealth management entrustment (if any)	2014.04.22							

**(2) Derivative investment**

√Applicable □Inapplicable

Unit: RMB'000

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets	Actual gain/loss in reporting period
Futures company	No	No	Futures hedging contracts		2014.01.01	2014.12.31		0	3,480.88	0.01%	1,590.60
Bank	No	No	Forward exchange contract	803,708.02	2014.01.01	2014.12.31	803,708.02	0	-410,682.78	-1.15%	-1,123,585.69
Total				803,708.02			803,708.02	0	-407,201.90	-1.14%	-1,121,995.09
Capital source for derivative investment				All self-owned funds							
Disclosure date of the board announcement approving the derivative investment (if any)				29 Mar 2014							
Disclosure date of the general meeting announcement approving the derivative investment (if any)				22 Apr 2014							



<p>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>	<p>For the sake of eliminating the cost risk of the Company's bulk purchases of raw materials as a result of significant fluctuations in raw material prices, the Company not only carried out futures business for some of the materials, but also made use of bank financial instruments and promoted forex funds business, with the purpose to avoid the risks of exchange and interest rate fluctuation, realize the preservation and appreciation of forex assets, reduce forex liabilities, as well as achieve locked-in costs. The Company has performed sufficient evaluation and control against derivatives investment and position risks, details of which are described as follows:</p> <p>1. Legal risk: The Company's futures business and forex funds businesses shall be conducted in compliance with laws and regulations, with clearly covenanted responsibility and obligation relationship between the Company and the agencies.</p> <p>Control measures: The Company has designated relevant responsible departments to enhance learning of laws and regulations and market rules, conducted strict examination and verification of contracts, defined responsibility and obligation well, and strengthened compliance check, so as to ensure that the Company's derivatives investment and position operations meet the requirements of the laws and regulations and internal management system of the Company.</p> <p>2. Operational risk: Imperfect internal process, staff, systems and external issues may cause the Company to suffer from loss during the course of its futures business and forex funds business.</p> <p>Control measures: The Company has not only developed relevant management systems that clearly defined the assignment of responsibility and approval process for the futures business and forex funds business, but also established a comparatively well-developed monitoring mechanism, aiming to effectively reduce operational risk by strengthening risk control over the business, decision-making and trading processes.</p> <p>3. Market risk Uncertainties caused by changes in the prices of bulk commodity and exchange rate fluctuations in foreign exchange market could lead to greater market risk in the futures business and forex funds business. Meanwhile, inability to timely raise sufficient funds to establish and maintain hedging positions in futures operations, or the forex funds required for performance in forex funds operations being unable to be credited into account could also result in loss and default risks.</p> <p>Control measures: The futures business and forex funds business of the Company shall always be conducted by adhering to prudent operation principles. For futures business, the futures transaction volume and application have been determined strictly according to the requirements of production &amp; operations, and the stop-loss mechanism has been implemented. Besides, to determine the prepared margin amount which may be required to be supplemented, the futures risk measuring system has been established to measure and calculate the margin amount occupied, floating gains and losses, margin amount available and margin amount required for intended positions. As for forex funds business, a hierarchical management mechanism has been implemented, whereby the operating unit which has submitted application for funds business should conduct risk analysis on the conditions and environment affecting operating profit and loss, evaluate the possible greatest revenue and loss, and report the greatest acceptable margin ratio or total margin amount, so that the Company can update operating status of the funds business on a timely basis to ensure proper funds arrangement before the expiry dates.</p>
<p>Changes of market prices or fair values in the reporting period of the invested derivatives. And the analysis</p>	<p>1. Profit/loss from futures hedging contracts incurred during the Reporting Period was RMB 1,590,600;</p> <p>2. Profit/loss from forward forex contracts incurred during the Reporting Period was RMB</p>

on the fair value of the derivatives should include the specific use methods and the relevant assumptions and parameters.	-1,123,585,690; 3. Public quotations in futures market or forward forex quotations announced by Bank of China are used in the analysis of derivatives fair value.
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 change
Specific opinion from independent directors on the Company's derivatives investment and risk control	The Company's independent directors are of the view that: the futures hedging business is an effective instrument for the Company to eliminate price volatility and implement risk prevention measures through enhanced internal control, thereby improving the operation and management of the Company; the Company's foreign exchange risk management capability can be further improved through the forex funds business, so as to maintain and increase the value of foreign exchange assets; and the abovementioned investment in derivatives can help the Company to fully bring out its competitive advantages. Therefore, it is practicable for the Company to carry out derivatives investment business, and the risks are controllable.

**(3) Entrustment loans**

☐ Applicable ☒ Inapplicable

**3. Use of raised funds**

☐ Applicable ☒ Inapplicable

**4. Analysis to main subsidiaries and stock-participating companies**

☒ Applicable ☐ Inapplicable

Main subsidiaries and stock-participating companies:

Company name	Company variety	Industry	Main products/services	Registered capital (ten thousand)	Total assets (million)	Net assets (million)	Operating revenues (million)	Operating profit (million)	Net profit (million)
Guangdong Midea Refrigeration Equipment Co., Ltd.	Subsidiary	Manufacturing industry	Air conditioners	RMB 85,400.00	20,676.06	2,671.23	19,393.79	664.94	600.07
Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.	Subsidiary	Manufacturing	Air conditioners	USD 693	11,442.47	1,016.80	10,756.04	249.40	217.97

		industry							
Wuhu GMCC Air-conditioning Equipment Co., Ltd.	Subsidiary	Manufacturing industry	Air conditioners	RMB 83,000	1,780.98	1,075.89	2,786.21	291.24	219.53
Foshan Shunde Midea Electric Appliance Manufacturing Co., Ltd.	Subsidiary	Manufacturing industry	Water heaters	USD 4,200.00	2,386.59	701.70	2,994.75	430.11	376.33
Guangdong Midea Kitchen Appliances Manufacturing Co., Ltd.	Subsidiary	Manufacturing industry	Kitchen & Bathroom electric appliances	USD 7,200.00	4,962.46	1,067.82	5,247.96	533.98	457.74
Guangdong Midea Life Electric Manufacturing Co., Ltd.	Subsidiary	Manufacturing industry	Small household appliances	USD3,926.00	1,533.02	546.78	1,252.45	947.31	930.08

## 5. Significant projects invested with non-raised funds

☐ Applicable ☒ Inapplicable

## 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

Performance prediction: same rise

### Statement of business performance forecast (based on income statement)

	From the beginning of the year to the end of the next reporting period			Same period in the last year	Increase/decrease (%)		
Estimated amount of aggregate net profit (RMB 100 million)	87	--	96	40	YoY increase	118%	-- 140%
Basic earnings per share (RMB Yuan/share)	2.06	--	2.28	0.95	YoY increase	118%	-- 140%
Explanations for business performance forecast	In Sept. 2013, Midea Group merged with GD Midea Holding through share exchange. The income statement has been compiled based on accounting standards. The net profit of the Period was the data generated following the merger, while the figure in the same period of the previous year was						

	<p>calculated based on 41.17% shares held by Midea Group in GD Midea Holding before the merger.</p> <p>On 30 Apr. 2014, as Midea Group accomplished the capitalization of capital reserve, resulting to 10 shares transferred to 15 shares. According to related rules, the basic earnings per share as at the same period of last year shall be calculated by share capital after adjustment.</p>
--	--

To facilitate contrastive analysis based on the same statistical standards for investors, based on the pro-forma profit statement (the merger of GD Midea Holding is deemed as to have been completed on 1 Jan. 2013), the Company's business performance is expected to improve in Jan.-Sept. of 2014 as follows:

Statement of business performance forecast (based on pro-forma profit statement)

	From the beginning of the year to the end of the next reporting period			Same period in the last year	Increase/decrease			
Estimated amount of aggregate net profit (RMB 100 million)	87	--	96	60	YoY increase	45%	--	60%
Basic earnings per share (RMB Yuan/share)	2.06	--	2.28	1.42	YoY increase	45%	--	60%
Explanations for business performance forecast								

## 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

The Company's profit scheme and capitalization of capital reserve for Y2013 is as follows: Based on the total

1,686,323,389 shares as at 31 Dec 2013, the Company distributed cash of RMB 20.00 for every ten shares to all shareholders. Meanwhile, additional 15 shares were granted for every ten shares of all shareholders using the capital reserve. The scheme was reviewed and passed in the Y2013 Annual General Shareholders Meeting held on 21 Apr. 2014. The equity registration date for profit allocation and capitalization of capital reserve is 29 Apr. 2014, and the ex-equity and ex-dividend date is 30 Apr 2014. The aforesaid profit allocation scheme has been successfully accomplished.

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

## **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
2014-01-09	Company	On-site survey	Institution	Guizot Jinan Securities, E-Fund, Inhuman Fund Management Co., Ltd, An bang Asset Management Co., Ltd, New Value, Western Securities	The Company mainly briefed the investors about: (1) current status

2014-01-13	Shanghai	Strategy meeting	Institution	UBS Greater China Conference	and development of the industry; (2) operation
2014-01-15	Company	On-site survey	Institution	CLSA Asia-Pacific Markets, CICC, HUABAO TRUST, CAPITAL CICC	and development strategy of the Company; (3) other regular report
2014-01-22	Company	On-site survey	Institution	CICC, GENESIS INVESTMENT MANAGEMENT,LLP	disclosed by the Company and topics involved in the announcement.
2014-02-13	Company	On-site survey	Institution	Morgan Stanley, Fallopian Capital, Capitalistic	Informative report provided by the
2014-02-18	Company	On-site survey	Institution	Murray Securities, Value Partners Fund, BOCI-Prudential, TPG-AXON Capital, DIAM, Jillian Dresdner, BlackRock, Manulife Asset Management, China Investment Corporation(HK)	Company: public information, such as regular report announcement of the Company.
2014-02-20	Company	On-site survey	Institution	CICC, First State Investment (Hong Kong)	
2014-03-03	Company	New product release meeting of kitchen appliance	Institution	CICC, CITIC Securities, Shenyin Wanguo Securities, Changjiang Securities, Haitong Securities, Sinolink Securities, UBS Securities, China Merchants Securities, China Galaxy Securities, Guosen Securities	
2014-03-10	Company	Strategy meeting of smart e-house	Institution	Orient Securities, Guotai Junan Securities, CICC, Investment Sheng Ta Investment Management, Dongguan securities, Shenzhen Fenghuangyuan Investment, First Capital Securities, First Capital Securities,	

				China Life Pension, Shenyin Wanguo Securities, Sinolink Securities, Guosen Securities, Shenyin Wanguo Securities, Haitong Securities, Xinhua Asset Management, Guotai Junan Securities, Xinhua Asset Management, Huashang Fund, CITIC Securities, New bergman Investment, New bergman Investment, Bosera Fund, UBS Securities, Galaxy Securities, Da Cheng Fund Management, PICC, Changxin Asset Management, Shenzhen Dingshi Investment, Great Wall Fund, Harvest Fund, Guosen Securities, Industrial Securities, Changjiang Securities, Ping'an Asset Management, Everbright Pramerica Fund, Greenwoods Asset Management, E-Fund, Yinhua Fund,	
2014-03-17	Hangzhou	Press meeting of intelligent air conditioner of Internet of Things	Institution	Taikang Assets, ABC-CA FUND, Greenwoods Asset, Binyuan Capital, Guosen Securities, Guotai Junan Securities, CITIC Securities, Shenyin Wanguo Securities, Changjiang Securities, Dachang FMC, Galaxy Securities, Sinolink Securities, Galaxy Asset, Team-Top Investment, Haitong Securities, GTJA Allianz Fund, E-Fund, GTJA Allianz Fund	
2014-03-31	Company	Annual performance seminar	Institution	E-Fund, Guangzhou Jinjun Investment, Jin Huatai Investment, Industrial Securities, Galaxy Asset, Changsheng Fund, GTS Fund, Essence Securities, First Capital Securities, GF Securities, Shenyin Wanguo	

				Securities, Sinolink Securities, Guangzhou Asia bond, Guotai Junan Securities, Runhui Investment, CICC, China Merchants Securities, New bergman Investment, CITIC Securities, China AMC, Bosera Fund, UBS Securities, New bergman Investment, New bergman Investment, Harvest Fund Management, Guosen Securities, Changjiang Securities, ICBC Credit Suisse, Greenwoods Asset, Yinhua Fund	
2014-04-08	Company	Teleconference	Institution	Greenwoods Asset	
2014-04-15	Beijing	Road show	Institution	China AMC, Yinhua Fund, Harvest Fund Management, Huashang Fund, Harvest Fund Management, China Life, New China Life, Changsheng Fund, CCB Principal Asset Management, Minsheng Canada Royal Fund, CCB Principal Asset Management, ICBC Credit Suisse, CUAM, Yimin Fund, CICC, Taikang AMC, StarRock Investment Management, Cephei Capital, ShanghaiIvy Investment Management Company, Fosun Group Cultural Industry, KEYWISE CAPITAL, Hillhouse Capital	
2014-04-16	Company	Teleconference	Institution	Bernstein	
2014-04-18	Company	On-site survey	Institution	New Idea Investment	
2014-04-29	Company	Performance	Institution	CICC, Guosen Securities, CITIC, Shenyin	



		seminar		Wanguo Securities, Greenwoods Asset, ETON PARK, Citibank, Hillhouse Capital , Founder Securities, Guangdong Development Fund, Anbang Capital, Bosera Asset Management, Penghua Fund, Dachang FMC , Ping An Asset , Prudential Fund, Galaxy Securities, Chongyang Investment, GF Securities , Haitong Securities, UBS Securities, Sinolink Securities, HSBC, ChinaAMC, Harvest Fund Management, JPMorgan Chase, Sunshine Insurance , Taikang AMC, ZEAL ASSET MGMT, Yinhua fund	
2014-04-30	Company	On-site survey	Institution	Marshall Wace	
2014-05-12	Shanghai	Road show	Institution	Mirae Asset , Ping An Asset Management, AIA China, Power pacific, Bisheng investment, Sumitomo Mitsui	
2014-05-13	Shanghai	Road show	Institution	Schroders PLC-NV, Guotai Asset Management, KaiYu capital, Rosefinch Investment	
2014-05-14	Shanghai	Road show	Institution	Temasek Investment, Norges Bank, SPD BANK AXA Fund, Fullgoad Fund, Tianzhi Fund, Bank of China Investment, Pacific Investment, Fad Fund, Zongyi Holdings, CITIC Securities, Nomura Investment, Greenwoods Asset	
2014-05-15	Shenzhen	Road show	Institution	Penghua Fund, Zexinyide, Infore Capital,	

				Copower Investment, First Capital Securities, E&B Asset Management, UBS SDIC, Team-Top Investment, Yujin Fund, Yinshi Investment, Baoying Fund	
2014-05-18	Guangzhou	Road show	Institution	E-Fund, Guangfa Fund	
2014-05-19	Shenzhen	Road show	Institution	Bosera Fund, Rotong Fund, China Southern Fund, Southwest Securities, Qianhaikaiyuan Fund	
2014-05-21	Company	On-site survey	Institution	Yiheng Capital, Runhui Investment, Samsung Investment, Changxin Asset Management, UBS Securities	
2014-05-27	Company	On-site survey	Institution	BNP Paribas Investment, Nomura Warrants (Hong Kong) , Ping'an Asset Management, China AMC, GMT Capital	
2014-05-28	Company	On-site survey	Institution	Invesco Investment, CLSA Asia-Pacific Markets, Schroders, Keywise Capital, Zhongma Consultant	
2014-06-04	Chengdu	Strategy meeting	Institution	Northeast Securities, Orient Securities Asset Management, New Idea Investment, Cathay Investors, China International Fund Management, APS Investment, Great Wall Securities, Xiangying Asset Management, UBS SDIC, Topology Investment, Yizhenglang Investment, Pudao Investment, Tianan Insurance, Jingyuan Capital, Hezhangzhichun Investment, Rosefinch Investment, Yinhua Fund, New Center Investment	

2014-06-09	Company	On-site survey	Institution	Overlook Investments	
2014-06-10	Company	On-site survey	Institution	Mizuho Securities	
2014-06-12	Yichang	Strategy meeting	Institution	China Southern Fund, Changsheng Fund, Huashang Fund, Minshen Canada Royal Fund, CICC, Union Asset, China Export & Credit Insurance, CITIC Securities	
2014-06-16	Hong Kong	Strategy meeting	Institution	Comgest, DIAM Asset Management, Shouzheng Fund, Jiafu Asset Management, ChinaRock Capital, Panah Fund, Canada Pension Plan, Vontobel , Manulife Asset Management, Alliance Bernstein Hong Kong, Baring Asset Management, Pengsheng Asset Management, Atlantis Investment, Goldman Sachs Asia, Eliv Investment & Management, UBS Global , Azentus Capital	
2014-06-17	Shanghai	Strategy meeting	Institution	Orient Securities Asset Management, Guolian Securities, Xingzhi Venture Capital, First-Trust Fund, Galaxy Asset, Jifu Fund, Guosen Securities, Willam Blair, HSBC Fund, Renhang Investment, Liangsheng International, Mingxiang Investment, Hezi Capital, Fortune SG Fund, Spring Capital	

2014-06-23	Company	On-site survey	Institution	Taikang Assets, Santa Lucia , Norges Bank, DCG capital, Standard Chartered	
2014-06-25	Shanghai	Strategy meeting	Institution	Jingyuan Capital, Golden Nest Capital, Morgan Asset Management, Value Partners Golds Ta Te Fund, Fullgoad Fund, Zhong Ou Asset Management, Value Partners Group, Value Partners Fund, AIA China, Shengshu Investment, East Capital, LORD ABBETT Fund, Qianhe Capital Management, Jifu Fund, Atlantis Investment, Jet KingInvestment, Neuberger Berman Investment, Tengyue Fund, Ping'an Asset Management, Lion Global Investors, Princeton Asset Management, Newport Asia, Yongjin Investment, Ivy Assets, Nomura Investment, Yiheng Capital	
2014-06-26	Ningbo	Strategy meeting	Institution	MontPelerin Investment & Management, ShanghaiBBC Stock, Baohong Investment & Management, Golden Bloom Capital, CITIC Securities, Essence Fund, Sinolink Securities, Think Investment & Management, Sinosteel International, Dingda Fund, Anbang Asset Management, SinoPAC Securities	

## Section V. Significant Events

### I. Corporate governance

The situation of the Company's governance did not differ in principle from the Company Law and the relevant CSRC requirements in the reporting period.

### II. Significant lawsuits or arbitrations

☐ Applicable ☒ Inapplicable

### III. Media's queries

☐ Applicable ☒ Inapplicable

### IV. Bankruptcy reorganization

☐ Applicable ☒ Inapplicable

### V. Asset transactions

#### 1. Purchase of assets

☐ Applicable ☒ Inapplicable

#### 2. Sale of assets

☐ Applicable ☒ Inapplicable

#### 3. Business combination

☐ Applicable ☒ Inapplicable

### VI. Implementation of equity incentive and its influence

☒ Applicable ☐ Inapplicable

On 10 January, 2014, the first session of the 14th meeting of the board of directors of the company reviewed and adopted the *Stock Option Incentive Plan (Draft) of Midea Group Co., Ltd.*, awarding 40,512,000 stock options to the incentive object, which accounts 2.41% of the company's total equity of 1,686,323,389 shares when signing the incentive plan.

On 27 January, 2014, the China securities regulatory commission confirmed that they have no objection to the stock option incentive plan which recorded on *Measures for Share Incentive Management of Listed Companies (on Trial)*.

On 17 February, 2014, the company held the first provisional shareholders meeting in 2014, which reviewed and adopted the *Stock Option Incentive Plan*.

On 18 February, 2014, the first session of the 16<sup>th</sup> meeting of the board of directors of the Company reviewed and adopted the *Proposal on Adjustments of Stock Option Incentive Objects and Grant Numbers*, *Proposal on Determination of Grant Date of Stock Option Incentive Plan* and *Proposal on Grant Matters of Stock Option Incentive Plan*, determining the date of grant to be 18 February, 2014 and agreeing to award 40,512,000 stock options to the 691 incentive objects due to some employees has left the Company and not meet the requirements of incentive objects.

After the completion of first grant registration of stock option on 10 March, 2014, the former incentive objects, Wang Jianlin, Zhu Jinsong, Liao Guojin, Tong Huai, Shen Peng, Yang Xiaowen, Zhu Ruihua, Liu Yanshou, Wang Qingbo and Wang Kun, have left the Company after share option grant and before exercising. According to the requirements of *Stock Option Incentive Plan (Draft)*, non-exercised stock option from demission date could be canceled for those incentive objects. Therefore, the above ten people are not qualified for incentive objects and the related 567,000 stock options would be canceled.

After adjustment, the first amount of incentive objects awarded stock option is 681 and numbers of awarded non-exercised stock option are 39,945,000.

On 30 April, 2014, the Company has completed the equity allocation program of distributing 20.00 Yuan for 10 shares and increasing 15 shares for 10 shares by capital reserve. After implementation of equity allocation program, the exercise price of stock incentive plan has been adjusted to 18.72 Yuan from previous 48.79 Yuan and exercise numbers from 39,945,000 to 99,862,500.

## VII. Significant related-party transactions

### 1. Related-party transactions concerning routine operation

√ Applicable □ Inapplicable

Related party	Related party relationship	Related party transaction on class	Subject matter of the related party transactions	Related party transaction pricing basis	Amount of related party transactions (RMB'000)	Percentage as the amount of similar transactions (%)	Related party transaction settlement
Guangdong Yingke Electronics Co., Ltd	Company controlled by family members of actual	Purchase	Purchase	Market price	70,429.79	0.13	Payment after products

	controller						
Zhejiang Shangfeng Industrial Co., Ltd	Company controlled by family members of actual controller	Purchase	Purchase of varnished wire	Market price	411,979.24	0.75	Payment after products
		Services	Services of custom clearance	Market price	944.61	0.00	Payment after products
Total				--	483,353.64	--	--
Description of return of bulk sales in details				Inapplicable			
The actual performance (if any) of the estimated total amounts of day-to-day related party transactions to be conducted in the period under review during the Reporting Period by type.				The associated amount limit between the Company and the related parties and the subsidiaries did not exceed the estimated total amounts of day-to-day related party transactions by type.			
The reason for the big difference between the transaction price and the market reference price				Inapplicable			

## 2. Related-party transactions arising from acquisition and sale of assets

☐ Applicable ☒ Inapplicable

## 3. Related-party transactions arising from joint investment in external parties

☐ Applicable ☒ Inapplicable

## 4. Credits and liabilities with related parties

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

☐ Yes ☒ No

## 5. Other significant related-party transactions

☒ Applicable ☐ Inapplicable

Title of the interim announcement	Disclosure date of the interim announcement	Website where the interim announcement was disclosed
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Announcement about related party transaction in relation to loans and deposits of Shunde Rural Commercial Bank	2014-01-28	<a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>
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## VIII. Occupation of the Company's funds for non-operating purposes by the controlling shareholder and its related parties

☐ Applicable ☒ Inapplicable

## IX. Significant contracts and fulfillment thereof

### 1. Trusteeship, contracting and leasing

#### (1) Trusteeship

☐ Applicable ☒ Inapplicable

#### (2) Contracting

☐ Applicable ☒ Inapplicable

#### (3) Leasing

☐ Applicable ☒ Inapplicable

### 2. Guarantees provided by the Company

☒ Applicable ☐ Inapplicable

The Company's external guarantees (excluding guarantees provided for its subsidiaries)								
Name of guaranteed party	Guaranteed amount limit announcem ent issuing date	Guaranteed amount limit	Date of occurrence (agreement signing date)	Actual guaranteed amount	Guarantee type	Guarantee period	Whether performance was completed	Guarantee provided for related party or not (yes or no)
None	-	-	-	-	-	-	-	-
Total line of external guarantees approved during the Reporting		0.00		Actual amount of external guarantees provided during		0.00		



Period (A1)			the Reporting Period (A2)					
Total line of external guarantees approved at the end of Reporting Period (A3)	0.00		Actual amount of external guarantees provided at the end of Reporting Period (A4)			0.00		
Guarantee provided by the Company for its subsidiaries								
Name of guaranteed party	Guaranteed amount limit announcement issuing date	Guarantee Amount limit (ten thousand Yuan)	Date of occurrence (agreement signing date)	Actual guaranteed amount (ten thousand Yuan)	Guarantee type	Guarantee period	Whether performance was completed	Guarantee provided for related party or not (yes or no)
Midea Group Finance Co., Ltd	2014-3-29	715,800	2012-12-31	0	Warranty	2014-12-31	No	No
Guangdong Midea Refrigeration Equipment Co., Ltd	2014-3-29	767,480	2012-12-31	264,734	Warranty	2014-12-31	No	No
GD Midea Group Wuhu Refrigeration Equipment Co., Ltd.	2014-3-29	40,000	2012-3-1	0	Warranty	2015-2-1	No	No
Foshan Midea Carrier Refrigeration Equipment Co., Ltd.	2014-3-29	53,000	2012-11-14	8,296	Warranty	2015-2-1	No	No
Midea Commercial Air Conditioning Equipment Co., Ltd., Guangdong Province	2014-3-29	26,000	2012-11-14	1,806	Warranty	2015-2-1	No	No
Guangdong Midea Lighting Electric Manufacturing Co., Ltd	2014-3-29	3,000	2012-12-31	0	Warranty	2014-12-31	No	No
Guangdong Midea Heating & Ventilation Equipment Co., Ltd.	2014-3-29	66,000	2012-11-14	38,620	Warranty	2015-2-1	No	No
Hefei Midea Heating & Ventilation Equipment Co., Ltd.	2014-3-29	27,000	2012-12-31	6	Warranty	2014-12-31	No	No
Chongqing Midea General Refrigeration Equipment Co., Ltd.	2014-3-29	19,000	2012-12-31	0	Warranty	2014-12-31	No	No

Guangdong GMCC Precise Manufacture Co., Ltd.	2014-3-29	55,500	2012-11-14	2,399	Warranty	2015-2-1	No	No
Guangdong GMCC Precise Manufacture Co., Ltd.	2014-3-29	42,500	2012-11-14	328	Warranty	2015-2-1	No	No
Anhui GMCC Refrigeration Equipment Co., Ltd.	2014-3-29	42,000	2012-11-14	6,726	Warranty	2015-2-1	No	No
Wuhu GMCC Air Conditioning Equipment Co., Ltd.	2014-3-29	84,900	2012-11-14	70,493	Warranty	2015-2-1	No	No
Hefei Midea Refrigerator Co., Ltd.	2014-3-29	81,500	2012-11-14	0	Warranty	2015-2-1	No	No
Hefei Hualing Co., Ltd.	2014-3-29	87,000	2012-11-14	799	Warranty	2015-2-1	No	No
Hubei Midea Refrigerator Co., Ltd.	2014-3-29	52,000	2012-3-1	0	Warranty	2014-3-1	No	No
Guangzhou Hualing Refrigerator Co., Ltd.	2014-3-29	22,000	2012-3-1	701	Warranty	2014-3-1	No	No
Hefei Midea Washing Equipment Manufacturing Co., Ltd.	2014-3-29	40,000	2012-2-1	0	Warranty	2015-2-1	No	No
Ningbo Midea Joint Materials Supply Co. Ltd	2014-3-29	55,000	2012-12-31	7,199	Warranty	2014-12-31	No	No
Guangdong Welling Motor Co., Ltd.	2014-3-29	46,000	2012-11-14	885	Warranty	2015-2-1	No	No
Welling (Wuhu) Motor Manufacturing Co., Ltd	2014-3-29	40,000	2012-11-14	2,881	Warranty	2015-2-1	No	No
Foshan Welling Washer Motor Manufacturing Co., Ltd.	2014-3-29	65,200	2012-11-14	6,946	Warranty	2015-2-1	No	No
Foshan Welling Electronic and Electric Appliances Co., Ltd.	2014-3-29	10,000	2012-11-14	91	Warranty	2015-2-1	No	No
Foshan Welling Material Co., Ltd.	2014-3-29	15,000	2012-11-14	0	Warranty	2015-2-1	No	No
Guangdong Midea Life Electric Manufacturing Co., Ltd.	2014-3-29	27,000	2012-12-31	490	Warranty	2015-2-1	No	No
Foshan Shunde Midea Drinking Manufacturing Co., Ltd.	2014-3-29	18,000	2012-12-31	170	Warranty	2015-2-1	No	No

Foshan Shunde Midea Electric Appliance Manufacturing Co., Ltd.	2014-3-29	42,500	2012-12-31	24,913	Warranty	2015-2-1	No	No
Guangdong Midea Kitchen Appliances Manufacturing Co., Ltd.	2014-3-29	557,000	2012-11-14	269,830	Warranty	2015-2-1	No	No
Guangdong Witt Vacuum Electronics Manufacturing Co., Ltd.	2014-3-29	13,000	2012-11-14	6,652	Warranty	2015-2-1	No	No
Foshan Shunde Midea Washing Appliance Manufacturing Co., Ltd.	2014-3-29	292,500	2012-11-14	86,952	Warranty	2015-2-1	No	No
Wuhu Midea Washing Appliance Manufacturing Co., Ltd.	2014-3-29	14,500	2012-11-14	91	Warranty	2015-2-1	No	No
Guangdong Midea Environment Appliances Manufacturing Co., Ltd.	2014-3-29	148,000	2012-11-14	88,211	Warranty	2014-12-31	No	No
Guangdong Midea Kitchen & Bathroom Appliances Manufacturing Co., Ltd.	2014-3-29	15,000	2012-11-14	0	Warranty	2015-2-1	No	No
Foshan Midea Kitchen Appliances Manufacturing Co., Ltd.	2014-3-29	63,000	2012-12-31	0	Warranty	2014-12-31	No	No
Wuhu Midea Kitchen & Bathroom Electric Manufacturing Co., Ltd.	2014-3-29	15,000	2012-2-1	665	Warranty	2015-2-1	No	No
Jiangsu Midea Chunhua Electric Co., Ltd.	2014-3-29	23,000	2012-11-14	0	Warranty	2014-11-15	No	No
Wuhu Annto Logistics	2014-3-29	10,000	2012-11-14	0	Warranty	2015-2-1	No	No
Jiangxi Midea Guiya Lighting Co., Ltd.	2014-3-29	14,000	2012-12-31	1,556	Warranty	2014-12-31	No	No
Guangdong Midea Boutique Electric Manufacturing Co., Ltd.	2014-3-29	10,000	2012-12-31	0	Warranty	2015-2-1	No	No
Midea International Holdings Ltd.	2014-3-29	400,000	2011-8-31	238,736	Warranty	2014-8-31	No	No
Midea International Trading Co., Ltd	2014-3-29	45,000	2011-8-31	39,355	Warranty	2014-8-31	No	No
Calpore Macao Commercial Offshore Ltd.	2014-3-29	25,000	2011-8-31	25,058	Warranty	2014-8-31	No	No
Mecca International (BVI) Limited	2014-3-29	5,400	2011-8-31	3,920	Warranty	2014-8-31	No	No
Midea Electric Investment (BVI) Limited	2014-3-29	100,000	2011-8-31	66,724	Warranty	2014-8-31	No	No

Midea Refrigeration (Hong Kong) Co., Ltd.	2014-3-29	31,500	2013-5-14	1,244	Warranty	2014-5-14	No	No
Midea Electric Trading (Singapore) Co. Pte. Ltd	2014-3-29	450,000	Long-term effective	163,275	Warranty	Long-term effective	No	No
Midea Life Electric (Vietnam) Co., Ltd	2014-3-29	40,000	Long-term effective	0	Warranty	Long-term effective	No	No
PT.MIDEA HVAC INDONESIA	2014-3-29	10,000	Long-term effective	9,054	Warranty	Long-term effective	No	No
Midea Malaysia Joint Venture	2014-3-29	10,000	Long-term effective	0	Warranty	Long-term effective	No	No
Carrier Midea India Private Limited	2014-3-29	10,000	Long-term effective	0	Warranty	Long-term effective	No	No
Carrier S.A.	2014-3-29	8,000	Long-term effective	0	Warranty	Long-term effective	No	No
Carrier Fuegoina S.A.	2014-3-29		Long-term effective	0	Warranty	Long-term effective	No	No
Total of guaranteed amount limit approved and provided for subsidiaries during the Reporting Period (B1)		1,738,687		Actual amount of guarantees provided for subsidiaries during the Reporting Period (B2)		1,738,687		
Total of guaranteed amount limit approved and provided for subsidiaries at the end of Reporting Period (B3)		1,439,807		Actual amount of guarantees provided for subsidiaries at the end of Reporting Period (B4)		1,439,807		
Total amount of guarantees provided by the Company (namely total amount of the above two items)								
Total amount of guarantees approved			Actual amount of guarantees					

during the Reporting Period (A1+B1)	1,738,687	provided during the Reporting Period (A2+B2)	1,738,687
Total amount of guarantees approved at the end of Reporting Period (A3+B3)	1,439,807	Actual amount of guarantees provided at the end of Reporting Period (A4+B4)	1,439,807
Ratio of total guarantee amount (i.e. A4+B4) to the Company's net asset		40.30%	
Of which:			
Amount of guarantee provided for shareholders, actual controller and related party (C)		0	
Amount of guarantee of indebtedness directly or indirectly provided for the guaranteed party with the asset-liability ratio of over 70% (D)		471,109	
The portion of total guarantee amount in excess of 50% of net asset (E)		0	
Total of the above-mentioned three guarantee amounts (C+D+E)		471,109	
Explanation on several and joint liability possibly borne for undue guarantee		None	
Explanation of external guarantees in breach of the specified procedures		None	

### (1) Illegal provision of guarantees for external parties

☐ Applicable ☒ Inapplicable

### 3. Other significant contracts

☐ Applicable ☒ Inapplicable

#### **4. Other significant transactions**

☐ Applicable ☒ Inapplicable

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

√ Applicable □ Inapplicable

Undertaking	Party involved in undertaking	Details of undertaking	Undertaking date	Term	Particulars on the performance
Undertaking made in offering documents or shareholding alternation documents	Controlling shareholders Actual controller	<p><b>1.Undertaking of Midea Holding Ltd. (hereinafter referred to as "Midea Holding"), and He Xiangjian, respectively the controlling shareholder and actual controller of Midea Group Co., Ltd., towards the lock-up period of shares.</b></p> <p>He Xiangjian and Midea Holding have undertaken as follows: Within 36 months since the listing date of Midea Group's stocks, they will neither transfer or entrust others to manage their directly and indirectly held shares of Midea Group issued prior to this issuance, nor sell them to Midea Group. If they break the above undertaking, they will assume all liabilities arising therefrom.</p> <p><b>2. Undertaking of Midea Holding and the actual controller He Xiangjian towards the maintenance of the independence of Midea Group.</b></p> <p>He Xiangjian and Midea Holding have undertaken as follows: He Xiangjian, Midea</p>	28 March, 2013	<p>Apart from the first item of commitments whose valid duration continues 36 months from the day, 18 September, 2013, of Midea Group's listing</p>	<p><b>1. There is no violation of commitments.</b></p> <p><b>2. There is no violation of commitments.</b></p>

	<p>Holding and their controlled enterprises will keep independent from Midea Group in respect of personnel, finance, assets, business and institutions, etc. in accordance with relevant laws and regulations and regulatory documents. They will faithfully fulfill the above undertaking, and assume the corresponding legal liability. If they fail to fulfill their obligations and responsibilities conferred by the undertaking, they will bear the corresponding legal liabilities according to relevant laws, rules, regulations and regulatory documents.</p> <p><b>3. Undertaking of Midea Holding and the actual controller He Xiangjian towards avoiding competition within the industry.</b></p> <p>In order to avoid possible competition within the industry between Midea Group and Midea Holding and its controlled enterprises as well as He Xiangjian, his immediate family and his controlled companies, He Xiangjian and Midea Holding have undertaken as follows:</p> <p>(1). None of the entities or individuals mentioned above is or will be engaged in the same or similar business as the existing main business of Midea Group and its controlled companies. They are not or will not be engaged or participating in such business that is competitive to the existing main business of Midea Group and its controlled companies by controlling other economic entities, institutions or economic organizations;</p> <p>(2). If Midea Group and its controlled companies expand their business on the basis of the existing ones to those where the above mentioned related entities or individuals have</p>		<p>to</p> <p>18 September,</p> <p>2016, other</p> <p>items are</p> <p>indefinite.</p>	<p><b>3. There is no violation of commitments.</b></p>
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	<p>already performed production and operation, as long as He Xiangjian is still the actual controller of Midea Group, and Midea Holding the controlling shareholder, they will agree on solving the problem of competition within the industry arising therefrom within a reasonable period;</p> <p>(3). If Midea Group and its controlled companies expand their business scope on the basis of the existing ones to those where the above mentioned related subjects have not gone into production or operation, as long as He Xiangjian is still the actual controller of Midea Group, and Midea Holding the controlling shareholder, they would undertake as not engage in competitive business to the new ones of Midea Group and its controlled companies;</p> <p>(4). In accordance with effective laws, regulations or other regulatory documents of People's Republic of China, as long as He Xiangjian is identified as the actual controller of Midea Group, and Midea Holding the controlling shareholder, they will not change or terminate this undertaking.</p> <p>(5). He Xiangjian and Midea Holding shall faithfully fulfill the above undertaking, and assume the corresponding legal responsibilities. If they fail to fulfill their obligations and responsibilities conferred by the undertaking, they would bear the corresponding legal responsibilities according to relevant laws, rules, regulations and regulatory documents.</p> <p><b>4. Undertaking of Midea Holding and the actual controller He Xiangjian towards the regulation of related transactions.</b></p>			<p><b>4. There is no violation of commitments.</b></p>
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	<p>In order to regulate matters of related transactions that may occur in the future between Midea Group and Midea Holding and its controlled companies as well as He Xiangjian, his immediate family and his controlled companies, He Xiangjian and Midea Holding have undertaken as follows:</p> <p>(1) They will regulate related transactions with Midea Group and its controlled companies with their utmost efforts to reduce them. For unavoidable related transactions with Midea Group and its controlled companies, including but not limited to commodity trading, providing services to each other or as agent, they will sign legal normative agreements with Midea Group, and go through approval procedures in accordance with related laws, regulations, rules, other regulatory documents, and relevant provisions of the Articles of Association of Midea Group. They guarantee to offer fair prices for related transactions, and fulfill the information disclosure obligations in respect of the related transactions according to related laws, regulations, rules, other regulatory documents, and relevant provisions of the Articles of Association of Midea Group. They also guarantee not to illegally transfer the funds or profits from Midea Group, or damage the interests of its shareholders at their advantages during the related transactions.</p> <p>(2) They shall fulfill the obligation of withdrawing from voting that involves the above mentioned related transactions at the general meeting of Midea Group;</p> <p>(3) The related subject mentioned above shall not require Midea Group to offer more favorable conditions than those to any independent third party in any fair market</p>			
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	<p>transactions.</p> <p>(4) In accordance with effective laws, regulations or other regulatory documents of People's Republic of China, as long as He Xiangjian is identified as the actual controller of Midea Group, and Midea Holding the controlling shareholder, they shall not change or terminate this undertaking.</p> <p>(5) He Xiangjian and Midea Holding will faithfully fulfill the above undertaking and assume the corresponding legal liabilities. If they fail to fulfill their obligations and responsibilities conferred by the undertaking, they will bear the corresponding legal responsibilities according to relevant laws, rules, regulations and regulatory documents.</p> <p><b>5. Related undertaking by He Xiangjian, the actual controller of Midea Group, on Midea Trade Union Committee transferring its limited equity of Midea Group.</b></p> <p>On 4 January , 2001, the Midea Trade Union Committee signed the "Equity Transfer Contract" with five people, i.e. He Xiangjian, Chen Dajiang, Feng Jingmei, Chen Kangning and Liang Jieyin, where it will transfer its all limited equity of Midea Group (22. 85%) respectively to those five people. According to the confirmation letter issued by members of the Midea Trade Union Committee at that time, the equity transfer price was determined after mutual discussion on the basis of their true opinions, therefore there was no dispute or potential dispute.</p> <p>On 28 June, 2013, Foshan Shunde Beijiao General Union, superior department of Midea Trade Union Committee, issued a confirmation letter for the fact that the Midea Trade</p>			<p><b>5. So far, this shareholding transfer has not brought about any loss caused by any dispute or potential disputes. There is no violation of commitments.</b></p>
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	<p>Union Committee funded for the establishment of Midea Group Co., Ltd. What's more, the letter also confirmed that the council of Midea Trade Union Committee is entitled to dispose the property of the committee, and such property disposal needs not agreement from all staff committee members.</p> <p>Midea Holding and He Xiangjian, respectively the controlling shareholder and actual controller of Midea Group Co., Ltd. have undertaken as follows: For any loss of Midea Group caused by any dispute or potential dispute arising from the matters of equity transfer mentioned above, they are willing to assume full liability for such loss.</p> <p><b>6. Commitments on Issues about Payment of the Staff Social Insurance and the Housing Provident Fund involved in Midea Group's Overall Listing</b></p> <p>Midea Holding and He Hengjian: Midea Holding have undertaken to be liable for (1) paying such expenses and related expenses in time based on the requirements of relevant state departments if Midea Group is required to be liable for the payment of the staff social insurance and the housing provident fund and the payment required by relevant state authorities before this merger, (2) paying corresponding compensation for all direct and indirect losses of Midea Group and its subsidiaries due to this merger, (3) indemnifying and holding harmless Midea Group and its subsidiaries in time from such expenses when Midea Group and its subsidiaries are required to pay them in advance.</p> <p><b>7. Commitments on issues about asset alteration, asset flaw and house leasing of Midea Group and its subsidiaries</b></p>			<p><b>6. So far, the payment of the staff social insurance and the housing provident fund has not brought about any controversy or potential disputes. There is no violation of commitments.</b></p> <p><b>7.1 The Process of Property Ownership Certificate:</b></p> <p>The "Report" discloses that our company owns 177</p>
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	<p>Midea Holding and He Hengjian have undertaken as follows:</p> <p>(1) Midea Holding will do its utmost to assist and urge Midea Group (including its subsidiaries) to complete renaming procedures of related assets, such as land, house, trademark, patent and stock right, declared in related files of this merger. Midea Holding will be liable for all compensations of losses caused by issues about renaming procedures of related assets above to Midea Group.</p> <p>(2) Midea Holding shall do its utmost to assist Midea Group (including its subsidiaries) to apply for ownership certificates of land and house declared in related files of this merger.</p> <p>(3) Midea Holding shall assist Midea Group (including its subsidiaries) to re-apply for corresponding construction procedures and apply for their ownership certificates for houses without complete procedures, left over from history, to apply for the ownership certificate. If the competent authorities requires Midea Group to dismantle buildings that can't have the re-application for real estate registration procedures, Midea Holding shall do its utmost to provide assistance and be liable for related expenses used for dismantling such buildings by Midea Group (including its subsidiaries).</p> <p>(4) Under the circumstances that Midea Group suffers from loss of no longer using or in the present way using the land or house above caused by failing to obtain or collect in time the ownership certificates of the land or house above or loss caused by other reasons, Midea Holding shall compensate any loss for these reasons in time and fully.</p>			<p>properties, which cover an area of 2,148,485.65 square meters. Property Ownership Certificates are being processed for houses in size of 65 square meters So far, 43 applications have been approved, the area of which covers 1,470,388.83 square meters, accounting for 68.41% of total area; 19 applications are under process, the area of which covers 618,959.62 square meters, accounting for 28.80% of total area, and the properties under process of ownership certificates has not brought about any controversy or dispute; remaining 115 properties, the area of which covers 60161.54 square meters, account for 2.8% of total area, and there properties are all auxiliary facilities and their unit area is very small, such as gate booth, transformer room, power room, pump room, gas station and so on, for which property ownership certificates can't be applied for. So far these 115 properties has not been required to be dismantled by competent departments so that these buildings are still in regular use, which has not brought about any controversy or any company loss caused by</p>
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	<p>Midea Holding shall compensate the actual loss Midea Group suffers from for that the circumstances above result in punishments of competent authorities or claims of any third party.</p> <p>(5) Based on the issues of defective house leasing declared in related files of this merger, Midea Holding shall provide sufficient compensations for all economic losses for Midea Group (including its subsidiaries) when leasehold relations above become invalid or other disputes occur, which is caused by a rights claim of the third party or a rights exercising of the administrative organ and results in economic losses of removing to other rental houses, penalty by competent government departments or recourse of related parties.</p> <p>(6) Based on the issues of defective land leasing declared in related files of this merger, when leasehold relations become invalid that is caused by defects of land leasing or other disputes occur, which results in economic losses Midea Group (including its subsidiaries) suffers from or penalty by competent government departments, meanwhile if the lesser can't compensate losses caused by such defective leasing, Midea Holding shall compensate Midea Group for losses caused by such defective land leasing</p> <p>Midea Holding will compensate any losses of Midea Group when a violation of guarantees and commitments above occurs or such guarantees and commitments are not consistent with the reality.</p>		<p>disputes. There is no violation of commitments.</p> <p><b>7.2 The Use of Rental Houses of This Company</b></p> <p>The "Report" discloses that as of 31 December, 2012 , our company used 113 leasing houses in total, of which our company can't get the property certificate of 100 leasing houses from the leasing party. So far the contracts of 50 of the 113 rental houses haven't been signed to extend the leasehold. The property certificates of 6 of the remaining 63 houses have been obtained while the other 57 certificates haven't been obtained. These 57 rental houses haven't rendered our company any economic loss or penalty caused by defective property rights, which result in removing to other rental houses.</p> <p><b>7.3 Land Use Rights of Leasing Use</b></p> <p>The "Report" discloses that as of 31 December, 2012, our company has had one case of using rental houses, the total area of which is 57,506.95 square meters. The</p>
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					<p>lesser of the rental land mentioned above hasn't provided ownership files of owning access to this land. So far this rental land hasn't rendered our company any controversy or any loss caused by disputes. There is no violation of commitments.</p> <p><b>7.4 The Procedures of Renaming Land Owner Under Process Caused by the Alteration of the Company's Name</b></p> <p>The "Report" discloses that there are still 10 cases under process of renaming land owner caused by changing the company's name in our company and its subsidiaries. So far, five cases have been approved and the other five cases are still under process, which haven't rendered our company any loss. There is no violation of commitments.</p> <p><b>7.5 Processing the Renaming Procedures of Some Trademarks</b></p> <p>So far, 8 cases of the 62 trademarks involved in the "Report" should be applied for cancellation of the</p>
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					<p>subjects of their owners and these trademarks shall be no longer in use. The company will no apply for the renaming procedures for those trademarks. The renaming procedures of the remaining 54 cases have been processed and this commitment has been fulfilled. There is no violation of commitments.</p>
	Other shareholders	<p>1. Shareholders of Midea Group, Ningbo Meisheng, Fang Hongbo, Huang Jian, Cai Qiwu, Yuan Liquan, Huang Xiaoming, Li Jianwei, Zheng Weikang, promise that Since Midea Group was listed at Shenzhen Stock Exchange Center, transferring or delegating others to manage the shares with direct or indirect ownership of Midea Group issued before this time has been forbidden within 36 months. Midea Group is not allowed to buy back those shares either.</p> <p>2. Zhuhai Rongrui and Jiazhaoholding are in a relation of persons acting in concert. Both jointly hold 7.9% shares of Midea Group. Commitments on Locked-up Shares, CDH Jiatai, CDH M-Tech and CDH Spark are in a relation of persons acting in concert. Both jointly hold 4.63% shares of Midea Group Commitments on Locked-up Shares: Since Midea Group was listed at Shenzhen Stock Exchange Center, transferring or delegating others to manage the shares with direct or indirect ownership of Midea Group</p>	28 March, 2013	<p>Apart from the first item of commitments whose valid duration continues 36 months from the day, 18 September, 2013, of Midea Group's listing to 18 September,</p>	<p><b>There is no violation of commitments.</b></p>



	<p>issued before this time has been forbidden within 12 months. Midea Group is not allowed to buy back those shares either.</p> <p>3. The former Midea Group Supervisor, Liao Wenjian, holds 7,000 shares (6,033 after stock-for-stock and increase by transferring) and promises that since Midea Group was listed at Shenzhen Stock Exchange Center, transferring or delegating others to manage the shares with direct or indirect ownership of Midea Group issued before this time has been forbidden within 12 months. Midea Group is not allowed to buy back those shares either.</p> <p>4. The mother of Midea Group Secretary of the Board- Jiang Peng, Huang Lazhen, holds 7,100 shares of Midea Electric Appliances (6,117 after stock-for-stock and increase by transferring) and promises that since Midea Group was listed at Shenzhen Stock Exchange Center, transferring or delegating others to manage the shares with direct or indirect ownership of Midea Group issued before this time has been forbidden within 12 months. Midea Group is not allowed to buy back those shares either.</p>		<p>2016, other items are indefinite.</p>	
Whether to fulfill the commitment in	Yes			

time	
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**XI. Engagement and disengagement of the CPAs firm**

Has the semi-annual financial report been audited?

☐ Yes ☒ No

**XII. Punishments and rectifications**

☐ Applicable ☒ Inapplicable

**XIII. Delisting risk due to violation of laws or regulations**

☐ Applicable ☒ Inapplicable

**XIV. Other significant events**

☒ Applicable ☐ Inapplicable

On 7 June, 2014, Midea Group issued the business prompted bulletin with partial offer to all shareholders of the wholly-owned subsidiary, Wuxi Little Swan Company Limited. In the Bulletin, Midea group plans to wholly control the overseas company, TITONI, as the person acting in concert by the method of partial offer. It plans to purchase 126,497,553 shares of Little Swan, occupying 20% of the general capital. Shareholders of A-shares and B-shares of Little Swan would purchase shares in advance by the offer. It is planned that on the basis of arithmetic mean value of daily weighted average prices of A-shares and B-shares before 30 trading days, A-shares and B-shares would be purchased with 15% premium, thereinto price of A-shares without dividend is 10.75 Yuan/share and price of B-shares without dividend is 10.43 HKD/share.

On 16 April, 2014, the Little Swan annual equity allocation program has been approved on the 2013 general meeting. Little Swan would distribute 3 Yuan for each 10 shares on the cardinal number of 632,487,764 general capital shares. The cash bonus for B-shares shareholders should be paid on the first workday after resolution, 17 April, 2014 with the middle rate issued by People's Bank of China from Renminbi to Hong Kong dollar (HKD:RMB= 1: 0.7941). On 6 June, 2014, Little Swan published the 2013 Annual Equity Allocation Bulletin, indicating that ex-rights and ex-dividend date of A-shares and B-shares is 12 June, 2014. Until the end of report period, Little Swan 2013 Annual Equity Allocation has been completed. Therefore, the purchase price of tender offer is 10.45 Yuan/share for A-shares and 10.05 HKD/share for B-shares.

The offer would be expired on 1 August, 2014 with 16,286,546 shares of Little Swan A-shares and 63,353,228 shares of Little Swan B-shares, occupying 12.59% of the general capital.

## Section VI. Change in Shares & Shareholders

### I. Change in shares

Unit: Share

	Before this alteration		Increase or decrease of this alteration (+, -)					After this alteration	
	Amount	Proportion (%)	Issuing new shares	Sending shares	Shares transferred from public accumulation fund	Others	Subtotal	Amount	Proportion (%)
1. Restricted Shares	1,000,005,480	59.30%	0	0	1,500,008,040	4,837,557	1,504,845,597	2,504,851,077	59.41%
1.1 State Shareholding	0	0.00%	0	0	0	0	0	0	0.00%
1.2 State-owned Corporate Shareholding	0	0.00%	0	0	0	0	0	0	0.00%
1.3 Other Domestic-funded Shareholdings	941,505,480	55.83%	0	0	1,412,258,040	4,837,557	1,417,095,597	2,358,601,077	55.94%
Where: Domestic Corporate Shareholding	781,500,000	46.34%	0	0	1,172,250,000	0	1,172,250,000	1,953,750,000	46.34%
Domestic Natural Persons' Shareholding	160,005,480	9.49%	0	0	240,008,040	4,837,557	244,845,597	404,851,077	9.60%
1.4 Overseas-funded Shareholding	58,500,000	3.47%	0	0	87,750,000	0	87,750,000	146,250,000	3.47%
Where: Overseas Corporate Shareholding	58,500,000	3.47%	0	0	87,750,000	0	87,750,000	146,250,000	3.47%
Overseas Natural Persons' Shareholding	0	0.00%	0	0	0	0	0	0	0.00%

2. Non-restricted Shares	686,317,909	40.70%	0	0	1,029,477,043	-4,837,557	1,024,639,486	1,710,957,395	40.59%
2.1 RMB Equity	686,317,909	40.70%	0	0	1,029,477,043	-4,837,557	1,024,639,486	1,710,957,395	40.59%
2.2 Domestic Listed Overseas-funded Shares	0	0.00%	0	0	0	0	0	0	0.00%
2.3 Overseas Listed Overseas-funded Shares	0	0.00%	0	0	0	0	0	0	0.00%
2.4 Others	0	0.00%	0	0	0	0	0	0	0.00%
3. Total Shares	1,686,323,389	100.00%	0	0	2,529,485,083	0	2,529,485,083	4,215,808,472	100.00%

## Reasons for changes in shares

☒ Applicable ☐ Inapplicable

1. According to the resolution of the general meeting, on 30 April, 2014, the Company granted 15 additional shares for every 10 shares using the capital reserve.

2. With confidence in a long-term solid growth, in June, 2014, led by Chairman and President Mr. Fang Hongbo, the top management bought in a total of 6,450,000 shares of Midea Group from the secondary market.

## Approval of share changes

☐ Applicable ☒ Inapplicable

## Transfer of share ownership

☐ Applicable ☒ Inapplicable

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

☒ Applicable ☐ Inapplicable

During the report period, the capital reserve increase from accumulation fund from each 10 shares to 15 shares has completed on 30 April. The general capital shares increase from 1,686,323,389 to 4,215,808,472. The influences of shares alteration on financial indicators, such as basic earnings per share, diluted earnings per share and net assets per share that belong to shareholders of equities in the last year or period.

	2013		First half of 2014
Index	Calculated on original shares	Calculated on new shares	Calculated on new shares
Basic EPS (earnings)	4.33	1.73	1.57

per share)			
Diluted EPS (earnings per share)	4.33	1.73	1.57
Net asset value per share	19.47	7.79	8.50

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

☐ Applicable ☒ Inapplicable

Change of the total shares, shareholder structure, asset structure and liability structure

☐ Applicable ☒ Inapplicable

## II. Total number of shareholders and their shareholdings

Unit: share

Total number of common shareholders at the end of the reporting period	90,273			Total number of preferred share holders who had resumed their voting right at the end of the reporting period (if any)		0		
Shareholdings of shareholders holding more than 5% shares or top 10 shareholders								
Name of shareholder	Nature of shareholder	Sharehol ding percenta ge (%)	Number of shares held at the end of the reporting period	Increase/dec rease of shares during the reporting period	Number of restricted shares held	Number of non-restrict e d shares held	Pledged or frozen shares	
							Statu s of shar es	Num ber of share s
Midea Holding Co., Ltd.	Domestic non-state-owned legal persons	35.49%	1,496,250,000	897,750,000	1,496,250,000	0		
Rongrui Equity Investment (Zhuhai) Partnership (limited partnership)	Domestic non-state-owned legal persons	7.22%	304,500,000	182,700,000	304,500,000	0		
Fang Hongbo	Domestic Natural persons	2.17%	91,326,995	55,326,995	90,995,247	331,748		

Tianjin CDH Jiatai Equity Investment Partnership (limited partnership)	Domestic non-state-owned legal persons	1.85%	78,000,000	46,800,000	78,000,000	0		
Huang Jian	Domestic Natural persons	1.79%	75,400,000	45,400,000	75,000,000	400,000		
Ningbo Meisheng Equity Investment Partnership (limited partnership)	Domestic non-state-owned legal persons	1.78%	75,000,000	45,000,000	75,000,000	0		
Yuan Liqun	Domestic Natural persons	1.44%	60,500,000	36,500,000	60,375,000	125,000		
CDH M-Tech (HK) Co., Ltd.	Overseas legal persons	1.42%	60,000,000	36,000,000	60,000,000	0		
CDH Spark (HK) Co., Ltd.	Overseas legal persons	1.36%	57,500,000	34,500,000	57,500,000	0		
National Social Security Fund 104 Portfolio	State-owned legal persons	1.28%	53,888,858	32,199,970	0	53,888,858		
Strategic investor or general corporation becoming a top ten shareholder due to placing of new shares (if any)		Inapplicable						
Explanation on associated relationship or/and persons acting in concert among the above-mentioned shareholders		Two natural person shareholders, Mr. Fang Hongbo and Ms. Yuan Liqun, serve as director and senior executive; CDH Jiatai, CDH M-Tech and CDH Spark that hold 4.63% shares of Midea Group have an association relation and are shareholders acting in concert.						
Shareholdings of the top ten shareholders holding non-restricted shares								
Name of shareholder				Number of non-restricted shares held at the period-end	Type of share			
					Type		Number	
National Social Security Fund 104 Portfolio				53,888,858	RMB ordinary shares		53,888,858	
Ningbo Kailian Industrial Development Co., Ltd.				48,451,743	RMB ordinary shares		48,451,743	

MERRILL LYNCH INTERNATIONAL	44,660,825	RMB ordinary shares	44,660,825
National Social Security Fund 103 Portfolio	41,297,117	RMB ordinary shares	41,297,117
China Construction Bank- Bosera Thematic Sectors securities investment funds	34,696,709	RMB ordinary shares	34,696,709
China Construction Bank- Penghua Value Advantage Stock-based Securities Investment Fund	33,003,435	RMB ordinary shares	33,003,435
National Social Security Fund 102 Portfolio	32,640,483	RMB ordinary shares	32,640,483
UBS AG	28,914,598	RMB ordinary shares	28,914,598
Bosera Value Advantage Stock-based Securities Investment Fund	25,553,708	RMB ordinary shares	25,553,708
MORGAN STANLEY & CO. INTERNATIONAL PLC	24,968,393	RMB ordinary shares	24,968,393
Explanation on associated relationship or/and persons acting in concert among the top ten tradable shareholders and between the top ten tradable shareholders and the top ten shareholders	Ningbo Kailian Industrial Development Co., Ltd. acts in concert with Midea Holding Co., Ltd. The company hasn't confirmed that there exists association relations among other shareholders of tradable shares and whether other shareholders of tradable shares belongs to persons acting in concert specified in "Management of Information Disclosure for Shareholding Alteration in a Listed Company".		
Explanation on the top 10 shareholders participating in the margin trading business (if any)	Naught		

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

☐ Yes ☒ No

### III. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period



☐ Applicable ☒ Inapplicable

Change of the actual controller in the reporting period

☐ Applicable ☒ Inapplicable

**IV. Any shareholding increase plan proposed or implemented by any shareholder or its act-in-concert party during the reporting period**

☐ Applicable ☒ Inapplicable

## **Section VII. Preferred Shares**

### **I. Issuance and listing of preferred shares in the reporting period**

☐ Applicable ☒ Inapplicable

### **II. Number of preferred share holder and their shareholdings**

☐ Applicable ☒ Inapplicable

### **III. Buy-back or conversion of preferred shares**

☐ Applicable ☒ Inapplicable

### **IV. Resumption and exercise of voting rights of preferred shares**

☐ Applicable ☒ Inapplicable

### **V. Accounting policies adopted for preferred shares and reasons**

☐ Applicable ☒ Inapplicable

## Section VIII. Directors, Supervisors & Senior Management Staff

### I. Change of shareholdings of directors, supervisors and senior management staff

□ Applicable √ Inapplicable

Name	Position	Current /former	Shareholding at the period-begin (share)	Shareholding increase during the reporting period (share)	Shareholding decrease during the reporting period (share)	Shareholding at the period-end (share)	Restricted shares held at the period-begin (share)	Restricted shares granted during this reporting period (share)	Restricted shares held at the period-end (share)
Fang Hongbo	Chairman and President	Current	36,000,000	1,326,995	0	91,326,995	0	0	0
Yuan Liqun	Director, Vice President and Chief Financial Officer	Current	24,000,000	500,000	0	60,500,000	0	0	0
Cai Qiwu	Director and Vice President	Former	20,000,000	1,806,830	0	51,806,830	0	0	0
Huang Xiaoming	Director and Vice President	Former	20,000,000	2,213,366	0	52,213,366	0	0	0
Wu Wenxin	Director and Vice President	Current	0	0	0	0	0	0	0
Li Jianwei	Director	Current	20,000,000	603,042	0	50,603,042	0	0	0
He Jianfeng	Director	Current	0	0	0	0	0	0	0
Li Feide	Director	Current	0	0	0	0	0	0	0
Xu Hai	Director	Current	0	0	0	0	0	0	0
Hu Xiaoling	Director	Current	0	0	0	0	0	0	0
Wu Shinong	Independent Director	Current	0	0	0	0	0	0	0
Fu Zhengping	Independent Director	Current	0	0	0	0	0	0	0
Zhu	Independent	Current	0	0	0	0	0	0	0

Guilong	Director								
Guo Xuejin	Independent Director	Current	0	0	0	0	0	0	0
Li Wenjing	Independent Director	Current	0	0	0	0	0	0	0
Zeng Qiao	Chairman of the Supervisory Committee	Current	0	0	0	0	0	0	0
Zheng Weikang	Supervisor	Former	10,000,000	0	0	25,000,000	0	0	0
Liao Wenjian	Worker-representative supervisor	Former	2,413	500	0	7,283	0	0	0
Jiang Deqing	Worker-representative supervisor	Former	0	0	0	0	0	0	0
Zhao Jun	Supervisor	Current	0	0	0	0	0	0	0
Li Baoqiong	Worker-representative supervisor	Current	0	0	0	0	0	0	0
Zhu Fengtao	Vice President	Current	0	0	0	0	0	0	0
Gu Yanmin	Vice President	Current	0	0	0	0	0	0	0
Jiang Peng	Company Secretary	Current	0	0	0	0	0	0	0
Total	--	--	130,002,413	6,450,733	0	331,457,516	0	0	0

Notes: Main reasons for the change of the share capital: 1. The Company granted 15 additional shares for every 10 shares using the capital reserve in the reporting period; and 2. In Jun. 2014, the top management team led by Chairman & President Mr. Fang Hongbo bought in a total of 6,450,000 shares of Midea Group on the secondary market.

## II. Change of directors, supervisors and senior management staff

☐ Applicable ☒ Inapplicable

Name	Position	Type	Date	Reason
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Liao Wenjian	Worker-representative supervisor	Former	8 Jan. 2014	Job turnover
Jiang Deqing	Worker-representative supervisor	Elected	8 Jan. 2014	
Zheng Weikang	Supervisor	Former	27 Mar. 2014	Job turnover
Zhao Jun	Supervisor	Elected	27 Mar. 2014	
Wu Wenxin	Director and Vice President	Elected	21 Apr. 2014	
Zhu Fengtao	Vice President	Elected	21 Apr. 2014	
Gu Yanmin	Vice President	Elected	21 Apr. 2014	
Jiang Deqing	Worker-representative supervisor	Former	27 May 2014	Job turnover
Li Baoqiong	Worker-representative supervisor	Elected	27 May 2014	

Note: Former Director & Vice President Mr. Cai Qiwu and Mr. Huang Xiaoming submitted their resignations to the Company on 4 Jul. 2014, resigning as Director & Vice President due to personal and job turnover reasons.

## Section IX. Financial Report

(The 2014 Semi-annual Report of the Company has not been audited by a CPAs firm.)

### Consolidated Balance Sheet

Prepared by: Midea Group Co., Ltd.

30 Jun. 2014

Unit: RMB'000

Asset	Note	Closing balance	Opening balance
Current Assets:			
Monetary funds	1	16,724,752.40	15,573,683.04
Deposit in Central Bank	2	845,485.75	923,632.22
Deposit in other banks	3	301,326.62	1,746,284.24
Transactional financial assets	4	87,046.63	759,565.22
Notes receivable	5	18,041,673.42	14,150,532.20
Accounts receivable	6	12,733,090.01	7,928,438.25
Accounts paid in advance	7	1,894,869.60	2,432,420.54
Loans and advances to customers	8	4,955,475.26	5,100,085.71
Interest receivable			
Dividends receivable	9	54,072.87	25,863.84
Other accounts receivable	10	1,214,722.96	1,025,395.19
Inventories	11	10,056,015.77	15,197,723.84
Non-current assets due within 1 year			
Other current assets	12	18,491,454.40	463,107.71
Total current assets		85,399,985.69	65,326,732.00
Non-current assets:			
Available-for-sale financial assets	13	1,007.45	1,068.60
Held-to-maturity investments			
Long-term accounts receivable			
Long-term equity investments	15	1,774,069.89	1,755,798.09

Investing properties	16	140,143.61	205,834.70
Fixed assets	17	19,829,755.95	19,572,161.32
Construction in progress	18	418,344.90	612,601.28
Engineering materials			
Disposal of fixed assets			
Intangible assets	19	3,478,664.88	3,325,738.40
R&D expense			
Goodwill	20	2,931,003.59	2,931,003.59
Long-term deferred expenses	21	661,961.02	647,882.34
Deferred income tax assets	22	3,454,620.81	2,567,204.45
Other non-current assets			
Total non-current assets		32,689,572.10	31,619,292.77
Total assets		118,089,557.79	96,946,024.77

Legal representative : Fang Hongbo

Person-in-charge of finance: Yuan Liqun

Prepared by: Chen Jianwu

**Consolidated Balance Sheet (Continued)**

Prepared by: Midea Group Co., Ltd.

30 Jun. 2014

Unit: RMB'000

Liabilities and shareholders' equity	Note	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	24	18,313,554.60	8,872,173.98
Borrowings from the Central Bank	25	29,998.40	89,708.03
Customer bank deposits and due to banks and other financial institutions		277.14	61.00
Intra-group borrowings			
Transactional financial liabilities	26	126,144.43	11,260.18

Notes payable	27	5,759,289.32	6,308,478.45
Accounts payable	28	18,869,813.91	17,508,099.66
Accounts received in advance	29	4,175,925.51	4,983,346.26
Payroll payable	30	1,394,567.21	1,968,837.73
Taxes and fares payable	31	2,792,337.06	1,028,015.10
Interest payable	32	88,789.61	69,823.87
Dividends payable	33	292,712.84	94,046.21
Other accounts payable	34	1,361,488.79	1,487,781.02
Non-current liabilities due within 1 year	35	275,927.84	1,617,370.17
Other current liabilities	36	20,666,990.47	12,608,380.03
Total current liabilities		74,147,817.13	56,647,381.69
Non-current liabilities:			
Long-term borrowings	37	682,486.42	711,464.64
Bonds payable	38	158,191.59	152,716.59
Long-term payables			
Specific payables		720,418.52	52,073.96
Projected liabilities	39	26,027.05	33,466.19
Deferred income tax liabilities	22	53,002.54	123,797.62
Other non-current liabilities	40	143,510.64	144,561.80
Total non-current liabilities		1,783,636.76	1,218,080.80
Total liabilities		75,931,453.89	57,865,462.49
Shareholders' equity			
Share capital	41	4,215,808.47	1,686,323.39
Capital reserves	42	12,760,847.63	15,620,790.78
Less: Treasury stock			
Surplus reserves	43	569,544.32	569,544.32
Retained profits	44	18,542,475.19	15,304,989.21
Foreign exchange difference		-361,164.84	-334,216.66
Total equity attributable to owners of the Company		35,727,510.77	32,847,431.04
Minority interests		6,430,593.13	6,233,131.24



Total shareholders' equity		42,158,103.90	39,080,562.28
Total liabilities and shareholders' equity		118,089,557.79	96,946,024.77

Legal representative : Fang Hongbo

Person-in-charge of finance: Yuan Liquan

Prepared by: Chen Jianwu

### Consolidated Income Statement

Prepared by: Midea Group Co., Ltd.

Jan.-Jun. 2014

Unit: RMB'000

Item	Note	Current period	Same period of last year
I. Operating revenues		77,708,218.36	66,047,405.11
Including: Sales income	1	77,330,851.84	65,939,479.12
Interest income		376,858.22	107,925.99
Handling charge and commission income		508.30	
II. Operating costs		69,018,279.27	61,301,220.13
Including: Cost of sales	1	57,343,283.31	50,818,563.75
Interest expenses		191,553.43	79,864.23
Handling charge and commission expenses		727.61	682.27
Business tax and surtaxes	2	446,827.77	344,871.74
Selling expenses	3	7,623,680.06	6,134,252.63
Administrative expenses	4	3,349,324.40	3,157,978.59
Financial expenses	5	-288,553.70	581,588.60
Asset impairment loss	6	351,436.39	183,418.32
Add: Gain/(loss) from change in fair value ("-" for loss)	7	-788,353.68	331,319.88
Investment gains	8	426,447.09	437,475.62
Including: share of profits in associates and joint ventures		34,977.39	25,667.61
III. Operating profits		8,328,032.50	5,514,980.48
Add: non-operating income	9	553,423.06	354,675.47

Less: non-operating expense	10	133,112.02	147,762.31
Including: loss from non-current asset disposal		99,791.39	85,285.81
IV. Total profits		8,748,343.54	5,721,893.64
Less: Income tax expense	11	1,530,715.47	980,052.69
V. Net profit		7,217,628.07	4,741,840.95
Including: Net profit achieved by combined parties before the combinations			
Attributable to owners of the Company		6,610,132.76	2,646,834.61
Minority shareholders' income		607,495.31	2,095,006.34
VI. Earnings per share			
(I) Basic earnings per share	12	1.57	1.06
(II) Diluted earnings per share	12	1.57	1.06
VII. Other comprehensive incomes	13	-391,206.22	-168,451.58
VIII. Total comprehensive incomes		6,826,421.85	4,573,389.37
Attributable to owners of the Company		6,185,869.45	2,597,845.35
Attributable to minority shareholders		640,552.40	1,975,544.02

Legal representative : Fang Hongbo

Person-in-charge of finance: Yuan Liqun

Prepared by: Chen Jianwu

### Consolidated Cash Flow Statement

Prepared by: Midea Group Co., Ltd.

Jan.-Jun. 2014

Unit: RMB'000

Item	Note	Current period	Same period of last year
I. Cash flows from operating activities:			
Cash received from sale of commodities and rendering of service		50,376,575.36	44,476,563.82
Net increase of deposits from customers and dues from banks		216.14	
Net increase of loans from the central bank		-59,709.63	

Cash received from interest, handling charges and commissions		377,366.52	107,925.99
Tax refunds received		1,916,846.95	1,676,850.99
Other cash received relating to operating activities	1	1,235,894.43	1,097,569.73
Subtotal of cash inflows from operating activities		53,847,189.77	47,358,910.53
Cash paid for goods and services		23,640,077.67	24,606,772.88
Net increase of customer lendings and advances		-140,373.38	2,256,413.04
Net increase of funds deposited in the central bank and amount due from banks		-74,239.40	235,567.08
Cash for paying interest, handling charges and commissions		193,074.20	39,338.69
Cash paid to and for employees		5,562,772.47	4,713,708.27
Various taxes paid		4,432,638.16	3,539,645.08
Other cash payment relating to operating activities	2	7,061,777.20	8,398,101.86
Subtotal of cash outflows from operating activities		40,675,726.92	43,789,546.90
Net cash flows from operating activities		13,171,462.85	3,569,363.63
II. Cash flows from investing activities:			
Cash received from retraction of investments		4,001,000.00	1,000.00
Cash received from return on investments		288,626.73	414,878.02
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,116,283.31	192,402.45
Net cash received from disposal of subsidiaries or other business units			91,299.20
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		5,405,910.04	699,579.67
Cash paid to acquire fixed assets,		1,388,961.92	1,268,893.55

intangible assets and other long-term assets			
Cash paid for investment		26,488,790.03	
Net cash paid to acquire subsidiaries and other business units		14,878.11	
Other cash payments relating to investing activities			
Subtotal of cash outflows from investing activities		27,892,630.06	1,268,893.55
Net cash flows from investing activities		-22,486,720.02	-569,313.88
III. Cash flows from financing activities:			
Cash received from capital contributions			11,596.04
Including: Cash received from minority shareholder investments by subsidiaries			11,596.04
Cash received from borrowings		24,804,161.79	16,739,126.11
Subtotal of cash inflows from financing activities		24,804,161.79	16,750,722.15
Cash repayment of borrowings		15,368,031.10	10,999,678.30
Cash for repaying medium term notes		1,000,000.00	2,000,000.00
Cash for repaying short-term financing bonds			1,000,000.00
Cash paid for interest expenses and distribution of dividends or profit		3,644,368.15	1,758,519.71
Including: dividends or profit paid by subsidiaries to minority shareholders		268,328.09	1,421,355.93
Other cash payments relating to financing activities			577,000.00
Sub-total of cash outflows from financing activities		20,012,399.25	16,335,198.01
Net cash flows from financing activities		4,791,762.54	415,524.14
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-11,048.22	-10,829.95
V. Net increase in cash and cash equivalents		-4,534,542.85	3,404,743.94
Add: Opening balance of cash and cash equivalents		16,763,873.80	12,544,078.77

VI. Closing balance of cash and cash equivalents		12,229,330.95	15,948,822.71
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Legal representative : Fang Hongbo

Person-in-charge of finance: Yuan Liquan

Prepared by: Chen Jianwu

## Consolidated Statement of Changes in Shareholders' Equity

Prepared by: Midea Group Co., Ltd.

Jan.-Jun. 2014

Unit: RMB'000

Item	Current period								
	Equity attributable to shareholders of the Company							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	Retained profit	Others		
I. Balance at the end of the previous year	1,686,323.39	15,620,790.78			569,544.32	15,304,989.21	-334,216.66	6,233,131.24	39,080,562.28
Add: change of accounting policy									
Correction of errors in previous periods									
Other									
II. Balance at the beginning of the year	1,686,323.39	15,620,790.78			569,544.32	15,304,989.21	-334,216.66	6,233,131.24	39,080,562.28
III. Increase/ decrease in the period ("-" means decrease)	2,529,485.08	-2,859,943.15				3,237,485.98	-26,948.18	197,461.89	3,077,541.62
(I) Net profit						6,610,132.76		607,495.31	7,217,628.07
(II) Other comprehensive incomes		-397,315.13					-26,948.18	33,057.09	-391,206.22
Subtotal of (I) and (II)		-397,315.13				6,610,132.76	-26,948.18	640,552.40	6,826,421.85
(III) Capital paid in and reduced		73,677.81						16,675.40	90,353.21

by shareholders									
1. Capital paid in by shareholders								4,325.21	4,325.21
2. Amounts of share-based payments recognized in owners' equity		73,677.81						12,350.19	86,028.00
3. Others									
(IV) Profit allocation						-3,372,646.78		-466,586.66	-3,839,233.44
1. Appropriations to surplus reserves									
2. Appropriations to general risk provisions									
3. Appropriations to shareholders						-3,372,646.78		-466,586.66	-3,839,233.44
4. Other									
(V) Internal carry-forward of shareholders' equity	2,529,485.08	-2,536,305.83						6,820.75	
1. New increase of share capital from capital reserves	2,529,485.08	-2,529,485.08							
2. New increase of share capital from surplus reserves									
3. Surplus reserves for making up losses									
4. Other		-6,820.75						6,820.75	
(VI) Specific reserve									

1. Withdrawn in the period									
2. Used in the period									
(VII) Other									
IV. Closing balance	4,215,808.47	12,760,847.63			569,544.32	18,542,475.19	-361,164.84	6,430,593.13	42,158,103.90

Legal representative : Fang Hongbo

Person-in-charge of finance: Yuan Liquan

Prepared by: Chen Jianwu

**Consolidated Statement of Changes in Shareholders' Equity (Continued)**

Prepared by: Midea Group Co., Ltd.

Jan.-Jun. 2014

Unit: RMB'000

Item	Last year								
	Equity attributable to shareholders of the Company							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	Retained profit	Others		
I. Balance at the end of the previous year	1,000,000.00	3,037,311.98			66,439.07	10,490,636.40	-280,856.59	18,851,954.48	33,165,485.34
Add: change of accounting policy									
Correction of errors in previous periods									
Other									
II. Balance at the beginning of the year	1,000,000.00	3,037,311.98			66,439.07	10,490,636.40	-280,856.59	18,851,954.48	33,165,485.34



III. Increase/ decrease in the period (“-” means decrease)	686,323.39	12,583,478.80			503,105.25	4,814,352.81	-53,360.07	-12,618,823.24	5,915,076.94
(I) Net profit						5,317,458.06		2,980,038.37	8,297,496.43
(II) Other comprehensive incomes		45,162.31					-53,360.07	-159,203.57	-167,401.33
Subtotal of (I) and (II)		45,162.31				5,317,458.06	-53,360.07	2,820,834.80	8,130,095.10
(III) Capital paid in and reduced by shareholders									
1. Capital paid in by shareholders									
2. Amounts of share-based payments recognized in owners’ equity									
3. Others									
(IV) Profit allocation					503,105.25	-503,105.25		-1,683,090.79	-1,683,090.79
1. Appropriations to surplus reserves					503,105.25	-503,105.25			
2. Appropriations to general risk provisions									
3. Appropriations to shareholders								-1,683,090.79	-1,683,090.79
4. Other									
(V) Internal carry-forward of shareholders’ equity	686,323.39	12,491,559.52						-13,177,882.91	
1. New increase of share capital from capital reserves									
2. New increase of share capital from surplus reserves									

3. Surplus reserves for making up losses									
4. Other	686,323.39	12,491,559.52						-13,177,882.91	
(VI) Specific reserve									
1. Withdrawn in the period									
2. Used in the period									
(VII) Other		46,756.97						-578,684.34	-531,927.37
IV. Closing balance	1,686,323.39	15,620,790.78			569,544.32	15,304,989.21	-334,216.66	6,233,131.24	39,080,562.28

Legal representative : Fang Hongbo

Person-in-charge of finance: Yuan Liquan

Prepared by: Chen Jianwu

错误!未找到引用源。

### Balance Sheet of the Company

Prepared by: Midea Group Co., Ltd.

30 Jun. 2014

Unit: RMB'000

Asset	Note	Closing balance	Opening balance
Current Assets:			
Monetary funds		15,213,595.25	14,309,967.73
Transactional financial assets			
Notes receivable		2,006,640.65	2,176,916.60
Accounts receivable			
Accounts paid in advance		862.37	349,358.36
Interest receivable			
Dividends receivable		1,002,056.76	286,507.04
Other accounts receivable	1	1,658,613.59	3,519,029.46
Inventories			
Non-current assets due within 1 year			
Other current assets		16,225,644.00	
Total current assets		36,107,412.62	20,641,779.19
Non-current assets:			
Available-for-sale financial assets			
Held-to-maturity investments			
Long-term accounts receivable			
Long-term equity investments	2	17,243,344.47	16,960,799.70
Investing properties		418,912.57	891,732.65
Fixed assets		1,511,787.16	788,783.72
Construction in progress		41,221.55	46,985.28
Engineering materials			
Disposal of fixed assets			
Intangible assets		267,238.76	177,196.73
R&D expenses			
Goodwill			
Long-term deferred expenses		100,703.14	109,960.04

Deferred income tax assets		7,003.32	7,222.31
Other non-current assets			
Total non-current assets		19,590,210.97	18,982,680.43
Total assets		55,697,623.59	39,624,459.62

Legal representative : Fang Hongbo

Person-in-charge of finance: Yuan Liquan

Prepared by: Chen Jianwu

**Balance Sheet of the Company (Continued)**

Prepared by: Midea Group Co., Ltd.

30 Jun. 2014

Unit: RMB'000

Liabilities and shareholders' equity	Note	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings		500,000.00	140,000.00
Transactional financial liabilities		8,329.12	
Notes payable			
Accounts payable		2,410.09	7,831.48
Accounts received in advance			
Payroll payable		3,991.00	21,717.74
Taxes and fares payable		10,450.74	16,856.22
Interest payable		127,153.37	144,847.77
Dividends payable			
Other accounts payable		39,552,344.59	23,082,573.69
Non-current liabilities due within 1 year			999,942.58
Other current liabilities		875.94	875.94
Total current liabilities		40,205,554.85	24,414,645.42
Non-current liabilities:			
Long-term borrowings			
Bonds payable			
Long-term payables			
Specific payables			

Projected liabilities			
Deferred income tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
Total liabilities		40,205,554.85	24,414,645.42
Shareholders' equity			
Share capital		4,215,808.47	1,686,323.39
Capital reserves		5,352,546.75	7,880,598.46
Less: Treasury stock			
Surplus reserves		569,544.32	569,544.32
Retained profits		5,354,169.20	5,073,348.03
Shareholders' equity		15,492,068.74	15,209,814.20
Total liabilities and shareholders' equity		55,697,623.59	39,624,459.62

Legal representative : Fang Hongbo

Person-in-charge of finance: Yuan Liqun

Prepared by: Chen Jianwu

### Income Statement of the Company

Prepared by: Midea Group Co., Ltd.

Jan.-Jun. 2014

Unit: RMB'000

Item	Note	Current period	Same period of last year
I. Sales income	1	365,575.75	29,498.98
Less: cost of sales	1	8,067.65	
Business tax and surtaxes		4,834.15	7,191.17
Selling expenses			
Administrative expenses		173,013.55	56,521.53
Financial costs		17,137.16	98,907.09
Asset impairment loss		-4,436.52	1,272.21
Add: gain from change in fair value		-8,329.12	
Investment gains	2	3,499,071.54	1,025,525.66

Including: income from investment on associates and joint ventures		44.77	4,915.96
II. Operating profits		3,657,702.18	891,132.64
Add: non-operating income		8,477.51	34,469.51
Less: non-operating expense		8,870.09	3,499.88
Including: loss from non-current asset disposal		8,769.43	2.95
III. Total profits		3,657,309.60	922,102.27
Less: income tax expense		3,841.65	
IV. Net profit		3,653,467.95	922,102.27
V. Other comprehensive income			
VI. Total comprehensive income		3,653,467.95	922,102.27

Legal representative : Fang Hongbo

Person-in-charge of finance: Yuan Liqun

Prepared by: Chen Jianwu

### Cash Flow Statement of the Company

Prepared by: Midea Group Co., Ltd.

Jan.-Jun. 2014

Unit: RMB'000

Item	Note	Current period	Same period of last year
I. Cash flows from operating activities:			
Cash received from sale of commodities and rendering of service			
Tax refunds received			
Other cash received relating to operating activities		19,341,190.68	5,031,827.86
Subtotal of cash inflows from operating activities		19,341,190.68	5,031,827.86
Cash paid for goods and services			
Cash paid to and for employees		27,900.87	37,841.31
Various taxes paid		4,309.27	32,485.41
Other cash payment relating to operating		59,580.27	2,568,732.23

activities			
Subtotal of cash outflows from operating activities		91,790.41	2,639,058.95
Net cash flows from operating activities		19,249,400.27	2,392,768.91
II. Cash flows from investing activities:			
Cash received from retraction of investments		24,901.98	
Cash received from return on investments		2,705,700.46	1,020,609.71
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		36,984.39	
Net cash received from disposal of subsidiaries or other business units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		2,767,586.83	1,020,609.71
Cash paid to acquire fixed assets, intangible assets and other long-term assets		172,426.07	67,179.43
Cash paid for investment		20,875,420.03	
Net cash paid to acquire subsidiaries and other business units			75,000.00
Other cash payments relating to investing activities			
Subtotal of cash outflows from investing activities		21,047,846.10	142,179.43
Net cash flows from investing activities		-18,280,259.27	878,430.28
III. Cash flows from financing activities:			
Cash received from capital contributions			
Of which: Cash received by subsidiaries as minority shareholder investments			
Cash received from borrowings		1,100,000.00	2,350,000.00
Subtotal of cash inflows from financing activities		1,100,000.00	2,350,000.00
Cash repayment of borrowings		740,000.00	840,000.00

Cash for repaying medium term notes		1,000,000.00	2,000,000.00
Cash for repaying short-term financing bonds			1,000,000.00
Cash paid for interest expenses and distribution of dividends or profit		3,670,757.28	343,648.08
Of which: Dividends and shares of profit paid by subsidiaries to minority shareholders			
Other cash payments relating to financing activities			577,000.00
Sub-total of cash outflows from financing activities		5,410,757.28	4,760,648.08
Net cash flows from financing activities		-4,310,757.28	-2,410,648.08
IV. Effect of foreign exchange rate changes on cash and cash equivalents			
V. Net increase in cash and cash equivalents		-3,341,616.28	860,551.11
Add: Opening balance of cash and cash equivalents		13,809,135.41	1,483,866.89
VI. Closing balance of cash and cash equivalents		10,467,519.13	2,344,418.00

Legal representative : Fang Hongbo

Person-in-charge of finance: Yuan Liqun

Prepared by: Chen Jianwu

错误!未找到引用源。

错误!未找到引用源。



## Statement of Changes in Shareholders' Equity of the Company

Prepared by: Midea Group Co., Ltd.

Jan.-Jun. 2014

Unit: RMB'000

Item	Current period						
	Share capital	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	Retained profit	Total shareholders' equity
I. Balance at the end of the previous year	1,686,323.39	7,880,598.46			569,544.32	5,073,348.03	15,209,814.20
Add: change of accounting policy							
Correction of errors in previous periods							
Other							
II. Balance at the beginning of the year	1,686,323.39	7,880,598.46			569,544.32	5,073,348.03	15,209,814.20
III. Increase/ decrease in the period	2,529,485.08	-2,528,051.71				280,821.17	282,254.54
(I) Net profit						3,653,467.95	3,653,467.95
(II) Other comprehensive incomes							
Subtotal of (I) and (II)						3,653,467.95	3,653,467.95
(III) Capital paid in and reduced by shareholders		1,433.37					1,433.37
1. Capital paid in by shareholders							
2. Amounts of share-based payments recognized in shareholders' equity		1,433.37					1,433.37

3. Others							
(IV) Profit allocation						-3,372,646.78	-3,372,646.78
1. Appropriations to surplus reserves							
2. Appropriations to general risk provisions							
3. Appropriations to shareholders						-3,372,646.78	-3,372,646.78
4. Other							
(V) Internal carry-forward of shareholders' equity	2,529,485.08	-2,529,485.08					
1. New increase of share capital from capital reserves	2,529,485.08	-2,529,485.08					
2. New increase of share capital from surplus reserves							
3. Surplus reserves for making up losses							
4. Other							
(VI) Specific reserve							
1. Withdrawn in the period							
2. Used in the period							
(VII) Other							
IV. Closing balance	4,215,808.47	5,352,546.75			569,544.32	5,354,169.20	15,492,068.74

Legal representative : Fang Hongbo

Person-in-charge of finance: Yuan Liquan

Prepared by: Chen Jianwu

错误!未找到引用源。

**Statement of Changes in Shareholders' Equity of the Company (Continued)**

Prepared by: Midea Group Co., Ltd.

Jan.-Jun. 2014

Unit: RMB'000

Item	Last year						
	Share capital	Capital reserve	Less: treasury stock	Specific reserve	Surplus reserve	Retained profit	Total shareholders' equity
I. Balance at the end of the previous year	1,000,000.00	684,003.31			66,439.07	545,400.75	2,295,843.13
Add: change of accounting policy							
Correction of errors in previous periods							
Other							
II. Balance at the beginning of the year	1,000,000.00	684,003.31			66,439.07	545,400.75	2,295,843.13
III. Increase/ decrease in the period	686,323.39	7,196,595.15			503,105.25	4,527,947.28	12,913,971.07
(I) Net profit						5,031,052.53	5,031,052.53
(II) Other comprehensive incomes							
Subtotal of (I) and (II)						5,031,052.53	5,031,052.53
(III) Capital paid in and reduced by shareholders	686,323.39	7,196,595.15					7,882,918.54
1. Capital paid in by shareholders	686,323.39	7,196,595.15					7,882,918.54

2. Amounts of share-based payments recognized in shareholders' equity							
3. Others							
(IV) Profit allocation					503,105.25	-503,105.25	
1. Appropriations to surplus reserves					503,105.25	-503,105.25	
2. Appropriations to general risk provisions							
3. Appropriations to shareholders							
4. Other							
(V) Internal carry-forward of shareholders' equity							
1. New increase of share capital from capital reserves							
2. New increase of share capital from surplus reserves							
3. Surplus reserves for making up losses							
4. Other							
(VI) Specific reserve							
1. Withdrawn in the period							
2. Used in the period							
(VII) Other							
IV. Closing balance	1,686,323.39	7,880,598.46			569,544.32	5,073,348.03	15,209,814.20

Legal representative : Fang Hongbo

Person-in-charge of finance: Yuan Liqun

Prepared by: Chen Jianwu

**Midea Group Co., Ltd.**  
**Legal Representative: Fang Hongbo**  
**18 August 2014**