



Wuxi Little Swan Company Limited

2015 Semi-annual Report

August 2015

Section I. Important Reminders, Contents & Explanation

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

All directors attended the board session for reviewing this report.

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

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

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

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

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Explanation

Term	Refers to	Contents
Company, the Company or Little Swan	Refers to	Wuxi Little Swan Company Limited
Midea Group	Refers to	Midea Group Co., Ltd.
TITONI	Refers to	TITONI INVESTMENTS DEVELOPMENT LTD.
Midea Group Finance	Refers to	Midea Group Finance Co., Ltd.
Midea Holding	Refers to	GD Midea Holding Co., Ltd.
Hefei Midea Washing Machine	Refers to	Hefei Midea Washing Machine Co., Ltd.
Wuxi Little Swan General Appliance	Refers to	Wuxi Little Swan General Appliance Co., Ltd.
Wuxi FILIN Electronics	Refers to	Wuxi FILIN Electronics Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
Reporting period	Refers to	1 Jan. 2015-30 Jun. 2015

Section II. Company Profile

I. Basic information of the Company

Stock abbreviation	XTEA, XTEB	Stock code	000418, 200418
Stock abbreviation after change (if any)	N/A		
Stock exchange listed with	Shenzhen Stock Exchange		
Chinese name of the Company	无锡小天鹅股份有限公司		
Abbr. of the Chinese name of the Company (if any)	小天鹅		
English name of the Company (if any)	Wuxi Little Swan Company Limited		
Abbr. of the English name of the Company (if any)	None		
Legal representative of the Company	Mr. Fang Hongbo		

II. For Contact

	Company Secretary	Securities Affairs Representative
Name	Ms. Zhou Sixiu	Mr. Zhao Yulin
Contact address	No. 18, Changjiang Road S., National Hi-tech Development Zone, Wuxi, Jiangsu Province, P.R. China	No. 18, Changjiang Road S., National Hi-tech Development Zone, Wuxi, Jiangsu Province, P.R. China
Tel.	0510-81082320	0510-81082377
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E-mail	IR_littleswan@littleswan.com.cn	IR_littleswan@littleswan.com.cn

III. Other information

1. Ways to contact the Company

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

Applicable Inapplicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the reporting period. The said information can be found in the 2014 Annual Report.

2. About information disclosure and where this report is placed

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

Applicable Inapplicable

The newspapers designated by the Company for information disclosure, the website designated by CSRC for disclosing this report and the location where this report is placed did not change during the reporting period. The said information can be found in the 2014 Annual Report.

3. Change of the registered information

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

Applicable Inapplicable

The registration date and place of the Company, its business license No., taxation registration No. and organizational code did not change during the reporting period. The said information can be found in the 2014 Annual Report.

Section III. Highlights of Accounting Data & Financial Indicators

I. Major accounting data and financial indicators

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

Yes No

	Reporting period	Same period of last year	YoY +/- (%)
Operating revenues (RMB Yuan)	6,101,903,864.60	4,974,057,020.56	22.67%
Net profit attributable to shareholders of the Company (RMB Yuan)	430,694,268.55	316,358,532.13	36.14%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB Yuan)	369,115,221.99	272,497,997.10	35.46%
Net cash flows from operating activities (RMB Yuan)	1,365,269,483.46	825,104,435.83	65.47%
Basic EPS (RMB Yuan/share)	0.68	0.50	36.00%
Diluted EPS (RMB Yuan/share)	0.68	0.50	36.00%
Weighted average ROE (%)	9.28%	7.78%	1.50%
	As at the end of the reporting period	As at the end of last year	+/- (%)
Total assets (RMB Yuan)	11,230,158,118.77	11,376,793,928.71	-1.29%
Net assets attributable to shareholders of the Company (RMB Yuan)	4,580,881,426.28	4,427,982,112.33	3.45%

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

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

Applicable Inapplicable

No difference.

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

Applicable Inapplicable

No difference.

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

Unit: RMB Yuan

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	-1,543,093.94	
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	11,077,408.20	
Gain/loss on entrusting others with investments or asset management	71,346,929.06	
Reversal of impairment provisions for the accounts receivable on which impairment tests were carried out separately	341,340.00	
Non-operating income and expenses other than the above	2,966,563.60	
Less: Income tax effects	12,627,967.94	
Minority interests effects (after tax)	9,982,132.42	
Total	61,579,046.56	--

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

 Applicable Inapplicable

No such cases.

Section IV. Report of the Board of Directors

I. Overview

(I) Business review

1. Macro-environment

In the reporting period, macro economic growth slowed down with some real estate recovery and low prices of raw materials. As the Internet is rapidly hitting and transforming traditional industries, cross-field operation, cooperation and innovation have become an inevitable choice in this new time. The information technology and the manufacturing industry are closely integrated, triggering profound industrial reform. More opportunities and challenges are to come in the innovation and transformation of the manufacturing industry.

2. Development trends in the industry

In the reporting period, obvious upgrading in consumption speeded up restructuring in the washing machine industry, with the proportion of middle and high-end products getting bigger and inverter, large-capacity, roller and intelligent products growing fast. The industry was stable; however, competition was increasingly fierce among brands and the industry became more centralized as a result. According to ChinaIOL statistics, the first half of 2015 saw a total domestic output of 26,485,500 washing machines, down 1.79% year on year, of which 18,207,500 were sold domestically, up 1.91% year on year, while 8,277,900 were exported, down 9.07% year on year.

(II) Work done in the first half of 2015

In face of rapid changes in the internal and external environment in the reporting period, we closely adhered to our main strategy of “advanced products, efficiency-driven development and global operations”, focused on our main business, customers and products and kept pushing forward and deepening operational transformation. For the reporting period, the Company achieved operating revenues of RMB 6.102 billion, up 22.67% year on year, a net profit attributable to the shareholders of the Company of RMB 431 million, up 36.14% from a year earlier, and a gross profit rate of 26.95%, a year-on-year increase of 0.44 percentage points.

In the reporting period, we persisted in improving our strength in “marketing, products, manufacturing, quality and supply” as our core mission by working on the following main projects:

1. Product innovation and upgrading

We proactively promoted product innovation and upgrading. With the needs of markets and customers as the direction, we developed such products as to solve customers’ problems and keep up with this time of Internet through more efforts towards user experience and studies. We launched the Little Swan Intelligent Roller Water



Cube series, the Midea Fast and Clean series, the C2B tailor-made “Hornet” product, etc., all good in sales and reputation. In the reporting period, we won quite a few important awards in the industry, with our strength in products improved significantly when compared with the same period of last year.

2. Reform of the marketing model

We proactively promoted reform of our marketing model amid huge changes in marketing channels in this new era. Domestically, we reconstructed our market appraisal mechanism and enhanced distribution and sales to accelerate turnover; strengthened brand recognition, pushed forward more noticeable retail settings and built up the “triple screen interactive” training

platform; improved the proportion of middle and high-end products in sales by increasing the portion of high gross profit rate products such as roller and inverter products; vigorously developed e-commerce through closer cooperation with all famous online shopping platforms. Overseas, we continued to optimize the sales layout by solidifying the regions contributing strong sales and exploring new markets and customers and at the same time enhance the promotion of our own brands. In the reporting period, our domestic and overseas sales both grew steadily, with the online retail sales surging over 150% year on year.

3. T+3 order mechanism

We continued to improve our lean manufacturing and management capability by vigorously pushing forward the T+3 order mechanism in production, building a highly responsive supply chain system and materializing flexible production and supporting step by step to satisfy orders. Meanwhile, we improved our off-line logistics model and pushed forward the off-line direct distribution of our finished products to realize fast delivery and turnover, which greatly reduced the warehousing area when compared with the same period of last year. As such, the T+3 order mechanism produced an excellent result in the reporting period.

4. Quality campaign

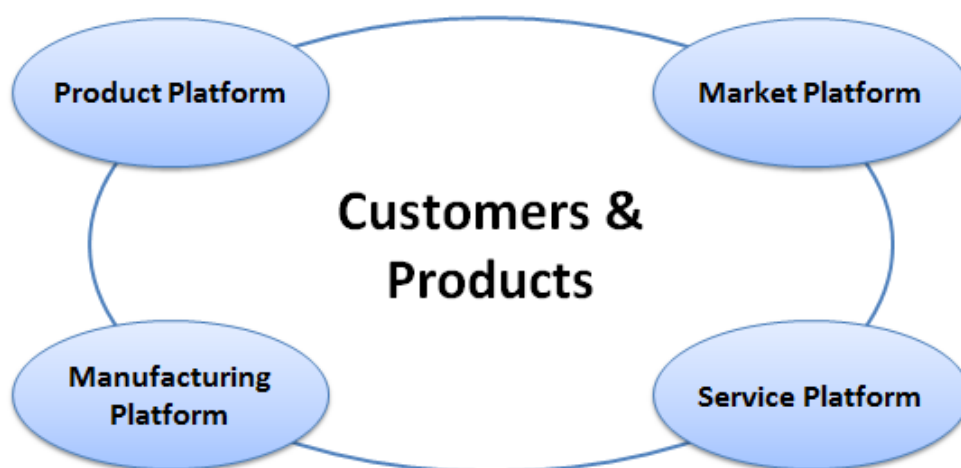
We vigorously promoted the quality campaign, tried to implant quality awareness in all employees, built up a quality standard system and beefed up old product improvement and new product input to thoroughly increase our product quality and fine product coverage. Meanwhile, we continued to improve the quality control system, firmly upheld the rigid principle of quality and adopted the “One-vote Veto System” for quality. In the reporting period, our maintenance rate of sold products further decreased from the same period of last year while our product quality and reputation further improved.

5. Automation campaign

We input more for the automation campaign, materializing automation regarding clutch and metal plate production, injection molding, testing, etc. and pushing forward the example automotive production line project step by step. In the reporting period, our product quality and per-capita output both improved significantly with higher manufacturing efficiency than the same period of last year.

(III) Work plan for the second half of 2015

In the second half of 2015, in order to keep up with the development of the mobile Internet era, we will proactively reform our organization with the Internet thinking, building four platforms (products, markets, manufacturing and services) centering on “customers and products”. Through the platformization thinking and operation, we will reshape our organization, technological processes, talent team, operating results and corporate culture to materialize reform of our operational model.



In terms of the product platform, we will center on “customers, innovation and intelligence” and introduce intelligent technology, maker and geek micro-teams to further stimulate vitality for innovation through organizational pattern and incentive mechanism reform; and in the meantime increase input for intelligent technology development to plan for our development in the smart home market. Concerning the market platform, we will reconstruct the domestic and overseas market operation platforms to achieve synergy of our resources, strengthening e-commerce and brand recognition in domestic marketing and enhancing the business development of our own brands in overseas marketing. Regarding the manufacturing platform, we will adhere to the Industry 4.0 concept, constantly improve our lean manufacturing capability, transform towards automotive interconnected production gradually and at the same time push forward the T+3 order mechanism, which will result in constant improvement of standardization, the rigidity of plans, the flexibility of manufacturing, the efficiency of manufacturing, supplier management, etc. As for the service platform, we will reconstruct our organizational process, our appraisal mechanism and our management mechanism and create a culture led by fair, just and open operating results to truly materialize the organizational operation model centering on “customers, products and manufacturing”.

II. Main business analysis

YoY change of major financial data:

Unit: RMB Yuan

	Reporting period	Same period of last year	YoY +/-%	Main reasons for change
Operating revenues	6,101,903,864.60	4,974,057,020.56	22.67%	
Operating costs	4,457,541,472.66	3,655,315,076.59	21.95%	
Selling expenses	849,993,249.30	708,872,153.90	19.91%	
Administrative expenses	272,955,998.10	210,082,884.69	29.93%	
Financial expenses	-11,205,277.58	-9,899,828.86	-13.19%	
Income tax expenses	78,916,402.71	66,436,602.59	18.78%	
Net cash flows from operating activities	1,365,269,483.46	825,104,435.83	65.47%	Cash received from selling goods and provision of services increased as the business scale expanded.
Net cash flows from investing activities	-1,507,353,631.94	-134,495,207.51	-1,020.75%	Cash paid for investment increased as the investment into bank wealth management products increased.
Net cash flows from financing activities	-270,220,502.96	-134,190,940.03	-101.37%	Cash paid as dividends increased while short-term borrowings decreased.
Net increase in cash and cash equivalents	-412,304,651.44	556,418,288.29	-174.10%	Cash outflows from investing and financing activities increased.

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

Applicable Inapplicable

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

Reporting period progress of the future development planning in the disclosed documents of the Company such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc.:

Applicable Inapplicable

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

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

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

III. Breakdown of main business

Unit: RMB Yuan

	Operating revenues	Operating costs	Gross profit rate (%)	Increase/decrease of operating revenues over the same period of last year (%)	Increase/decrease of operating costs over the same period of last year (%)	Increase/decrease of gross profit rate over the same period of last year (%)
Classified by industry:						
Household appliances	5,620,828,547.48	4,072,244,009.19	27.55%	23.34%	24.13%	-0.46%
Classified by product:						
Washing machines	5,620,828,547.48	4,072,244,009.19	27.55%	23.34%	24.13%	-0.46%
Classified by region:						
China	4,389,668,158.68	2,979,225,532.72	32.13%	23.01%	25.03%	-1.10%
Other countries	1,231,160,388.80	1,093,018,476.47	11.22%	24.53%	21.73%	2.04%

IV. Core competitiveness analysis

The core competitiveness of the Company is demonstrated in the following aspects:

1. Our knowledge and experience accumulated in the long history of our washing machine business. We are the sole company in China that has focused on the washing machine industry since the end of 1970s. Profound knowledge and experience has been accumulated through these several decades in technology, R&D and innovation, market research, business operation, etc., which has been transformed into tacit knowledge of the Company through the accumulation and inheritance by our talent team and has thus become the most important core competitiveness of the Company.

2. Our capability of seeing the industry clearly and R&D. We have our unique capability of judging and foreseeing developments in the industry and technology. Through constant input of R&D resources over the years, the Company has owned leading technological competitiveness in the industry. The Company has a sound technological R&D system, including one state-level technological center and two state-recognized labs. Little Swan Lab is the first washing machine lab in China to pass the UL North American safety verification and the German VDE verification. Little Swan holds on to independent innovation and has the internationally advanced frequency-changing, intelligent control, structure design, industrial design and other core technologies.

3. Our relationship management capability at the upstream and downstream ends of our business. We keep building a customer-oriented supply chain management system, have set up an industry-leading cross-enterprise procurement platform with the help of Midea Group, constantly increase the efficiency of our supply chain and foster a strategic partnership with our suppliers. In terms of channels, in the domestic first and secondary markets, the Company mainly works with Suning, Gome and some other big regional customers; in the tertiary and fourth markets, the Company combines agent channels, flagship stores and franchised stores to distribute its products to households. In e-commerce, we proactively make plans about online channels by enhancing our cooperation with all famous online shopping platforms and our online sales have achieved a fast growth. Overseas, the Company keeps deepening its cooperation with customers, expanding strategic overseas markets and enhancing the promotion of its own brands in the regional markets. The Company enjoys a good and long-term cooperation with

its major customers at home and abroad.

4. Our capability to respond to needs of consumers. As a consumer appliance manufacturer, we have been working on marketing and brand operation as an important task in our operation and management, keeping a watchful eye on changes in market demand, studying consumers' needs, and focusing on improvement of the whole process experience of customers in shopping, product use and after-sales service. In recent years, we have adopted a two-brand strategy ("Little Swan" and "Midea") to further satisfy diversified needs of consumers. With a history of over three decades, Little Swan is considered a very reliable brand among consumers, with the slogan of "Whole-hearted Little Swan" being well-known among them. As for Midea, a comprehensive home appliance brand, its share in the washing machine market keeps rising with increasing recognition.

5. Our capability of innovation and self-improvement. The Company is one of the earliest washer manufacturers in China. Through years of innovation and accumulation, we have developed a corporate culture of R&D innovation, lean production and self-reform. We now have domestically and internationally first-class manufacturing equipment and an experienced manufacturing team. Our wide product range covers roller, wave-wheel full-automatic, double-cylinder and agitator washing machines, clothes dryers, etc., creating incomparable scale competitiveness among washer manufacturers as well as a complete series of product lines. Along with the constant developments of the market needs, we will further improve our capability of intelligent manufacture. We have established a sound corporate governance mechanism, an effective performance appraisal mechanism, a mature professional manager mechanism and a mature talent cultivating mechanism. Along with changes in the market and this new era, we will keep reforming our organizational structure and operating model so as to ensure our capability of sustainable development.

No significant changes occurred to the core competitiveness of the Company in the reporting period.

V. Investment analysis

1. Investments in equities of external parties

(1) Foreign investment

Applicable Inapplicable

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

(2) Equity-holdings in financial enterprises

Applicable Inapplicable

No such cases in the reporting period.

(3) Investment in securities

Applicable Inapplicable

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

(4) Shareholdings in other listed companies

Applicable Inapplicable

No such cases in the reporting period.

2. Wealth management entrustment, derivative investments and entrustment loans

(1) Wealth management entrustment

Unit: RMB Ten thousand

Name of trustee	Relation	Related-party transaction or not	Product variety	Amount entrusted	Beginning date	Ending date	Payment determination	Principal actually recovered	Impairment provision (if any)	Predicted gain	Actual gain/loss in reporting period
Bank	No	No	Bank wealth management product	328,530	29 Aug. 2014	12 Apr. 2016	Floating interest rate, contractual highest annualized income rate	309,100		7,135	7,135
Total				328,530	--	--	--	309,100		7,135	7,135
Source of the entrusted funds				All is from the self-owned funds of the Company. The entrusted funds are cumulative. The line for wealth management entrustment is no more than RMB 4.4 billion and repeated use is allowed within the said line.							
Cumulative overdue principals and gains				0							
Lawsuits (if applicable)				Inapplicable							
Disclosure date of the Board of Directors' announcement approving the wealth management entrustment (if any)				18 Mar. 2015							
Disclosure date of the Board of Shareholders' announcement approving the wealth management entrustment (if any)				20 Apr. 2015							

(2) Derivative investment

Unit: RMB Ten thousand

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Beginning date	Ending date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment	Actual gain/loss in reporting
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				t				any)		amount in the Company's closing net assets (%)	period
Bank	No	No	Forward exchange contract	5,770	16 May 2013	19 May 2015	5,770		0	0.00%	35
Total				5,770	--	--	5,770		0	0.00%	35
Capital source for derivative investment				All self-owned funds							
Lawsuits (if applicable)				Inapplicable							
Disclosure date of the board announcement approving the derivative investment (if any)				18 Mar. 2015							
Disclosure date of the general meeting announcement approving the derivative investment (if any)				20 Apr. 2015							
Analysis on risks and control measures of derivative products held in the reporting period (including but not limited to market risk, liquidity risk, credit risk, operation risk, law risk, etc.)				<p>The Company has formulated the Management Methods for Exchange Funds upon review to thoroughly assess and control derivative investment risks, which are detailed as follows:</p> <p>1. Market risk</p> <p>Fluctuations of exchange rates may incur a great market risk in the foreign exchange funds business. Meanwhile, if the Company fails to input foreign exchanges on time for contract execution in the foreign exchange funds business, contract breach risk may incur.</p> <p>Counter-measures: The Company will not carry out speculative trading in its foreign exchange funds business. And the Company will stick to the principle of being prudent in operations. A from-the-bottom-up management mechanism is adopted. When subsidiaries or product enterprises file applications for funds business, they will give a risk analysis on conditions or circumstances that might affect gains and losses, estimate the maximum gain and loss, and state the ratio or total amount of guarantee deposits they can bear. And the Company will, according to their applications, update operations in time in its funds business and make funds arrangements before the maturity date.</p> <p>2. Operation risk</p> <p>The Company may suffer loss in its hedging business and foreign exchange funds business due to faulty internal procedures, staff, systems and external events.</p> <p>Counter-measures: Responsibility division and approval procedures for the hedging and foreign exchange business have been specified in relevant management rules. And a sound supervision mechanism has been established. And operation risk can be effectively</p>							

	<p>reduced by enhancing risk control over procedures for operation, decision-making and trading.</p> <p>3. Risk concerning laws and regulations</p> <p>The Company carries out its foreign exchange business in compliance with applicable laws and regulations, with rights and duties between the Company and agencies being stated clearly.</p> <p>Counter-measures: The Company urges responsible departments to understand better about relevant laws, regulations and market rules; be strict in contract re-checks; make clear relevant rights and duties; and enhance compliance checks to make sure that the Company operates derivative investments in compliance with applicable laws, regulations and the Company's internal management rules.</p>
Changes of market prices or fair values in the reporting period of the invested derivatives. And the analysis on the fair value of the derivatives should include the specific use methods and the relevant assumptions and parameters.	The Company adopts forward foreign exchange quotations declared by the People's Bank of China in its analysis on fair values of derivative products.
Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the reporting period compared to the previous reporting period	No significant changes.
Specific opinion from independent directors on the Company's derivatives investment and risk control	Independent directors of the Company believe that: The Company has formulated derivative investment rules such as the Management Methods for Exchange Funds to help it effectively control risks involved; the Company's derivative investments in the reporting period mainly targeted its exports. It signed forward exchange contracts with domestic financial institutions, which helped it to lock up the exchange rate and avoid the risk of exchange rate fluctuations. The Company conducted no speculative operations, so there was no credit risk. And transaction periods were determined according to expectations and payment receiving and making, with no influence on the Company's fluidity.

(3) Entrustment loans

Applicable Inapplicable

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

3. Use of raised funds

Applicable Inapplicable

No such cases in the reporting period.

4. Analysis to main subsidiaries and stock-participating companies

Company name	Company variety	Industry	Main product	Registered capital	Total assets (RMB Ten thousand)	Net assets (RMB Ten thousand)	Operating revenues (RMB Ten thousand)	Operating profit (RMB Ten thousand)	Net profit (RMB Ten thousand)
Hefei Midea Washing Machine Co., Ltd.	Subsidiary	Manufacture	Washing machine manufacture	USD 135.52 million	442,862.44	204,426.01	288,915.80	19,616.91	16,376.54
Wuxi Little Swan General Electrical Appliances Co., Ltd	Subsidiary	Manufacture	Washing machine manufacture	RMB 28 million	26,246.69	17,496.42	11,915.00	987.04	822.62
Wuxi FILIN Electronics Co., Ltd	Subsidiary	Manufacture	Development and manufacture of new electronic components	USD 3,624,564	56,374.65	42,257.73	23,741.86	5,966.69	5,684.93

5. Significant projects invested with non-raised funds

Applicable Inapplicable

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

VI. Predict the operating results of Jan.-Sept. 2015

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

Applicable Inapplicable

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

Applicable Inapplicable

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

Applicable Inapplicable

IX. Implementation of profit allocation during the reporting period

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

As the profit allocation plan for 2014, the Company, based on the total 632,487,764 shares as at the end of 2014, distributed a cash dividend of RMB 4.50 and 0 bonus shares for every 10 shares held by its shareholders. And the Company did not turn capital reserve into share capital for 2014. The plan was reviewed and approved at the 14th Session of the 7th Board of Directors on 18 Mar. 2015 and then the 2014 Annual Shareholders' General Meeting on 20 Apr. 2015. The <Announcement on Implementation of Equity Distribution for Y2014> was published on 4 Jun. 2015. Implementation of the profit allocation plan was completed in the reporting period.

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

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

Applicable Inapplicable

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

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

Time	Place	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
22 Jan. 2015	Conference Room of the Company	Field research	Institution	Changjiang Securities, Huatai Asset Management, Fullgoal Fund, China Asset Management, Sinolink Securities, Zhong Ou Asset Management, Essence Securities, Bank of Communications Schroder Fund, Ping An Asset Management	Overall operation of the Company
23 Apr. 2015	Conference Room of the Company	Field research	Institution	Guolian Securities	Overall operation of the Company
27 Apr. 2015	Conference Room	Field research	Institution	Kim Eng Hong Kong, Credit Suisse	Overall operation of

	of the Company				the Company
6 May 2015	Conference Room of the Company	Field research	Institution	Acru Asset, Ginkgo Capital Partners	Overall operation of the Company
15 May 2015	Conference Room of the Company	Field research	Institution	Orient Securities	Overall operation of the Company
30 Jun. 2015	Conference Room of the Company	Field research	Institution	Kingsmead Asset Management Pte. Ltd	Overall operation of the Company

Section V. Significant Events

I. Corporate governance

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

II. Litigations

Significant litigations and arbitrations

Applicable Inapplicable

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

Other litigations

Applicable Inapplicable

III. Media's questions

Applicable Inapplicable

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

IV. Related Events of bankruptcy reorganization

Applicable Inapplicable

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

V. Assets transaction events

1. Purchase of assets

Applicable Inapplicable

The Company was not involved in any purchase of assets.

2. Sales of assets

Applicable Inapplicable

The Company was not involved in any sale of assets.

3. Combination of enterprises

Applicable Inapplicable

The Company was not involved in any combination of enterprises.

VI. Implementation of equity incentive and its influence

Applicable Inapplicable

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

VII. Significant related-party transactions

1. Related-party transaction relevant to routine operation

Related party	Relationship	Type of the related-party transaction	Content of the related-party transaction	Pricing principle of the related-party transaction	Transaction price	Transaction amount (RMB Ten thousand)	Proportion in same kind of transactions (%)	Settlement method of the related-party transaction	Market price	Disclosure date	Disclosure index	Related party	Relationship
Ningbo Annto Logistics Co., Ltd.	Subsidiary controlled by controller	Revenue from service	Logistics, storage service	Market price		17,217	4.26%	37,300	No	Cash or acceptance due 3-6 months		20 Mar. 2015	On 20 Mar. 2015, the company published the information network's announcement: (Announcement No.:
Midea Group E-commerce Co., Ltd.	Subsidiary controlled by controller	Revenue from service	Management and promotion	Market price		139	0.03%	1,000	No				
Hefei Hualing Electric Appliances Co., Ltd.	Subsidiary controlled by controller	Providing service	Rental housing	Market price		583	0.10%	1,500	No				
Huaian Weiling Motor Manufacturing Co., Ltd.	Subsidiary controlled by controller	Purchase	Purchase of materials	Market price		24,827	6.14%	58,600	No				
Ningbo Midea Joint Supplies	Subsidiary controlled	Purchase	Purchase of	Market		24,510	6.06%	76,000	No				

Co., Ltd.	by controller	se	materials	t price									2015-04)
MIDEA CONSUMER ELECTRIC (VIETNAM) CO.,LTD	Subsidiary controlled by controller	Sales	Sales of products	Marke t price		92	0.02%	1,700	No				
Midea Electric Trading (Singapore) Co. Pte. Ltd.	Subsidiary controlled by controller	Sales	Sales of products	Marke t price		90,515	14.83%	250,000	No				
Midea Scott & English Electronics SDN.BHD	Subsidiary controlled by controller	Sales	Sales of products	Marke t price		2,254	0.37%	4,000	No				
PT. MIDEA PLANET INDONESIA	Subsidiary controlled by controller	Sales	Sales of products	Marke t price		523	0.09%	2,800	No				
Hefei Midea Materials Supply Co., Ltd.	Subsidiary controlled by controller	Sales	Sales of products	Marke t price		9	0.00%	0	No				
Zhejiang GMCC Compressor Co., Ltd.	Subsidiary controlled by controller	Purchase	Purchase of materials	Marke t price		175	0.04%	0	No			None	None
Total				--	--	160,844	--	432,900	--	--	--	--	--
As for the prediction on the total amount of routine related-party transactions to be occurred in the reporting period by relevant types, the actual performance in the reporting period(If any)				For details, see IX. Financial report “(X) Related-party and related-party transactions, 5. Related-party transactions”.									

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

Applicable Inapplicable

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

3. Related-party transitions with joint investments

Applicable Inapplicable

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

4. Credits and liabilities with related parties

Applicable Inapplicable

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

5. Other significant related-party transactions

(1) The Company convened the 2014 Annual General Meeting on 20 Apr. 2015, which reviewed and approved the proposals on:

① The Proposal on Adjusting the Announcement about the Financial Service Agreement which signed with the Midea Group Finance Co., Ltd. of related transaction

It was agreed that, the financial company should provide the service of deposit, loan, note discount, guarantee, settlement, and the series of the financial services that approved by the CBRC according to the requirements of the Company as well as its subsidiaries. During the three-year validity after date of the validation of the agreement, the maximum of the deposit balance that the Company and its subsidiaries disposed in the financial company should not exceed the amount of RMB 2 billion per day; and the maximum of the outstanding loan principal and interest balance that the financial company granted to the Company and its subsidiaries should not exceed the amount of RMB 2 billion per day.

At the report-end, the deposit balance of the Company at Midea Group Finance Co., Ltd. was of RMB 0.72billion, with no any loan.

② The Proposal on the Announcements about trademark license of related transactions

The Company permitted GD Midea Holding Co., Ltd. and its controlled subsidiaries to use trademark of LITTLE SWAN and picture in air conditioner commodities; permitted Hubei Midea Refrigerator Co., Ltd. and its controlled subsidiaries to use to use trademark of LITTLE SWAN and picture in the refrigerators and the freezers; at the same time GD Midea Holding Co., Ltd. permitted the Company and subsidiaries of the Company to use trademark of Midea in production, sales and ad campaign of washing machines and dryers. The aforesaid licensing contracts were all contracted with 0.3% charges of net sales revenue of products with the authorized trademark as trademark license fees, and the permitting period last from the 1 Jan. 2014 to 31 Dec. 2016.

(Notes: Approved by [2013] No. 1014 document of China Securities Regulatory Commission, Midea Group had made share swap absorption merger of the original controlling shareholder—GD Midea Holding Co., Ltd. on 18 Sep. 2013, after which, Midea Group inherited and carried on the whole obligations and right such as the whole assets and liabilities of GD Midea Holding Co., Ltd. as a remainder enterprise as well as had completed the relevant share transfer registration procedures on 31 Dec. 2013.)

(2) The Company held the 2014 Annual General Meeting on 20 Apr. 2015 which reviewed and approved the Proposal on Estimating the 2015 Daily Related Transactions of the Company.

(3) The Company held the 16th Session of the 7th Board of Directors on 4 Aug. 2015, which reviewed and approved the Proposal on Adjusting the Amount of the 2015 Daily Related Transactions.

For the specific content of the daily related transactoins, please refer to the Notes X. Related-party and

related-party transactions of Section X. Financial Report.

Index for the interim announcements on related-party transactions disclosed on the relevant website:

Title of the interim announcement	Disclosure date	Disclosure website
Announcements about Trademark License of Related Transactions (No. 2013-18)	6 Aug. 2013	www.cninfo.com.cn
Proposal on Adjusting the Announcement about the Financial Service Agreement which signed with the Midea Group Finance Co., Ltd. of related transaction (No. 2015-08)	20 Mar. 2015	www.cninfo.com.cn
Proposal on Estimating the 2015 Daily Related Transactions of the Company (No. 2015-04)	20 Mar. 2015	www.cninfo.com.cn
Announcements about Adjusting the 2015 Daily Connection Transaction Amount (No.2015-17)	6 Aug. 2015	www.cninfo.com.cn

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

Applicable Inapplicable

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

IX. Particulars about significant contracts and their fulfillment

1. Particulars about trusteeship, contract and lease

(1) Trusteeship

Applicable Inapplicable

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

(2) Contract

Applicable Inapplicable

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

(3) Lease

Applicable Inapplicable

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

2. Guarantees provided by the Company

Unit: RMB '000

Guarantees provided by the company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date on relevant announcement of guaranteed amount	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Total external guarantee line approved during the reporting period (A1)			0	Total actual occurred amount of external guarantee during the reporting period (A2)				0
Total external guarantee line that has been approved at the end of the reporting period (A3)			0	Total actual external guarantee balance at the end of the reporting period (A4)				0
Guarantees provided by the company for its subsidiaries								
Guaranteed party	Disclosure date on relevant announcement of guaranteed amount	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Hefei Midea Washing Machine Co., Ltd.	7 Mar. 2014	127,000	22 Sep. 2014	26.31	Joint liability guarantee	22 Mar. 2015	Yes	No
Total guarantee line approved for the subsidiaries during the reporting period (B1)			125,000	Total actual occurred amount of guarantee for the subsidiaries during the reporting period (B2)				26.31
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period (B3)			125,000	Total actual guarantee balance for the subsidiaries at the end of the reporting period (B4)				0
Guarantees provided by the subsidiaries for their subsidiaries								
Guaranteed party	Disclosure date on relevant announcement of guaranteed amount	Amount for guarantee	Actual occurrence date (date of agreement)	Actual guarantee amount	Type of guarantee	Period of guarantee	Executed or not	Guarantee for a related party or not
Total guarantee line approved for the subsidiaries during the reporting period (C1)			0	Total actual occurred amount of guarantee for the subsidiaries during the				0

		reporting period (C2)	
Total guarantee line that has been approved for the subsidiaries at the end of the reporting period (C3)	0	Total actual guarantee balance for the subsidiaries at the end of the reporting period (C4)	0
Total guarantee amount provided by the Company (total of the above-mentioned three kinds of guarantees)			
Total guarantee line approved during the reporting period (A1+B1+C1)	125,000	Total actual occurred amount of guarantee during the reporting period (A2+B2+C2)	26.31
Total guarantee line that has been approved at the end of the reporting period (A3+B3+C3)	125,000	Total actual guarantee balance at the end of the reporting period (A4+B4+C4)	0
Proportion of total guarantee amount (A4+B4+C4) to the net assets of the Company			0.00%
Of which:			
Amount of guarantee for shareholders, actual controller and related parties (D)			0
Amount of debt guarantee provided for the guaranteed party whose asset-liability ratio is not less than 70% directly or indirectly (E)			0
Part of the amount of the total guarantee over 50% of net assets (F)			0
Total amount of the above three guarantees (D+E+F)			0
Explanation on possibility to bear joint liability due to undue guarantees (if any)			Inapplicable
Explanation on the external guarantees in violation of stipulated procedures (if any)			Inapplicable

(1) Particulars about illegal external guarantee

Applicable Inapplicable

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

3. Other significant contracts

Applicable Inapplicable

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

4. Other significant transactions

Applicable Inapplicable

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

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

Commitment	Commitment maker	Contents	Time of making commitment	Period of commitment	Fulfillment
Commitment on share reform	Controlling shareholder	Where the controlling shareholder GD Midea Holding Co., Ltd. (Midea Holding) plans to sell the Company's shares released from trading moratorium held by it via the bid trading system of the Shenzhen Stock Exchange, and Midea Holding decreases over 5% shares within six months since the first reduction of holdings, Midea Holding will disclose the suggestive announcement on share selling through the Company two trading days before its first reduction of holdings.	28 Feb. 2008	Long-term	In the process of implementation
Commitment in the acquisition report or the report on equity changes	Controlling shareholder and actual controller	1. As for the commitment of avoiding horizontal competition, Midea Group (the controlling shareholder) and Mr. He Xiangjian (the actual controller) has promised that, for the period after the said transaction when the Company's controlling shareholder and actual controller remain unchanged, the actual controller Mr. He Xiangjian, his immediate family, Midea Group and its controlled other enterprises neither recently nor in the future will engage in any production or operation activity the same as or similar to the recently main business of Little Swan or its controlled enterprises, as well as will neither engage in nor participate in any competitive business the same as the recently main business of Little Swan or its controlled enterprises through controlling other economic entities, institutions, economic organizations. If Little Swan and its controlled enterprises further developed its scope of the operation business on the basis of the recently business, and if the actual controller Mr. He Xiangjian, his immediate family, Midea Group and its controlled other enterprises had executed production of that, would solve the corresponding horizontal competition problems within the reasonable period. If recently there was no any production or operation, would not engage in the similar new business that competed with Little Swan and its controlled enterprises. If there was any situation violated the above commitments, the profits gained from the business related to operation were belongs to Little Swan.	1 Dec. 2010, 6 Jun. 2014	Long-term	In the process of implementation
	Controlling shareholder and actual controller	2. The commitment by Midea Group and the actual controller on the specification of the related-party transaction. Midea Group (the controlling shareholder) and Mr. He Xiangjian (the actual controller) has promised that, for the period after the said	1 Dec. 2010, 6 Jun. 2014	Long-term	In the process of implementation

		<p>transaction when the Company's controlling shareholder and actual controller remain unchanged, the actual controller Mr. He Xiangjian, his immediate family, Midea Group and its controlled other enterprises will specify and try their best to reduce the related-party transactions with Little Swan and its controlled enterprises. If occurred the unavoidable related transactions with Little Swan and its controlled enterprises, would sign the normative related-party transactions agreement Little Swan according to laws and would execute the approval procedure according to the relevant regulations to ensure the fairness of the price of the related-party transactions; ensure to execute the information disclose obligation of related-party transactions according to the relevant regulations; ensure not to make advantage of the related-party transactions for illegally transferring the assets and profits of Little Swan, as well as not to make advantage of the related-party transactions for harming to the interests of Little Swan and the shareholders; would not require Little Swan to offer any more favorable condition compared with that offered to the independent third party in any fair trade market transaction; execute the voting debarb obligation when involved in the voting of the related events of the actual controller Mr. He Xiangjian, his immediate family, Midea Group and its controlled other enterprises. If Midea Group and Mr. He Xiangjian violated the above commitments and promises that led to the harm for the equity of Little Swan or other shareholders, Midea Group and Mr. He Xiangjian should take the responsibility of the corresponding liability for damage.</p>			ment tion
	Controlling shareholder	<p>3. As for the commitment on independence, Midea Group has promised to protect Little Swan's independence in terms of assets, staff, finance, organization and business. 3. As for the commitment on independence, Midea Group and the actual controller Mr. He Xiangjian has promised that, to further ensure the independent operation of Little Swan, Mr. He Xiangjian, Midea Group and its controlled other enterprises would maintain the mutual independent in terms of personnel, finance, assets, business and institutions with Little Swan according to the relevant laws and regulations as well as the normative documents.</p>	1 Dec. 2010, 6 Jun. 2014	Long-t erm	In the proce ss of imple menta tion
	Controlling shareholder	<p>4. As for the commitment on related-party deposits and borrowings, up to 8 Apr. 2010, the Financial Settlement Center of Midea Group had settled all internal deposits and borrowings with Hefei Royalstar Washing Equipment Manufacturing Co., Ltd.; and Midea Group has promised that there will be no more deposits, borrowings or other funds flows incurred between the Financial Settlement Center and Hefei Royalstar Washing</p>	1 Dec. 2010	Long-t erm	In the proce ss of imple menta tion

		Equipment Manufacturing Co., Ltd..			
Controlling shareholder		5. The commitment by Midea Group on housing properties with no ownership certificates of the target company for sale is detailed as follows. Two pieces of the buildings of Royalstar Washing Equipment assessed and sold to the Company are of no ownership certificates—the warehouse for half-finished products (176 square meters) and the workshop for injection molding (834 square meters), both located in the old factory of Royalstar Washing Equipment, Hewa Road, Hefei. Midea Group has promised that if loss occurs due to the said two buildings without ownership certificates in the asset disposal process in the future, it will assume the loss thus caused and make compensation to the Company.	1 Dec. 2010	Long-term	In the process of implementation
Controlling shareholder		6. The commitment by Midea Group on trademarks is detailed as follows. (1) Concerning the “Midea” trademark: Upon approval and implementation of the equity transfer transaction, Midea Group has promised that it will make sure that Royalstar Washing Equipment uses the “Midea” trademark in a proper manner. Royalstar Washing Equipment will be allowed to use the “Midea” trademark with a trademark use fee not more than that paid by Midea Group (the controlling shareholder of Midea Group) and its subsidiaries (currently 3‰ of the annual sales income generated by products using the “Midea” trademark), and upon negotiation and signing of the “Agreement for Trademark Use”. The related-party transactions incurred due to the said use of the “Midea” trademark will be submitted to the decision-making organ of the Company for approval according to the stipulated procedure. As such, interests of the Company and its minority shareholders will be safeguarded. (2) Concerning the “Royalstar” trademark: Midea Group has signed the “Contract for Trademark Use” with Royalstar Group and obtained the ordinary use rights of the “Royalstar” (or “RongShiDa”) trademark. As the transferor in the transfer transaction of equity interests of Royalstar Washing Equipment, Midea Group has promised that within the scope as agreed in the “Contract for Trademark Use”, if any dispute arises between Royalstar Washing Equipment and Royalstar Group over the former’s execution of the “Contract for Trademark Use”, Little Swan will not be involved. If Royalstar Washing Equipment and Little Swan have to assume any responsibility or loss due to the aforesaid dispute, Midea Group is willing to take on the responsibility instead and make compensations to Royalstar Washing Equipment and Little Swan at full amount.	1 Dec. 2010	No. (2), RongShiDa trademark is due by March 31, 2013 and won’t renew its contract; Other items for a long term implement	In the process of implementation
Controlling shareholder		7. The commitment by Midea Group on social security payment	1 Dec. 2010	Long-term	In the

	shareholder	and tax risks is detailed as follows. Midea Group has promised that upon the completion of the said equity transfer deal, if Royalstar Washing Equipment is obliged to take on any responsibility or pay relevant fares as required by relevant government authorities due to its social security payment before the said deal, Midea Group is willing to pay relevant fares for Royalstar Washing Equipment to relevant government authorities in a timely manner and assume any other liability. If any loss thus occurs to Royalstar Washing Equipment or Little Swan, Midea Group is willing to assume relevant responsibilities for compensation. Upon the completion of the said equity transfer deal, if income tax evasion or any other tax risk is found in Royalstar Washing Equipment, Midea Group is willing to assume relevant legal responsibilities and risks and pay relevant taxes in a timely manner to relevant government authorities; and if any loss thus occurs to Little Swan, Midea Group will assume the corresponding responsibility for compensation.	2010	erm	proce ss of imple menta tion
	Controlling shareholder	8. The commitment by Midea Group on capital safety at the finance companies of the Company: during the validity period of the Financial Services Agreement, when Midea Group occurred emergency situation of payment difficulty at finance companies, it should adopt the effective measures such as increase the capital fund of the finance companies according to the actual needs of solving the payment difficulty to ensure the capital safety of the Company.	18 Mar. 2015	3 years validit y	In the proce ss of imple menta tion
Commitments made upon the assets reorganization					
Commitments made upon IPO or refinancing					
Other commitments made to minority shareholders					
Executed timely or not?	Yes				
Specific reasons fail to complete execution and further plans (if any)	Inapplicable				

XI. Particulars about engagement and disengagement of CPAs firm

Whether the semi-annual financial report had been audited?

Yes No

The semi-annual financial report had not been audited.

XII. Punishment and Rectification

Applicable Inapplicable

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

XIII. Reveal of the delisting risks of illegal or violation

Applicable Inapplicable

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

XIV. Explanation about other significant matters

Applicable Inapplicable

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

Section VI. Changes in Share Capital and Particulars about Shareholders

I. Changes in share capital

Unit: Share

	Before this change		Increase/decrease (+, -)					After the change	
	Amount	Proportion (%)	Issuance of new shares	Bonus share	Capitalization of public reserve fund	Other	Subtotal	Amount	Proportion (%)
I. Shares subject to trading moratorium	3,686,890	0.58%					18,225	3,705,115	0.59%
3. Other domestic shares	3,686,890	0.58%					18,225	3,705,115	0.59%
Including: Shares held by domestic legal persons	3,686,890	0.58%						3,686,890	0.58%
Shares held by domestic individuals							18,225	18,225	0.01%
II. Shares not subject to trading moratorium	628,800,874	99.42%					-18,225	628,782,649	99.41%
1. Ordinary shares denominated in RMB	437,765,002	69.21%					-18,225	437,746,777	69.21%
2. Domestically listed foreign shares	191,035,872	30.20%						191,035,872	30.20%
III. Total of shares	632,487,764	100.00%						632,487,764	100.00%

Reason for the change in shares

√ Applicable Inapplicable

The Vice GM, Mr. Mao Zhiliang had purchased 24,300 shares of the Company on 28 May 2015, and according to the 142nd regulation of Company law, the annual transfer of shares shall not exceed 25% of the total number of shares of the Company he held, so 75% of his total shares were locked and the 18,225 shares turned into the shares subject to trading moratorium.

Approval of the change in shares

 Applicable Inapplicable

Transfer of share ownership

 Applicable Inapplicable

Effects of the change 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 last period

Applicable Inapplicable

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

Applicable Inapplicable

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

Applicable Inapplicable

II. Number of shareholders and shareholding

Unit: share

Total number of common shareholders at the end of the reporting period	28,708		Total number of preferred shareholders that had restored the voting right at the end of the reporting period (if any) (note 8)	0				
Shareholding of the common shareholders holding more than 5% shares or the top 10 common shareholders								
Name of shareholder	Nature of shareholder	Holding percentage	Number of shareholding at the end of the reporting period	Increase and decrease of shares during reporting period	Number of shares held subject to trading moratorium	Number of shares held not subject to trading moratorium	Pledged or frozen shares	
							Status of shares	Number of shares
MIDEA GROUP CO., LTD.	Domestic non-state-owned corporation	37.78%	238,948,117	0		238,948,117		
TITONI INVESTMENTS DEVELOPMENT LTD.	Overseas corporation	14.89%	94,204,942	0		94,204,942		
GAOLING FUND,L.P.	Overseas corporation	3.51%	22,226,072	-4,501,614		22,226,072		
FINANCE BUREAU OF WUXI	On behalf of the government	2.70%	17,054,071	-5,003,586		17,054,071		
GREENWOODS CHINA ALPHA MASTER FUND	Overseas corporation	1.30%	8,207,357	8,207,357		8,207,357		
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108	Domestic non-state-owned corporation	0.98%	6,180,101	0		6,180,101		
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 102	Domestic non-state-owned corporation	0.95%	6,000,093	-2,499,907		6,000,093		

DEUTSCHE BANK AKTIENGESELLSCHAFT	Overseas corporation	0.86%	5,454,794	-1,907,178		5,454,794		
CHINA MERCHANTS SECURITIES CO., LTD. – CLIENTS’ CAPITAL	Domestic non-state-owned corporation	0.72%	4,538,078	4,538,078		4,538,078		
ICBC – SOUTH BIG DATA INDEX 100 SECURITIES INVESTMENT FUND	Domestic non-state-owned corporation	0.70%	4,398,661	4,398,661		4,398,661		
Strategic investors or the general legal person due to the placement of new shares become the top 10 shareholders (if any) (note 3)	Inapplicable							
Explanation on associated relationship or/and persons	MIDEA GROUP CO., LTD. and TITONI INVESTMENTS DEVELOPMENT LTD. are parties acting in concert.							
Particulars about shares held by top 10 shareholders not subject to trading moratorium								
Name of shareholder	Number of shares held not subject to trading moratorium at the end of the period	Type of share						
		Type of share	Number					
MIDEA GROUP CO., LTD.	238,948,117	RMB ordinary share	238,948,117					
TITONI INVESTMENTS DEVELOPMENT LTD.	94,204,942	Domestically listed foreign share	94,204,942					
GAOLING FUND,L.P.	22,226,072	Domestically listed foreign share	22,226,072					
FINANCE BUREAU OF WUXI	17,054,071	RMB ordinary share	17,054,071					
GREENWOODS CHINA ALPHA MASTER FUND	8,207,357	Domestically listed foreign share	8,207,357					
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108	6,180,101	RMB ordinary share	6,180,101					
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 102	6,000,093	RMB ordinary share	6,000,093					
DEUTSCHE BANK AKTIENGESELLSCHAFT	5,454,794	RMB ordinary share	5,454,794					
CHINA MERCHANTS SECURITIES CO., LTD. – CLIENTS’ CAPITAL	4,538,078	RMB ordinary share	4,538,078					
ICBC – SOUTH BIG DATA INDEX 100 SECURITIES INVESTMENT FUND	4,398,661	RMB ordinary share	4,398,661					
Explanation on associated relationship among the top ten common shareholders of tradable share not subject to trading moratorium, as well as among the top ten common shareholders of tradable share not subject to trading moratorium	MIDEA GROUP CO., LTD. and TITONI INVESTMENTS DEVELOPMENT LTD. are parties acting in concert.							

and top ten shareholders, or explanation on acting-in-concert	
Particular about the top 10 common shareholders participate in the securities lending and borrowing business (if any) (note 4)	Naught

Did any top 10 common shareholder and top 10 shareholder of tradable share not subject to trading moratorium of the Company carry out an agreed buy-back in the reporting period?

Yes No

The top 10 common shareholder and top 10 shareholder of tradable share not subject to trading moratorium of the Company had not carried out any agreed buy-back in the reporting period.

III. Change of the controlling shareholder or the actual controller

Change of the controlling shareholder in the reporting period

Applicable Inapplicable

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

Change of the actual controller in the reporting period

Applicable Inapplicable

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

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

Applicable Inapplicable

To the best knowledge of the Company, no shareholder or its act-in-concert party proposed or implemented any shareholding increase plan during the reporting period.

Section VII. Relevant Situation of the Preferred Shares

Applicable Inapplicable

There was no any preferred share of the Company during the reporting period.

Section VIII. Directors, Supervisors, Senior Management Staffs

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

Name	Office title	Tenure status	Shares held at the year-begin (share)	Amount of shares increased at the reporting period (share)	Amount of shares decreased at the reporting period (share)	Amount of shares held at the period-end (share)	Number of the granted restricted shares at the period-begin (share)	Number of the granted restricted shares at the reporting period (share)	Number of the granted restricted shares at the period-end (share)
Mao Zhiliang	Vice GM	Current	0	24,300	0	24,300	0	0	0
Total	--	--	0	24,300	0	24,300	0	0	0

II. Changes in directors, supervisors and senior management staffs

Name	Position	Type	Date	Reason
Liu Chunlin	Independent Director	Left	20 Apr. 2015	Personal reason
Tao Xiangnan	Independent Director	Elected	20 Apr. 2015	By-election of Independent Director

The Company held the 16th Session of the 7th Board of Directors on 4 Aug. 2015, which reviewed and approved the Proposal on the General Election of the Board of Directors, and the 7th Board of Directors nominated Mr. Fang Hongbo, Mr. Yin Bitong, Mr. Xiao Mingguang, Mr. Zhang Zhaofeng, Ms Zhou Sixiu, Mr. Sun Yunan, Mr. Jiang Qingyun, Mr. Tao Xiangnan and Mr. Zhu Heping as the candidates of the Directors of the 8th Board of Directors, while the proposal was still needed to be reviewed by the Annual General Meeting.

The Company held the 16th Session of the 7th Board of Supervisors on 4 Aug. 2015, which reviewed and approved the Proposal on the General Election of the Board of Supervisors, and the 7th Board of Supervisors nominated Mr. Liang Pengfei and Mr. Wang Shouhu as the candidates of the Shareholder Representative Supervisors of the 8th Board of Supervisors, while the proposal was still needed to be reviewed by the Annual General Meeting.

Section IX. Financial Report

I. Audit report

Has this semi-annual report been audited?

Yes No

The semi-annual financial report has not been audited.

II. Financial statements

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

1. Consolidated balance sheet

Prepared by Wuxi Little Swan Company Limited

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	2,816,973,344.05	3,059,914,956.21
Settlement reserves		
Intra-group lendings		
Financial assets measured by fair value with the changes be included in the current gains and losses		248,907.75
Derivative financial assets		
Notes receivable	2,055,783,435.17	3,147,153,535.61
Accounts receivable	844,704,089.67	856,343,229.70
Accounts paid in advance	165,286,324.83	142,977,522.28
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable		
Dividend receivable		
Other accounts receivable	27,248,397.37	34,611,969.22
Financial assets purchased under agreements to resell		
Inventories	458,234,419.10	605,616,993.25
Assets divided available for sale		

Non-current assets due within 1 year		
Other current assets	3,314,447,877.26	1,947,972,214.72
Total current assets	9,682,677,887.45	9,794,839,328.74
Non-current assets:		
Loans by mandate and advances granted		
Available-for-sale financial assets	200,000.00	200,000.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	2,726,599.21	2,850,040.45
Investing property	71,109,600.25	73,229,177.52
Fixed assets	1,026,039,242.28	1,065,820,898.65
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	200,141,101.35	202,760,577.70
R&D expense		
Goodwill		
Long-term deferred expenses	5,492,490.39	1,851,978.15
Deferred income tax assets	241,771,197.84	235,241,927.50
Other non-current assets		
Total of non-current assets	1,547,480,231.32	1,581,954,599.97
Total assets	11,230,158,118.77	11,376,793,928.71
Current liabilities:		
Short-term borrowings	15,234,122.32	
Borrowings from Central Bank		
Customer bank deposits and due to banks and other financial institutions		
Intra-group borrowings		
Financial liabilities measured by fair value with the changes be included in the current gains and losses		
Derivative financial liabilities		
Notes payable	1,367,635,597.24	1,173,851,127.31
Accounts payable	3,474,609,646.37	3,614,077,813.37

Accounts received in advance	514,283,156.52	851,592,826.03
Financial assets sold for repurchase		
Handling charges and commissions payable		
Employee's compensation payable	200,327,168.56	250,377,809.92
Tax payable	221,331,717.38	273,648,854.64
Interest payable		
Dividend payable	5,400,652.06	4,088,128.36
Other accounts payable	49,991,787.58	48,540,416.84
Reinsurance premiums payable		
Insurance contract reserves		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities divided available for sale		
Non-current liabilities due within 1 year		
Other current liabilities		
Total current liabilities	5,848,813,848.03	6,216,176,976.47
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: preferred shares		
Perpetual capital securities		
Long-term payables		
Long-term payroll payables		
Specific payables	2,073,957.30	2,073,957.30
Estimated liabilities	9,773,637.38	9,960,830.74
Deferred income	3,622,133.31	3,848,733.33
Deferred income tax liabilities		37,336.16
Other non-current liabilities		
Total non-current liabilities	15,469,727.99	15,920,857.53
Total liabilities	5,864,283,576.02	6,232,097,834.00
Owners' equity		
Share capital	632,487,764.00	632,487,764.00
Other equity instruments		
Of which: preferred shares		

Perpetual capital securities		
Capital reserves	1,146,807,620.92	1,139,956,336.03
Less: Treasury stock		
Other comprehensive income	-3,476,435.26	-3,449,689.57
Specific reserves		
Surplus reserves	332,594,722.29	332,594,722.29
Provisions for general risks		
Retained profits	2,472,467,754.33	2,326,392,979.58
Total equity attributable to owners of the Company	4,580,881,426.28	4,427,982,112.33
Minority interests	784,993,116.47	716,713,982.38
Total owners' equity	5,365,874,542.75	5,144,696,094.71
Total liabilities and owners' equity	11,230,158,118.77	11,376,793,928.71

2. Balance sheet of the Company

Unit: RMB Yuan

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	1,696,316,273.38	1,911,559,698.48
Financial assets measured by fair value with the changes be included in the current gains and losses		169,471.35
Derivative financial assets		
Notes receivable	1,503,548,274.29	1,995,701,371.99
Accounts receivable	792,441,311.26	599,080,895.73
Accounts paid in advance	114,183,452.88	82,118,815.39
Interest receivable		
Dividend receivable		
Other accounts receivable	21,451,160.69	16,162,292.29
Inventories	302,376,677.46	391,600,972.50
Assets divided available for sale		
Non-current assets due within 1 year		
Other current assets	1,715,405,114.46	1,024,148,072.06
Total current assets	6,145,722,264.42	6,020,541,589.79
Non-current assets:		
Available-for-sale financial assets	150,000.00	150,000.00

Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investment	1,342,421,090.78	1,342,544,532.02
Investing property	8,572,174.81	9,112,459.48
Fixed assets	519,927,573.75	536,196,976.55
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	96,626,618.10	97,971,768.25
R&D expense		
Goodwill		
Long-term deferred expenses	5,064,712.59	1,525,311.48
Deferred income tax assets	154,120,639.30	156,000,386.72
Other non-current assets		
Total of non-current assets	2,126,882,809.33	2,143,501,434.50
Total assets	8,272,605,073.75	8,164,043,024.29
Current liabilities:		
Short-term borrowings	15,234,122.32	
Financial liabilities measured by fair value with the changes be included in the current gains and losses		
Derivative financial liabilities		
Notes payable	884,048,101.15	584,317,575.73
Accounts payable	2,633,280,380.67	2,548,193,911.40
Accounts received in advance	313,153,546.66	536,032,679.79
Employee's compensation payable	123,017,135.51	156,971,021.63
Tax payable	155,961,967.03	178,868,538.14
Interest payable		
Dividend payable	5,400,652.06	4,088,128.36
Other accounts payable	14,653,077.61	15,256,765.11
Liabilities divided available for sale		
Non-current liabilities due within 1 year		
Other current liabilities		

Total current liabilities	4,144,748,983.01	4,023,728,620.16
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: preferred shares		
Perpetual capital securities		
Long-term payables		
Long-term payroll payables		
Specific payables		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities		25,420.70
Other non-current liabilities		
Total non-current liabilities		25,420.70
Total liabilities	4,144,748,983.01	4,023,754,040.86
Owners' equity:		
Share capital	632,487,764.00	632,487,764.00
Other equity instruments		
Of which: preferred shares		
Perpetual capital securities		
Capital reserves	1,305,880,748.62	1,300,124,962.20
Less: Treasury stock		
Other comprehensive income		
Specific reserves		
Surplus reserves	319,944,578.39	319,944,578.39
Retained profits	1,869,542,999.73	1,887,731,678.84
Total owners' equity	4,127,856,090.74	4,140,288,983.43
Total liabilities and owners' equity	8,272,605,073.75	8,164,043,024.29

3. Consolidated income statement

Unit: RMB Yuan

Item	Jan.-Jun. 2015	Jan.-Jun 2014
I. Total operating revenues	6,101,903,864.60	4,974,057,020.56
Including: Sales income	6,101,903,864.60	4,974,057,020.56

Interest income		
Premium income		
Handling charge and commission income		
II. Total operating cost	5,605,657,906.32	4,606,970,952.57
Including: Cost of sales	4,457,541,472.66	3,655,315,076.59
Interest expenses		
Handling charge and commission expenses		
Surrenders		
Net claims paid		
Net amount withdrawn for the insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and associate charges	37,697,582.26	31,180,668.93
Selling and distribution expenses	849,993,249.30	708,872,153.90
Administrative expenses	272,955,998.10	210,082,884.69
Financial expenses	-11,205,277.58	-9,899,828.86
Asset impairment loss	-1,325,118.42	11,419,997.31
Add: Gain/(loss) from change in fair value (“-” means loss)	-248,907.75	-13,529,790.00
Gain/(loss) from investment (“-” means loss)	71,820,527.82	56,378,070.46
Including: share of profits in associates and joint ventures		
Foreign exchange gains (“-” means loss)		
III. Business profit (“-” means loss)	567,817,578.35	409,934,348.45
Add: non-operating income	14,656,202.67	11,614,209.80
Of which: gains from non-current asset disposal	223,996.80	497,193.03
Less: non-operating expense	5,048,356.25	4,748,238.66
Of which: losses from non-current asset disposal	1,767,090.74	1,475,989.61
IV. Total profit (“-” means loss)	577,425,424.77	416,800,319.59
Less: Income tax expense	78,916,402.71	66,436,602.59
V. Net profit (“-” means loss)	498,509,022.06	350,363,717.00
Attributable to owners of the Company	430,694,268.55	316,358,532.13
Minority shareholders' income	67,814,753.51	34,005,184.87
VI. After-tax net amount of other comprehensive incomes	-26,745.69	226,008.76
After-tax net amount of other comprehensive incomes attributable to owners of the Company	-26,745.69	226,008.76

(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method		
(II) Other comprehensive incomes that will be reclassified into gains and losses	-26,745.69	226,008.76
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method		
2. Gains and losses on fair value changes of available-for-sale financial assets		
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		
5. Foreign-currency financial statement translation difference	-26,745.69	226,008.76
6. Other		
After-tax net amount of other comprehensive incomes attributable to minority shareholders		
VII. Total comprehensive incomes	498,482,276.37	350,589,725.76
Attributable to owners of the Company	430,667,522.86	316,584,540.89
Attributable to minority shareholders	67,814,753.51	34,005,184.87
VIII. Earnings per share		
(I) Basic earnings per share	0.68	0.50
(II) Diluted earnings per share	0.68	0.50

4. Income statement of the Company

Unit: RMB Yuan

Item	Jan.-Jun. 2015	Jan.-Jun 2014
I. Total sales	4,508,543,230.27	3,642,700,222.95
Less: cost of sales	3,419,135,539.67	2,718,742,930.62
Business taxes and surcharges	25,391,195.75	21,764,077.70
Distribution expenses	621,942,553.41	518,302,677.11

Administrative expenses	194,171,028.26	144,963,100.14
Financial costs	-5,454,990.37	-4,561,649.19
Impairment loss	-1,238,040.83	-5,948,475.57
Add: gain/(loss) from change in fair value (“-” means loss)	-169,471.35	-7,835,910.00
Gain/(loss) from investment (“-” means loss)	43,144,562.43	23,473,873.16
Of which: income from investment on associates and joint ventures		
II. Business profit (“-” means loss)	297,571,035.46	265,075,525.30
Add: non-business income	3,372,126.64	3,734,536.38
Of which: gains from non-current asset disposal	198,814.00	378,164.90
Less: non-business expense	3,352,099.47	3,191,532.34
Of which: losses from non-current asset disposal	1,441,396.64	173,442.21
III. Total profit (“-” means loss)	297,591,062.63	265,618,529.34
Less: income tax expense	31,160,247.93	38,492,571.05
IV. Net profit (“-” means loss)	266,430,814.70	227,125,958.29
V. After-tax net amount of other comprehensive incomes		-51,979.20
(I) Other comprehensive incomes that will not be reclassified into gains and losses		
1. Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
2. Enjoyable shares in other comprehensive incomes in investees that cannot be reclassified into gains and losses under the equity method		
(II) Other comprehensive incomes that will be reclassified into gains and losses		-51,979.20
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method		
2. Gains and losses on fair value changes of available-for-sale financial assets		-51,979.20
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets		
4. Effective hedging gains and losses on cash flows		
5. Foreign-currency financial statement translation difference		
6. Other		
VI. Total comprehensive incomes	266,430,814.70	227,073,979.09

VII. Earnings per share		
(I) Basic earnings per share	0.42	0.36
(II) Diluted earnings per share	0.42	0.36

5. Consolidated cash flow statement

Unit: RMB Yuan

Item	Jan.-Jun. 2015	Jan.-Jun 2014
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	5,396,428,114.25	3,811,640,189.96
Net increase of deposits from customers and dues from banks		
Net increase of loans from the central bank		
Net increase of funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase of deposits of policy holders and investment fund		
Net increase of dispose of the financial assets measured by fair value with the changes be included in the current gains and losses		
Cash received from interest, handling charges and commissions		
Net increase of intra-group borrowings		
Net increase of funds in repurchase business		
Tax refunds received	32,534,853.37	3,315,534.83
Other cash received relating to operating activities	21,410,402.27	15,703,387.98
Subtotal of cash inflows from operating activities	5,450,373,369.89	3,830,659,112.77
Cash paid for goods and services	2,425,834,978.83	1,682,161,655.09
Net increase of customer lendings and advances		
Net increase of funds deposited in the central bank and amount due from banks		
Cash for paying claims of the original insurance contracts		
Cash for paying interest, handling charges and		

commissions		
Cash for paying policy dividends		
Cash paid to and for employees	476,015,698.91	378,843,499.77
Various taxes paid	349,459,845.85	332,132,100.43
Other cash payment relating to operating activities	833,793,362.84	612,417,421.65
Subtotal of cash outflows from operating activities	4,085,103,886.43	3,005,554,676.94
Net cash flows from operating activities	1,365,269,483.46	825,104,435.83
II. Cash flows from investing activities:		
Cash received from withdrawal of investments	3,091,000,000.00	4,001,000,000.00
Cash received from return on investments	71,943,969.06	56,358,222.89
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	32,937.80	264,120.00
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	3,162,976,906.86	4,057,622,342.89
Cash paid to acquire fixed assets, intangible assets and other long-term assets	39,130,538.80	28,747,550.40
Cash paid for investment	4,631,200,000.00	4,163,370,000.00
Net increase of pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	4,670,330,538.80	4,192,117,550.40
Net cash flows from investing activities	-1,507,353,631.94	-134,495,207.51
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received from borrowings	114,978,442.79	50,117,340.00
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	114,978,442.79	50,117,340.00
Repayment of borrowings	99,744,320.47	
Cash paid for interest expenses and distribution of dividends or profit	285,454,625.28	184,308,280.03

Including: dividends or profit paid by subsidiaries to minority shareholders		
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	385,198,945.75	184,308,280.03
Net cash flows from financing activities	-270,220,502.96	-134,190,940.03
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-412,304,651.44	556,418,288.29
Add: Opening balance of cash and cash equivalents	1,516,739,804.86	1,558,204,866.53
VI. Closing balance of cash and cash equivalents	1,104,435,153.42	2,114,623,154.82

6. Cash flow statement of the Company

Unit: RMB Yuan

Item	Jan.-Jun. 2015	Jan.-Jun 2014
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	3,089,800,740.60	2,579,939,149.03
Tax refunds received	4,291,106.27	
Other cash received relating to operating activities	8,399,689.06	9,230,784.56
Subtotal of cash inflows from operating activities	3,102,491,535.93	2,589,169,933.59
Cash paid for goods and services	1,277,647,053.39	1,106,675,777.67
Cash paid to and for employees	317,513,278.75	244,060,695.70
Various taxes paid	213,430,780.42	244,269,676.94
Other cash payment relating to operating activities	583,408,996.69	443,271,306.57
Subtotal of cash outflows from operating activities	2,392,000,109.25	2,038,277,456.88
Net cash flows from operating activities	710,491,426.68	550,892,476.71
II. Cash flows from investing activities:		
Cash received from retraction of investments	1,985,000,000.00	2,040,000,000.00
Cash received from return on investments	43,268,003.67	31,967,080.07
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	28,497.80	
Net cash received from disposal of subsidiaries or other business units		38,977.14
Other cash received relating to investing activities		
Subtotal of cash inflows from investing activities	2,028,296,501.47	2,072,006,057.21

Cash paid to acquire fixed assets, intangible assets and other long-term assets	18,704,544.76	13,518,301.57
Cash paid for investment	2,630,000,000.00	2,013,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	2,648,704,544.76	2,026,518,301.57
Net cash flows from investing activities	-620,408,043.29	45,487,755.64
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings	15,234,122.32	
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities	15,234,122.32	
Repayment of borrowings		
Cash paid for interest expenses and distribution of dividends or profit	284,619,493.79	184,964,713.60
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	284,619,493.79	184,964,713.60
Net cash flows from financing activities	-269,385,371.47	-184,964,713.60
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-179,301,988.08	411,415,518.75
Add: Opening balance of cash and cash equivalents	600,231,105.51	882,413,120.18
VI. Closing balance of cash and cash equivalents	420,929,117.43	1,293,828,638.93

7. Consolidated Statement of Changes in Owners' Equity

Jan.-Jun. 2015

Unit: RMB Yuan

Item	Jan.-Jun. 2015												
	Equity attributable to owners of the Company										Minority interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve			Retained profit
		Preferrred shares	Perpetual capital securities	Other									
I. Balance at the end of the previous year	632,487,764.00				1,139,956,336.03		-3,449,689.57		332,594,722.29		2,326,392,979.58	716,713,982.38	5,144,696,094.71
Add: change of accounting policy													
Correction of errors in previous periods													
Business combination under the same control													
Other													
II. Balance at the period-begin	632,487,764.00				1,139,956,336.03		-3,449,689.57		332,594,722.29		2,326,392,979.58	716,713,982.38	5,144,696,094.71

III. Increase/ decrease in the period (“-” means decrease)					6,851,284.89		-26,745.69				146,074,774.75	68,279,134.09	221,178,448.04
(I) Total amount of the comprehensive income							-26,745.69				430,694,268.55	67,814,753.51	498,482,276.37
(II) Capital paid in and reduced by owners					6,851,284.89							464,380.58	7,315,665.47
1. Common shares invested by the shareholders													
2. Capital invested by the owners of other equity instruments													
3. Amounts of share-based payments recognized in owners’ equity					6,851,284.89							464,380.58	7,315,665.47
4. Others													
(III) Profit distribution											-284,619,493.80		-284,619,493.80
1. Appropriations to surplus reserves													
2. Appropriations to general risk provisions													
3. Appropriations to owners (or shareholders)											-284,619,493.80		-284,619,493.80
4. Other													
(IV) Internal carry-forward of owners’ equity													
1. New increase of capital (or share													

			rities										
I. Balance at the end of the previous year	632,487,764.00				1,129,250,666.31		-3,379,075.16		290,958,368.49		1,859,579,931.10	625,431,730.92	4,534,329,385.66
Add: change of accounting policy													
Correction of errors in previous periods													
Business combination under the same control													
Other													
II. Balance at the period-begin	632,487,764.00				1,129,250,666.31		-3,379,075.16		290,958,368.49		1,859,579,931.10	625,431,730.92	4,534,329,385.66
III. Increase/ decrease in the period (“-” means decrease)					10,705,669.72		-70,614.41		41,636,353.80		466,813,048.48	91,282,251.46	610,366,709.05
(I) Total amount of the comprehensive income					10,705,669.72		-70,614.41				698,195,731.48	92,630,372.83	790,755,489.90
(II) Capital paid in and reduced by owners												-1,348,121.37	9,357,548.35
1. Common shares invested by the shareholders													
2. Capital invested by the owners of other equity instruments													
3. Amounts of share-based payments recognized in owners' equity					10,805,421.89							836,369.32	11,641,791.21
4. Others					-99,752.17							-2,184,490.69	-2,284,242.86

(III) Profit distribution								41,636,353.80			-231,382,683.00			-189,746,329.20
1. Appropriations to surplus reserves								41,636,353.80			-41,636,353.80			
2. Appropriations to general risk provisions														
3. Appropriations to owners (or shareholders)											-189,746,329.20			-189,746,329.20
4. Other														
(IV) Internal carry-forward of owners' equity														
1. New increase of capital (or share capital) from capital public reserves														
2. New increase of capital (or share capital) from surplus reserves														
3. Surplus reserves for making up losses														
4. Other														
(V) Specific reserve														
1. Withdrawn for the period														
2. Used in the period														
(VI) Other														
IV. Closing balance	632,487,764.00				1,139,956,336.03		-3,449,689.57	332,594,722.29			2,326,392,979.58	716,713,982.38		5,144,696,094.71

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

Jan.-Jun. 2015

Unit: RMB Yuan

Item	Jan.-Jun. 2015										
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Retained profit	Total owners' equity
		Preferred shares	Perpetual capital securities	Other							
I. Balance at the end of the previous year	632,487,764.00				1,300,124,962.20				319,944,578.39	1,887,731,678.84	4,140,288,983.43
Add: change of accounting policy											
Correction of errors in previous periods											
Other											
II. Balance at the period-begin	632,487,764.00				1,300,124,962.20				319,944,578.39	1,887,731,678.84	4,140,288,983.43
III. Increase/ decrease in the period ("-" means decrease)					5,755,786.42					-18,188,679.11	-12,432,892.69
(I) Total amount of the comprehensive income										266,430,814.70	266,430,814.70
(II) Capital paid in and reduced by owners					5,755,786.42						5,755,786.42
1. Common shares invested by the shareholders											
2. Capital invested by the owners of other equity instruments											

3. Amounts of share-based payments recognized in owners' equity					5,755,786.42						5,755,786.42
4. Others											
(III) Profit distribution										-284,619,493.81	-284,619,493.81
1. Appropriations to surplus reserves											
2. Appropriations to general risk provisions										-284,619,493.81	-284,619,493.81
3. Appropriations to owners (or shareholders)											
4. Other											
(IV) Internal carry-forward of owners' equity											
1. New increase of capital (or share capital) from capital public reserves											
2. New increase of capital (or share capital) from surplus reserves											
3. Surplus reserves for making up losses											
4. Other											
(V) Specific reserve											
1. Withdrawn for the period											
2. Used in the period											
(VI) Other	632,487,764.00				1,305,880,748.62				319,944,578.39	1,869,542,999.73	4,127,856,090.74

Jan.-Jun. 2014

Unit: RMB Yuan

Item	Jan.-Jun. 2014										
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Retained profit	Total owners' equity
		Preferred shares	Perpetual capital securities	Other							
I. Balance at the end of the previous year	632,487,764.00				1,291,302,721.54				278,308,224.59	1,702,750,823.87	3,904,849,534.00
Add: change of accounting policy											
Correction of errors in previous periods											
Other											
II. Balance at the period-begin	632,487,764.00				1,291,302,721.54				278,308,224.59	1,702,750,823.87	3,904,849,534.00
III. Increase/ decrease in the period ("-" means decrease)					8,822,240.66				41,636,353.80	184,980,854.97	235,439,449.43
(I) Total amount of the comprehensive income										416,363,537.97	416,363,537.97
(II) Capital paid in and reduced by owners					8,822,240.66						8,822,240.66
1. Common shares invested by the shareholders											
2. Capital invested by the owners of other equity instruments											
3. Amounts of share-based payments recognized in owners' equity					8,820,742.83						8,820,742.83

4. Others					1,497.83						1,497.83
(III) Profit distribution									41,636,353.80	-231,382,683.00	-189,746,329.20
1. Appropriations to surplus reserves									41,636,353.80	-41,636,353.80	
2. Appropriations to general risk provisions										-189,746,329.20	-189,746,329.20
3. Appropriations to owners (or shareholders)											
4. Other											
(IV) Internal carry-forward of owners' equity											
1. New increase of capital (or share capital) from capital public reserves											
2. New increase of capital (or share capital) from surplus reserves											
3. Surplus reserves for making up losses											
4. Other											
(V) Specific reserve											
1. Withdrawn for the period											
2. Used in the period											
(VI) Other	632,487,764.00				1,300,124,962.20				319,944,578.39	1,887,731,678.84	4,140,288,983.43

(III) Company profile

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

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

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

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

According to the resolutions of the 4th Session of the Sixth Board of Directors and the 1st Provisional Shareholders General Meeting in 2010, having approved by China Securities Regulatory Commission (SFC license [2010] 1577), the company launched directional add-issuance of 84,832,004 A shares to buy 69.47% of the shares of Hefei Royalstar Washing Machine Manufacture Co., Ltd from its shareholder Midea Electric Appliances Co., Ltd. Par value per share is RMB 1, and the issue price is RMB8.63 per share. This add-issuance increased the share capital by RMB 84,832,004.

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

As of 30 Jun. 2015, registered capital of the company are 632,487,764 shares, among which the restricted exchange-traded A shares are 3,705,115 shares, accounting for 0.59% of the whole shares; the unrestricted exchange-traded A shares are 437,746,777 shares, accounting for 69.21%; and the unrestricted exchange-traded B shares are 191,035,872 shares, account for 30.20% of the whole shares.

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

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

Structure of the company: Share-holding Company

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

Parent company: GD MIDEA HOLDING CO., LTD.

Ultimate controller: Mr. He Xiangjian

The financial statements were approved and authorized for issue by the board of directors on the date of 4 Aug. 2015.

IV. Basis for the preparation of financial statements

1. Preparation basis

With the going-concern assumption as the basis and based on transactions and other events that actually occurred, the Company prepared financial statements in accordance with <The Accounting Standards for Business Enterprises—Basic Standard> and other various of the specific accounting standards, application guides, rules and explanations as well as the Rules for Preparation Convention of Disclosure of Public Providing Companies No.15 – General Regulations for Financial Reporting (revised in 2014) by China Securities Regulatory Commission.

In accordance with relevant provisions of the Accounting Standards for Business Enterprises, the Group adopted the accrual basis in accounting. Except for some financial instruments, where impairment occurred on an asset, an impairment reserve was withdrawn accordingly pursuant to relevant requirements.

2. Continuation

The current operation situation of the Company was normal and after comprehensively appraised the acquired information, came out that there was no any factor that obviously influenced the continuation of the Company within 12 months since the end of the reporting period and estimated that the operation activities of the Company would continue in future 12 months. The financial report compiled based on the continuation.

V. Important accounting policies and estimations

Indication of specific accounting policies and estimations: the Company and its subsidiaries mainly engaged in the production and sales of the household electrical appliances. The Company and its subsidiaries according to the actual production and operation characteristics and the rules of the relevant ASBE, formulated certain specific accounting policies and accounting estimations, which mainly reflected in the withdrawal methods of the bad debt provision of the accounts receivables (Notes V. 10), pricing methods of the inventories (Notes V. 11), depreciation of the fixed assets and the amortization of the intangible assets (Notes V. 14/17) and so on.

1. Statement of compliance with Enterprise accounting standards

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

2. Accounting period

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

3. Fiscal period

The fiscal periods of an enterprise includes fiscal years and fiscal periods shorter than a complete fiscal year. The fiscal period of the Company is 12 months.

4. Recording currency

The recording currency of the company is Renminbi

5. Accounting processing method of business combination under the same control and not under the same control

(1) The business combinations which are under the same control

A business combination under the same control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or the same parties both before and after the business combination and on which the control is not temporary.

For the merger of enterprises under the same control, if the consideration of the merging enterprise is that it makes payment in cash, transfers non-cash assets or bear its debts, it shall, on the date of merger, regard the share of the book value among the consolidated financial statement of the ultimate control party of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The difference between the initial cost of the long-term equity investment and the payment in cash, non-cash assets transferred as well as the book value of the debts borne by the merging party shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

If the consideration of the merging enterprise is that it issues equity securities, it shall, on the date of merger, regard the share of the book value among the consolidated financial statement of the ultimate control party of the owner's equity of the merged enterprise as the initial cost of the long-term equity investment. The total face value of the stocks issued shall be regarded as the capital stock, while the difference between the initial cost of the long-term equity investment and total face value of the shares issued shall offset against the capital reserve. If the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

If the additional paid-in capital is not sufficient to be offset, the retained earnings shall be adjusted. Relevant expenses because of the combination, including audit fee, evaluation fee, legal service charge, etc. shall be reckoned into current profits and losses. As for the handing charges, commissions and so on from issuing equity

securities or bonds because of the Company combination should deduct the premium revenue of the equity securities, and if the premium revenue is insufficient to dilute, the retained earnings shall be diluted.

If the Company is able to execute the control of the investees under the same control as a result of additional investment or other reasons, for the equity investment held before acquiring the control right of the combiner and the relevant gains and losses, other comprehensive income and other changes of the net assets had recognized since the later date between the date that acquired the original equity and the date the combining party as well as the combined party under the same control and the merger date, should respectively dilute the retained earnings or the current gains and losses during the comparative statement period.

(2) Business combinations not under the same control

A business combination not under the same control is a business combination in which the combining enterprises are not ultimately controlled by the same party or the same parties both before and after the business combination.

The merger cost of the Company as the purchaser and the net identifiable assets acquired from the merger should be measured by the fair value on the purchase date. The acquirer shall recognize the difference that the combination costs are over the fair value of the identifiable net assets obtained from acquiree as goodwill; if the combination costs are less than the fair value of the identifiable net assets obtained from acquiree, shall be recorded in the profit and loss of the current period. The direct relevant expenses for executing the enterprise merger should be recorded in the current gains and losses. The trading expenses for the equity securities or debt securities issued by the acquirer as the combination consideration shall be recorded into the amount of initial measurement of the equity securities or debt securities. The difference between the fair value of the paid assets and the book value of the Company should be recorded in the current gains and losses. The purchase date refers to the date the purchaser actually acquires the control right of the purchasee.

In a business combination not under same control realized by two or more transactions of exchange, as for the equity interests that the Company holds in the acquiree before the acquiring date, they shall be re-measured according to their fair values at the acquiring date; the positive difference between their fair values and carrying amounts shall be recorded into the investment gains for the period including the acquiring date; as for the equities held before the purchase date which involved with the other comprehensive income under the equity method measurement and the changes of other owners' equities except for the net gains and losses, other comprehensive income and the profits distribution, the other comprehensive income as well as the changes of other owners' equities should be transferred current investment revenue that belongs to the purchase date except for the other comprehensive income cause from the changes of the net liabilities or the net assets owing to the re-measurement of the defined benefit plans by the investees.

6. Preparation method of consolidated financial statements

The consolidation scope for financial statements is determined on the basis of control and the Company includes the subsidiaries which own the actual control right into the scope of the consolidated financial statement.

The consolidated financial statements will be subject to the No. 33 Enterprise Accounting Standards – Consolidated Financial Statement. In preparing the consolidated financial statements, the balance, investment, transactions and the unrealized profits of all the significant intercompany events will be offset. The parts the owners' equities, the current gains and losses and the current comprehensive income of the subsidiaries which not belongs to the parent company should be separately listed respectively under the items of the owners' equities

among the consolidated balance sheet, under the items of the net profits of the consolidated statement of income and under the items of the total amount of the comprehensive income. If the current losses burdened by the minority shareholders of the subsidiaries exceeded the balance formed by the shares enjoyed by the minority shareholders of the owners' equities at the period-begin of the subsidiaries, the equities of the minority shareholders should be diluted.

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

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

As for a disposed subsidiary, its operating results and cash flows before the disposal date has been appropriately included in the consolidated income statement and cash flow statement; and as for subsidiaries disposed in the current period, the opening items in the consolidated balance sheet are not adjusted.

Where the Company losses control on its original subsidiaries due to disposal of some equity investments or other reasons, the residual equity interests are re-measured according to the fair value on the date when such control ceases. The summation of the consideration obtained from the disposal of equity interests and the fair value of the residual equity interests, minus the difference of the summation of the portion and the goodwill in the original subsidiary's net assets and the measured on a continuous basis from the acquisition date that is enjoyable by the Company according to the original shareholding percentage in the subsidiary, is recorded in investment gains for the period when the Company's control on the subsidiary ceases. Other comprehensive incomes in relation to the equity investment in the original subsidiary or the changes of the other owners' equities except for the net gains and losses, other comprehensive income and the profits distributions, should all be transferred into current investment gains when losing the control right, which except for the other comprehensive income caused from the changes of the net liabilities or net assets owing to the re-measurement of the defined benefit plans by the investees. And subsequent measurement is conducted on the residual equity interests according to the No. 2 Accounting Standard for Business Enterprises-Long-term Equity Investments or the No. 22 Accounting Standard for Business Enterprises-Recognition and Measurement of Financial Instruments.

If the relevant transactions of the Company losses control on its subsidiaries due to disposal of equity investments belonging to a package deal, should considered each transaction as a transaction that disposes the subsidiaries and loses the control right and conduct accounting treatment. However, Before losing control, every disposal cost and corresponding net assets balance of subsidiary of disposal investment are confirmed as other comprehensive income in consolidated financial statements, which together transferred into the current profits and losses in the lose of control , when the Group losing control on its subsidiary.

If the relevant transactions of the Company losses control on its subsidiaries due to disposal of equity investments not belonging to a package deal, before losing the control right, should conduct the accounting treatment on the relevant policies on partly dispose the equity investment of the subsidiaries under the situation not losing the control right; conducts the accounting treatment according to the general treatments of disposing the subsidiaries when losing the control right.

As for the unrealized gains and losses of the internal transactions from the sales of the assets to the subsidiaries of the Company, should be offset the “net profits belongs to the owners of the parent company” in full amount. The unrealized gains and losses of the internal transactions from the sales of the assets to the Company by the subsidiaries, should be offset with assignment between the “net profits belongs to the owners of the parent company” and the “gains and losses of the minority shareholders” according to the distribution proportion of the subsidiaries of the Company. The unrealized gains and losses of the internal transactions from the sales of the assets between the subsidiaries, should be offset with assignment between the “net profits belongs to the owners of the parent company” and the “gains and losses of the minority shareholders” according to the distribution proportion of the subsidiaries of the Company which are the sellers.

7. Recognition criterion of cash and cash equivalent

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

8. Foreign currency transactions and translations

(1) Foreign currency

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

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

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

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

(2) Translation of foreign currency financial statements

The asset and liability items in the balance sheet about the overseas businesses of the company have been translated at the spot exchange rate on the balance sheet date. Among the owner's equity items, except for the items as "undistributed profits", other items have been translated at the spot exchange rate at the time when they are incurred. The income and expense items in the profit statement have been translated at an exchange rate which is approximate to the spot exchange rate of the transaction date. The translation reserve from the above translations should be recognized as other comprehensive income and be separately listed among the shareholders' equities. When disposing the fremd business, should transfer the other comprehensive income related to the fremd business into the disposal of the current gains and losses while the partly disposed portion should be measured by the disposal proportion. Foreign currency cash flows and the cash flows of foreign subsidiaries have been translated at an exchange rate which is approximate to the spot exchange rate at the time when the cash flows incurred. The differences arising from fluctuations in exchange have been presented separately in the statement of cash flows.

9. Financial instruments

(1) Classification of financial assets

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

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

(2) Recognition basis and measurements for financial instruments

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

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

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

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

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

Where the Company has transferred nearly all of the risks and rewards related to the ownership of the financial asset or part of this asset to the transferee, it shall stop recognizing the financial asset or part of this asset. The difference arising from the sum of consideration received from the transfer and the book value of this asset should

be accounted into the profit and loss. If it retained nearly all of the risks and rewards related to the ownership of the financial asset, it shall not stop recognizing all or part of the financial asset, and the consideration received shall be recorded as the financial liability.

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

(4) Recognition Conditions for Termination of Financial Liabilities

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

(5) Recognition of Financial Assets and Financial Liabilities

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

Where there is no active market for a financial instrument, the enterprise concerned shall adopt value appraisal techniques to determine its fair value. The value appraisal techniques mainly include the prices adopted by the parties, who are familiar with the condition, in the latest market transaction upon their own free will, the current fair value obtained by referring to other financial instruments of the same essential nature.

The equity investment held by the Company that without any control, jointly control or significant influence on the investees (which means below the significant influences) and without any quotation in the active market as well as the fair value could not be reliably measured, should be divided as the available-for-sale financial assets and should be measured by cost.

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

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

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

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

A serious financial difficulty occurs to the issuer or debtor;

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

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

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

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

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

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

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

Other objective evidences showing the impairment of the financial asset.

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

Where any financial asset measured on the basis of post-amortization costs is recognized as having suffered from any impairment loss, if there is any objective evidence proving that the value of the said financial asset has been restored, and it is objectively related to the events that occur after such loss is recognized, the impairment-related losses as originally recognized shall be reversed and be recorded into the profits and losses of the current period. However, the reversed carrying amount shall not be any more than the post-amortization costs of the said financial asset on the day of reverse under the assumption that no provision is made for the impairment.

When it judged that the decrease of fair value of the available-for-sale equity instrument investment is serious and not temporarily after comprehensive considering relevant factors, it reflected that the available-for-sale equity instrument investment occurred impairment. Of which, when the fair value lower than its initial investment cost of more than 50% (including 50%) or the lasting time of the fair value lower than its initial investment cost for more than 12 months (including 12 months), that indicates there is impairment.

Where an available-for-sale financial asset is impaired, the accumulative losses arising from the decrease of the fair value of the capital reserve which is directly included are transferred out and recorded in the profits and losses for the current period. The accumulative losses transferred out are the balance obtained from the initially obtained

cost of the said financial asset after deducting the principals as taken back, the amortized amount, the current fair value and the impairment loss originally recorded in the profits and losses. Where the impairment loss has been recognized for an available-for-sale financial asset, if, within the accounting periods thereafter, there is any objective evidence proving that the value of the said financial asset has been restored and the restoration is objectively related to the events that occur after the impairment loss was recognized, the originally recognized impairment loss is reversed. The impairment losses on the available-for-sale equity instrument investments are reversed and recognized as other comprehensive incomes, and the impairment losses on the available-for-sale liability instruments are reversed and recorded in the profits and losses for the current period.

10. Receivables

(1) Accounts receivable with significant single amount for which the bad debt provision is made individually

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

(2) Accounts receivable which the bad debt provision is withdrawn by credit risk characteristics

Name of portfolios	Bad debt provision method
Group 1: Aging group	Aging analysis
Group 2: Accounts receivable within the scope of consolidated statements	Other methods

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

Applicable Inapplicable

Aging	Provision rate for Accounts Receivable	Provision rate for Other Receivables
Within 1 year (including 1 year)	5.00%	5.00%
1-2 years	10.00%	10.00%
2-3 years	30.00%	30.00%
3-4 years	50.00%	50.00%
4-5 years	50.00%	50.00%

Over 5 years	100.00%	100.00%
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In the groups, those adopting balance percentage method to withdraw bad debt provision:

Applicable Inapplicable

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

Applicable Inapplicable

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

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

11. Inventory

(1) Category of Inventory

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

(2) Pricing method for distributed inventories

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

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

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

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

(4) Inventory system of inventories

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

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

(1) Low-value consumption goods

Amortization method: one time method

(2) Packages

Amortization method: one time method

12. Long-term equity investment

(1) Recognition for long-term equity investment

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

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

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

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

A. Long-term equity investment acquired by paying cash, the initial investment cost should be recognized according to the actual paid purchase price.

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

value of the equity securities issued.

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

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

(2) Subsequent measurement and recognition of gains and losses

① Adopting cost method for investment in subsidiaries

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

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

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

After the Company obtains a long-term equity investment, it shall, in accordance with the attributable share of the net profits or losses of the invested entity, recognize the investment profits or losses and adjust the book value of the long-term equity investment at the same time; the Company shall, in the light of the profits or cash dividends declared to distribute by the invested entity, calculate the proportion it shall obtain, and shall reduce the book value of the long-term equity investment correspondingly; where any change is made to the owner's equity other than the net profits and losses, the other comprehensive income and profits distributions of the invested entity, the book value of the long-term equity investment shall be adjusted and be included in the owner's equity.

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

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

The Company shall recognize the net losses of the invested enterprise in the following order for processing: firstly, dilutes the book value of the long-term equity investment. Secondly, if the book value of the long-term equity investment was insufficient to be diluted, should continue to recognize the investment losses not exceeds the book value of the long-term equity which substantially formed the net investment on the investees and dilutes the book value such as the long-term accounts receivable. Lastly, through the above disposal, if the Company has any liability of undertaking extra losses according to the investment contracts or the protocol agreements, then the estimated debts shall be recognized in compliance with projected undertaken duties and recorded into gains and losses of

investment at the current period. If the invested entity realized net profits in subsequent period, then the Group shall resume recognition of the shared amount of incomes after making up unrecognized shared amount of losses with the shared amount incomes.

During the preparation of consolidated financial statements, capital reserves shall be adjusted in light of balance between long-term equity investments, which are newly increased because of the purchase of minority stakes, and the share of net assets of subsidiaries, which should be enjoyed and has been sustainably calculated since the acquisition date (or merger date) in accordance with newly increased shareholding proportion. Retained earnings shall be adjusted if capital reserves are insufficient to dilute; under the circumstance of keeping control power, the Company shall partially dispose long-term equity investments, and the balance between the disposed price and the enjoyed net assets of subsidiaries correspondent to disposed long-term equity investment shall be recorded into shareholders' equity.

As for disposal of long-term equity investment under other circumstances, the balance between book value of disposed equity and its actually acquired price shall be included into profit or loss in the period in which it is incurred.

As for long-term equity investments with the employment of equity method, if the retained equity after disposed is still measured by equity method, the part of the other comprehensive income which originally be recorded in the shareholders' equities should according to the corresponding proportion and bases on the same basic of the investees directly dispose the relevant assets or the liabilities for conducting accounting treatment. The owners' equities recognized from the changes of the other owners' equities except for the net gains and losses, other comprehensive income and profits distribution of the investees, should be transferred in the current gains and losses according to the proportion.

For the long-term equity investment which adopts the cost method of measurement, if the remained equity still adopt the cost method, the other comprehensive income recognized owing to adopting the equity method for measurement or the recognition and measurement standards of financial instrument before acquiring the control of the investees, should adopt the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees and should be carried forward into the current gains and losses according to the proportion; the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognized by adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion.

For those the Company lost the control of the investees by disposing part of the equity investment as well as the remained equity after disposal could execute joint control or significant influences on the investees, should change to measure by equity method when compiling the individual financial statement and should adjust the measurement of the remained equity to equity method as adopted since the time acquired; if the remained equity after disposal could not execute joint control or significant influences on the investees, should change the accounting disposal according to the relevant regulations of the recognition and measurement standards of financial instrument, and its difference between the fair value and book value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognized by adopting equity method for measurement or the recognition and measurement standards of financial instrument before the Company acquired the control of the investees, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when lose the control of them, while the changes of the other owners' equity except for the net gains and losses, other comprehensive income and the profits distribution among the net assets of the investees which recognized by

adopting the equity method for measurement, should be carried forward into the current gains and losses according to the proportion. Of which, for the disposed remained equity which adopted the equity method for measurement, the other comprehensive income and the other owners' equity should be carried forward according to the proportion; for the disposed remained equity which changed to execute the accounting disposal according to the recognition and measurement standards of financial instrument, the other comprehensive income and the other owners' equity should be carried forward in full amount.

For those the Company lost the control of the investees by disposing part of the equity investment, the disposed remained equity should change to calculate according to the recognition and measurement standards of financial instrument, and difference between the fair value and book value on the date lose the control right should be included in the current gains and losses. For the other comprehensive income recognized from the original equity investment by adopting the equity method, should execute the accounting disposal by adopting the same basis of the accounting disposal of the relevant assets or liabilities directly disposed by the investees when terminate the equity method for measurement, while for the owners' equity recognized owing to the changes of the other owner's equity except for the net gains and losses, other comprehensive income and the profits distribution of the investees, should be transferred into the current investment income with full amount when terminate adopting the equity method.

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

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

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

(4) Impairment test method and withdrawal method for impairment provision of long-term investment

For the details, please refer to Notes 18 "Impairment of long-term assets" of the chapter.

13. Investment real estate

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

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

14. Fixed assets

(1) Recognition method

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

(2) Depreciation method

Categories	Depreciation method	Estimated useful life	Residual value	Annual depreciation rate
Houses & buildings	Average method of useful life	20-35 years	5%	2.71-4.75%
Machineries	Average method of useful life	10-15 years	5%	6.33-9.50%
Electronic equipment	Average method of useful life	3-5 years	5%	19-31.67%
Vehicles	Average method of useful life	5 years	5%	19%
Other equipment	Average method of useful life	5 years	5%	19%

(3) Recognition basis, pricing and depreciation method of fixed assets by finance lease

When the fixed assets by leasing of the Company satisfy one or more of the following criteria, which should be recognized as the as fixed assets by finance lease:

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

In calculating the depreciation of a leased asset, the Company adopts a depreciation policy for leased assets consistent with that for depreciable assets which are owned by the lessee. If it is reasonable to be certain that the lessee will obtain the ownership of the leased asset when the lease term expires, the leased asset shall be fully depreciated over its useful life. If it is not reasonable to be certain that the lessee will obtain the ownership of the leased asset at the expiry of the lease term, the leased asset shall be fully depreciated over the shorter one of the lease term or its useful life.

15. Construction in Progress

(1) Categories of construction in process

Construction in progress is accounted according to projects approval classification and defined project costs in compliance with actual expenses. Self-operating project is calculated according to direct materials, direct wages and direct construction fees, etc; contract project is calculated according to payable project costs; plant engineering is calculated according to the value of the installation equipment, installation fee and project test run. Costs of construction in progress contains borrowing costs which should be capitalized and exchange gains and losses.

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

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

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

For the details, please refer to Notes 18 “Impairment of long-term assets” of the chapter.

16. Borrowing costs

(1) Recognition principles for capitalization of borrowing costs

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

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

(2) Capitalization period of borrowing costs

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

(3) Calculation method of capitalized amount of borrowing costs

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

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

17. Intangible assets

(1) Pricing method, useful life, impairment test

① Pricing method of intangible assets

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

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

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

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

Intangible asset is acquired by debt reorganization, which shall be recognized by the fair value and as the difference between the book value of the debt restructuring and the fair value of the intangible assets for debt should be recorded in the current gains and losses.

② Estimated useful life of intangible assets with limited useful life

Item	Estimated useful life	Amortization method
Land usage right	Beneficial years	Straight-line method
Non-patented technology	Years stimulated in contract or beneficial years	Straight-line method

③ Impairment provision of intangible assets

For the details of the impairment test method of the intangible assets, please refer to Notes III. 18 “Impairment of long-term assets”.

(2) Accounting policies of the internal R&D expenses**① Criteria of dividing the research phase and development phase of internal R&D project**

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

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

② Calculation of the expenditures of internal R&D project

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

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

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

18. Impairment of long-term assets

Long-term assets such as the long-term equity investment, investment property measured by cost mode, fixed assets, construction in progress and intangible assets, if the impairment of assets has probably occurred on the balance sheet date, should be executed impairment test. If the result of the impairment test indicates that the recoverable amount of the assets lower than the book value, should be withdrawn impairment provision according to the difference and be recorded in the impairment losses. The recoverable amount shall be determined in light of the higher one of the net amount of the fair value of the assets minus the disposal expenses and the current value of the expected future cash flow of the assets. Asset depreciation reserves should be calculated on the basis of single Assets. If it is difficult to predict the recoverable amounts for single assets, recoverable amounts should be determined according to the belonging asset group. Asset group is the minimum asset combination producing cash flow independently.

For the intangible assets with uncertain goodwill and useful life as well as the intangible assets which had not reached the available state, no matter whether the impairment occurs or not, should be executed impairment test every year.

In impairment test, book value of the business reputation in financial report should be shared to beneficial asset group and asset group combination in collaboration of business merger. It is shown in the test that if recoverable amounts of shared business reputation asset group or asset group combination are lower than book value, it should determine the impairment loss. Impairment loss amount should firstly be deducted and shared to the book value of business reputation of asset group or asset group combination, then deduct book value of all assets according to proportions of other book value of above assets in asset group or asset group combination except business reputation.

After the asset impairment loss is determined, recoverable value amounts would not be returned in future.

19. Amortization method of long-term deferred expenses

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

20. Payroll

(1) Accounting treatment of short-term compensation

During the accounting period that the Company providing the service for the employees, the actual occurred short-term compensation should be recognized as liabilities and be recorded in the current gains and losses except for those be required by other ASBE or be allowed to be recorded in the assets cost; the occurred employee services and benefits, should be recorded in the current gains and losses or the relevant assets cost according to the actual occur amount when actually occurred. If the employee services and benefits are the non-monetary benefits, should be measured according to the fair value; during the accounting period that the service workers providing the service for the Company, the social insurance charges such as the medical insurance premiums, the industrial injury insurance premiums, the birth insurance premiums and the housing funds the enterprise pays for the

employees, as well as the labor union expenditures and personnel education funds withdrawn according to the rules, should be measured and confirmed the corresponding amount of the employee compensation according to the specified withdraw basis and the withdraw proportion, and should confirm the corresponding liabilities that record which in the current gains and losses or the relevant assets cost.

(2) Accounting treatment of the welfare after demission

Defined contribution plans: the Company pays the basic endowment insurance and the unemployment insurance for the employees according to the relevant regulations of the local government, and during the accounting period the service workers providing service for the Company, should calculate the payable amount according to the cardinal number and proportion of the payment specified by the local authority and should recognize which as the liabilities as well as record in the current gains and losses or the relevant assets cost.

(3) Accounting treatment of the demission welfare

When the Company is unable to unilaterally withdraw the plan on the cancellation of labor relationship or the layoff proposal, or when the Company is recognizing the costs or expenses (the earlier one between the two) related to the reorganization of paying the demission welfare, should recognize the liabilities of the employee compensation from the demission welfare and record which in the current gains and losses.

21. Estimated liabilities

(1) Criteria of estimated liabilities

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

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

(2) Measurement of estimated liabilities

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

22. Share-based payment

(1) Categories of share-based payment

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

(2) Recognition method of fair value of equity instruments

As for equity instrument such as option in active market, the Company determines its fair value in accordance to the offer in active market. As for equity instrument such as option in inactive market, the Company determines its fair value by valuation technique, including referring to the prices of the market trade used recently by all parties who know well of the situation and trade by voluntary, referring to the recently fair value of other financial instruments which are essentially the same, discount cash flow method and options pricing model etc.

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

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

(4) Relevant accounting treatment of executing, revising and terminating the share-based payment plans**① The equity-settled share-based payments**

As to an equity-settled share-based payment in return for services of employees, if the right may be exercised immediately after the grant, the fair value of the equity instruments shall, on the date of the grant, be included in the relevant cost or expense and the capital reserves shall be adjusted accordingly. As to a equity-settled share-based payment in return for employee services, if the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met, then on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses and the capital reserves at the fair value of the equities instruments on the date of the grant and the capital reserves shall be adjusted accordingly.

As for the equity-settled share-based payment in return for the service of any other party, if the fair value of the service of any other party can be measured in a reliable way, should be measured according to the fair value of the service on the acquisition date by any other service party; if the fair value of the service of any other party can not be measured in a reliable way, but the fair value of the equity instruments can be measured in a reliable way, the fair value of the equity instruments on date of the service acquisition shall be included in the relevant costs or expenses, and the owner's equities shall be increased accordingly.

② The cash-settled share-based payments

As to a cash-settled share-based payment instruments, if the right may be exercised immediately after the grant, the fair value of the liability undertaken by the enterprise shall, on the date of the grant, be included in the relevant costs or expenses, and the liabilities shall be increased accordingly. As to a cash-settled share-based payment, if the right may not be exercised until the vesting period comes to an end or until the specified performance conditions are met, on each balance sheet date within the vesting period, the services obtained in the current period shall, based on the best estimate of the information about the exercisable right, be included in the relevant costs or expenses and the corresponding liabilities at the fair value of the liability undertaken by the enterprise.

③ Revision and termination of share-based payment plans

If the fair value of the granted equity instrument increases after the revision, it shall recognize the increase of the service gained according to the increase of the fair value of equity instrument; if the quantity of the granted equity

instrument increases after the revision, it shall recognize the increase of the service gained according to the increase of the fair value of equity instrument; if the Company revises the vesting conditions according to the methods that in favor of the employees, when the Company is executing the vesting conditions, should consider the vesting conditions after the revision.

If the fair value of the granted equity instrument decreased after the revision, the Company will continue to recognize the amount of the service gained based on the fair value on the grant date of the equity instrument but not consider the decrease of the fair value of the equity instrument; if the quantity of the granted equity instrument decreased after the revision, the Company will reduce the cancellation of part of the granted equity instrument; if the Company revises the vesting conditions not in favor of the employees, the Company will not consider the vesting conditions when handling the vesting conditions.

If the Company cancels the granted equity instrument during the waiting period or settles the granted equity instrument (except for those be cancelled owing to not satisfy the vesting conditions), should take the cancellation or settlement as the accelerated vesting for managing and immediately recognize the originally amount recognized during the retained waiting period.

23. Revenue

(1) Criteria for recognition time of revenue from sale of goods

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

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

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

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

(3) Recognition basis of revenue from rendering labor services

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

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

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

24. Government subsidies**(1) Judgment basis and accounting treatment of government subsidies related to assets**

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

(2) Judgment basis and accounting treatment of government subsidies related to profits

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

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

25. Deferred income tax assets/deferred income tax liabilities**(1) Recognition basis of deferred income tax assets**

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

For recognizing the deferred income tax assets, which should be limited to the taxable amount acquired probably for deducting the deductible temporary difference. On the balance sheet date, if enough evidences prove that the taxable income amounts that maybe probably obtained in the future periods may be used to deduct the deductible temporary differences, they will be confirmed as the deferred income tax assets that have not been confirmed in the previous accounting periods.

On the balance sheet date, the book value of the deferred income tax assets would be re-checked. If the taxable income amounts that may probably not be obtained in the future periods to deduct benefits of deferred income tax assets, the book value of the deferred income tax assets shall be written down. When it is probable to gain enough taxable income amounts, the write-downs shall be retrieved.

(2) Recognition basis of deferred income tax liabilities

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

The special situation of not recognizing the deferred income tax assets or the deferred income tax liabilities including: the initial recognition of the goodwill; the other transactions or events occur neither influence the accounting profits nor influence the taxable amount (or the deductible losses) except for the enterprise merger.

26. Lease**(1) Accounting treatment of operating lease**

The rent expenses from operating leases shall be recorded by the Company which as the lessee in the relevant asset costs or the profits and losses of the current period by using the straight-line method over each period of the lease term. The initial direct costs shall be directly recognized as the profits and losses of the current period. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

The rent incomes from operating leases shall be recognized as the profits and losses of the current period by using the straight-line method over each period of the lease term when the Company is the lessor. The initial direct costs except for those of large amount which shall be capitalized when incurred and be recorded in the gains and losses by stages, the rest should be recorded into current profits and losses. The contingent rents shall be recorded into the profits and losses of the current period in which they actually arise.

(2) Accounting treatments of financial lease

Assets under finance rent-in: on the lease beginning date, the Company shall record the lower one of the fair value of the leased asset and the present value of the minimum lease payments on the lease beginning date as the entering value in an account, recognize the amount of the minimum lease payments as the entering value in an account of long-term account payable, and treat the balance between the recorded amount of the leased asset and the long-term account payable as unrecognized financing charges. The Company amortizes the unrecognized leasing fees by adopting the effective interest method during the assets leasing period and record which in the financial expenses. The occurred initial direct expenses should be recorded in the leased assets value.

Assets under finance rent-out: on the renting beginning date, the Company recognizes the unrealized financing income from the difference between the sum of the finance lease receivable and the unguaranteed residual value and the current value and recognizes which as the rental income during each period when receiving the rent in the future. The initial direct expenses occurred in the Company that related to the renting transactions should be recorded in the initial measurement of the finance lease receivable and reduce the amount of the revenue recognized during the renting period.

27. Other significant accounting policies and accounting estimates

The term “hedging” refers to one or more hedging instruments which are designated by the company for avoiding the risks of foreign exchange, interest rate, commodity price, stock price, credit and etc., and which is expected to

make the changes in fair value or cash flow of hedging instrument(s) to offset all or part of the changes in the fair value or cash flow of the hedged item.

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

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

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

28. Changes in main accounting policies and estimates

(1) Change of accounting policies

Applicable Inapplicable

(2) Change of main accounting estimates

Applicable Inapplicable

VI. Taxation

1. Main taxes and tax rate

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

2. Tax preference

The Company and its subsidiaries Wuxi Little Swan GE Co., Ltd., Wuxi Filin Electronics Co., Ltd. and Hefei Midea Washing Machine Co., Ltd. got “High Technology Enterprises Certificate” respectively in March 2009, March 2009, May 2009 and Jul. 2014 with certificate number respectively of GR200932000077, GR200932000078, GR200932000397 and GR201434000147. Of which, the Company and its subsidiaries Wuxi Little Swan GE Co., Ltd. and Wuxi Filin Electronics Co., Ltd. have expired 3 years and passed the reexamination, obtaining reexamination certificates respectively in Jun. 2012, May 2012 and Aug. 2012 with certificate number respectively of GF201232000096, GF201232000077 and GF201232000673. The reexamination certificates of the above three companies will expire at the end of Y2015, and had applied for new high-tech enterprise again, which was in the approval procedure. Each index of the Company was met with the application standards, so according to the Circular of the State Administration of Taxation on the Issues concerning the Administration of Enterprise Income Tax Deduction and Exemption (Guo-Shui-Fa [2008] No. 111 document) and Circular of the State Administration of Taxation on the Issues concerning Hi-tech Enterprise Paying Corporate Income Tax in 2008 (Guo-Shui-Han [2008] No. 985), the Company and its subsidiary, Wuxi Little Swan GE Co., Ltd., Wuxi Filin Electronics Co., Ltd. and Hefei Midea Washing Machine Co., Ltd. were all approved to enjoy income tax rate 15%.

VII. Notes on major items in consolidated financial statements of the Company

1. Monetary funds

Unit: RMB Yuan

Item	Closing balance	Opening balance
Cash on hand	8,158.18	8,158.18
Bank deposits	2,744,426,995.23	2,996,731,646.68
Other monetary funds	72,538,190.64	63,175,151.35
Total	2,816,973,344.05	3,059,914,956.21
Of which: total amount of the accounts deposited abroad	30,305,830.74	30,358,441.79

2. Financial assets measured by fair value and the changes be included in the current gains and losses

Unit: RMB Yuan

Item	Closing balance	Opening balance
Trading financial assets	0.00	248,907.75
Total	0.00	248,907.75

3. Notes receivable

(1) Notes receivable listed by category

Unit: RMB Yuan

Item	Closing balance	Opening balance
Bank acceptance bill	2,055,783,435.17	3,147,153,535.61
Total	2,055,783,435.17	3,147,153,535.61

(2) Notes receivable which had endorsed by the Company or had discounted and had not due on the balance sheet date at the period-end

Unit: RMB Yuan

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	1,807,528,635.15	
Total	1,807,528,635.15	

4. Accounts receivable

(1) Accounts receivable disclosed by category

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable withdrawn bad debt provision according to credit risks characteristics	889,179,283	99%	44,475,193	5%	844,704,090	901,464,563	99%	45,121,333	5%	856,343,230
Accounts receivable with	11,006,018	1%	11,006,018	100%		12,059,453	1%	12,059,453	100%	

insignificant single amount for which bad debt provision separately accrued										
Total	900,185,301	100 %	55,481,211	6%	844,704,090	913,524,016	100%	57,180,786	6%	856,343,230

Accounts receivable with significant single amount for which bad debt provision separately accrued at the period-end

Applicable Inapplicable

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

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Withdrawal proportion
Subitem within 1 year			
Subtotal within 1 year	889,018,025.60	44,450,901.28	5.00%
1 to 2 years	120,426.39	12,042.64	10.00%
2 to 3 years	40,830.36	12,249.11	30.00%
3 to 4 years	0.36	0.18	50.00%
4 to 5 years	0.36	0.18	50.00%
Over 5 years	0.00	0.00	
Total	889,179,283.07	44,475,193.39	5.00%

Notes of the basis of recognizing the group:

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

Applicable Inapplicable

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision during the reporting period was of RMB -987,480.11; the amount of the reversed or collected part during the reporting period was of RMB 341,340.00.

Of which the significant amount of the reversed or collected part during the reporting period was of RMB 000:

Unit: RMB Yuan

Name of the units	Reversed or collected amount	Method
Chongqing Zhishang Real Estate Development Co., Ltd.	73,000.00	Recovering the money
CNPEC	168,340.00	Recovering the money

Hunan Huitang Hot Spring Huatian City Real Estate Co., Ltd.	100,000.00	Recovering the money
Total	341,340.00	--

(3) The actual write-off accounts receivable

Unit: RMB Yuan

Item	Amount
Actual write-off accounts receivable	712,094.43

Of which the significant actual write-off accounts receivable:

Unit: RMB Yuan

Name of the units	Nature	Amount	Reason	Process	Whether occurred from the related transactions
Jiangyin Changyi Auto Parts Co., Ltd.	Goods payment	240,000.00	Difficult to withdraw	Resolution of Board of Directors	No
Hisense (Zhejiang) Air Conditioner Co., Ltd.	Goods payment	100,012.74	Difficult to withdraw	Resolution of Board of Directors	No
AVEST	Goods payment	316,184.64	Difficult to withdraw	Resolution of Board of Directors	No
WEST INDIA MERCANTILE	Goods payment	23,826.77	Difficult to withdraw	Resolution of Board of Directors	No
MOHAMMAD TAGHI NAYEB HABIB TRADING	Goods payment	13,606.39	Difficult to withdraw	Resolution of Board of Directors	No
PKM GMBH & CO. KG	Goods payment	6,990.34	Difficult to withdraw	Resolution of Board of Directors	No
AL-GHAITH TRADING CO.	Goods payment	3,510.23	Difficult to withdraw	Resolution of Board of Directors	No
MCT CONSTRUCTION MATERIALS SDN BHD	Goods payment	1,620.49	Difficult to withdraw	Resolution of Board of Directors	No
MCT CONSTRUCTION MATERIALS SDN BHD	Goods payment	1,262.56	Difficult to withdraw	Resolution of Board of	No

				Directors	
WHIRLPOOL CHILE LIMITADA	Goods payment	992.32	Difficult to withdraw	Resolution of Board of Directors	No
AL-GHAITH TRADING CO.	Goods payment	952.26	Difficult to withdraw	Resolution of Board of Directors	No
EURO TECH DESIGN	Goods payment	917.85	Difficult to withdraw	Resolution of Board of Directors	No
AIR FRIOD	Goods payment	789.35	Difficult to withdraw	Resolution of Board of Directors	No
LEANVAL S.A.	Goods payment	642.50	Difficult to withdraw	Resolution of Board of Directors	No
KIRIAZI	Goods payment	414.26	Difficult to withdraw	Resolution of Board of Directors	No
OSUN	Goods payment	277.50	Difficult to withdraw	Resolution of Board of Directors	No
GODREJ & BOYCE MANUFACTURING COMPANY LIMITED	Goods payment	94.23	Difficult to withdraw	Resolution of Board of Directors	No
Total	--	712,094.43	--	--	--

(4) Top 5 of the closing balance of the accounts receivable collected according to the arrears party

Name of units	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable	Closing balance of the bad debt provision
Midea Electric Trading (Singapore) Co. Pte. Ltd.	Goods payment	273,241,410.46	Within 1 year	30.35%	13,662,070.52
Suning Yunshang Group Co., Ltd. Procurement Center	Goods payment	88,061,652.50	Within 1 year	9.78%	4,403,082.63
KRONEN INTERNACIONAL S.A.	Goods payment	23,369,083.50	Within 1 year	2.60%	1,168,454.18
Samsung Electronics Co., Ltd.	Goods	20,325,507.12	Within 1 year	2.26%	1,016,275.36

	payment				
Beijing Jingdong Century Trading Co., Ltd.	Goods payment	17,514,676.58	Within 1 year	1.95%	875,733.83
Total	--	422,512,330.16	--	46.94%	21,125,616.51

5. Prepayment

(1) List by aging analysis:

Unit: RMB Yuan

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	159,985,549.39	97.13%	139,582,987.93	97.63%
1 to 2 years	4,531,598.18	2.45%	2,448,887.67	1.71%
2 to 3 years	749,177.26	0.41%	925,646.68	0.65%
Over 3 years	20,000.00	0.01%	20,000.00	0.01%
Total	165,286,324.83	--	142,977,522.28	--

Notes of the reasons of the prepayment ages over 1 year with significant amount but failed settled in time:

The prepayments age over 1 year mainly were the fixed assets and the prepayment of the mould, which had not be charged against the provisional estimate payables owing to the not reached bills.

(2) Top 5 of the closing balance of the prepayment collected according to the prepayment target

Name of entity	Nature of the account	Amount	Aging	Proportion
East China Chemical Commercial Holding Company Limited of PetroChina Company Limited	Materials	33,932,000.00	Within 1 year	20.53%
Hefei Huitong Energy Saving Material Co., Ltd.	Materials	30,477,969.53	Within 1 year	18.44%
Samsung Total Petrochemical Co., Ltd.	Materials	6,202,343.35	Within 1 year	3.75%
MIRAMONDI IMPIANTI SPAMIRAMONDI IMPIANTI SPA	Materials	5,963,098.50	Within 1 year	3.61%
Yanshan Businees Department of Sinopec Chemical Commercial Holding Company Limited	Materials	5,796,805.00	Within 1 year	3.51%
Total		82,372,216.38		49.84%

6. Other accounts receivable

(1) Other accounts receivable disclosed by type:

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	31,102,692	100%	3,854,295	12%	27,248,397	39,207,574	100%	4,595,605	12%	34,611,969
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued				0%			0%		0%	
Total	31,102,692	100%	3,854,295	12%	27,248,397	39,207,574	100%	4,595,605	12%	34,611,969

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

Applicable Inapplicable

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

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Subitem within 1 year			
Subtotal within 1 year	13,772,151.63	688,607.58	5.00%
1 to 2 years	13,559,652.11	1,355,965.21	10.00%
2 to 3 years	453,610.50	136,083.15	30.00%
3 to 4 years	2,751,778.06	1,375,889.00	50.00%

4 to 5 years	535,500.00	267,750.00	50.00%
Over 5 years	30,000.00	30,000.00	100.00%
Total	31,102,692.31	3,854,294.94	12.39%

Notes of the basis of recognizing the group:

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

Applicable Inapplicable

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

Applicable Inapplicable

(2) Accounts receivable withdraw, reversed or collected during the reporting period

The withdrawal amount of the bad debt provision during the reporting period was of RMB -337,657.58; the amount of the reversed or collected part during the reporting period was of RMB 0.00.

(3) The actual write-off other accounts receivable

Of which the significant write-off other accounts receivable:

Unit: RMB Yuan

Name of units	Nature	Amount	Reason	Process	Whether occurred from the related transactions
Risk fund of production safety	Margin & cash pledge	28,750.00	Irrecoverable	Resolution of board of directors	No
Wuxi Real Estate Administrative Bureau	Margin & cash pledge	13,224.12	Irrecoverable	Resolution of board of directors	No
TAIZHOU HUANGYAN ZHIWEI MOULD CO.,LTD,	Margin & cash pledge	269,230.76	Irrecoverable	Resolution of board of directors	No
Foshan Weihansen, Mechanical And Electrical Automation Equipment Co., Ltd.	Margin & cash pledge	39,000.00	Irrecoverable	Resolution of board of directors	No
Wuxi Dehai Kemao Co., Ltd.	Margin & cash pledge	35,300.00	Irrecoverable	Resolution of board of directors	No
Hoffman/New Yoke, Inc	Margin & cash pledge	6,866.00	Irrecoverable	Resolution of board of directors	No

Wuxi Mingjie Machine Co., Ltd.	Margin & cash pledge	5,742.40	Irrecoverable	Resolution of board of directors	No
Zhejiang Aolong Science & Technology Development Co., Ltd.	Margin & cash pledge	2,606.80	Irrecoverable	Resolution of board of directors	No
Lapauw	Margin & cash pledge	2,232.11	Irrecoverable	Resolution of board of directors	No
Occasional supplier	Margin & cash pledge	700.00	Irrecoverable	Resolution of board of directors	No
Total	--	403,652.19	--	--	--

(4) Other accounts receivable classified by the nature of accounts

Unit: RMB Yuan

Nature	Closing book balance	Opening book balance
Margin & cash pledge	916,650.00	1,198,434.11
Advance money for another	10,248,673.60	6,422,274.77
Subsidies for energy saving & benefit the people	12,609,841.10	12,609,841.10
Overdue bill		3,502,643.00
Employee loan	7,327,527.61	4,513,767.48
Export rebates		10,960,613.45
Total	31,102,692.31	39,207,573.91

(5) Top 5 of the closing balance of the other accounts receivable collated according to the arrears party

Unit: RMB Yuan

Name of units	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable (%)	Closing balance of bad debt provision
Ministry of Industry and Information	Subsidies for energy saving & benefit the people	12,609,841.10	1-2years	40.54%	1,260,984.11
Wang Ruiqun	Marketing fee	2,178,000.00	1-2 years	7.00%	217,800.00

Zhejiang Tmall Technology Co., Ltd.	Margin & cash pledge	1,764,450.59	Within 1 years	5.67%	88,222.53
Leshan NewCentury Advertisement Marketing & Planning Co., Ltd.	Marketing fee	941,595.85	3-4years	3.03%	470,797.93
Qingdao Zhongyuan Logistics Warehousing Distribution Co., Ltd.	Logistics cost	751,069.50	3-4years	2.41%	375,534.74
Total	--	18,244,957.04	--	58.66%	2,413,339.31

7. Inventory

(1) Category of inventory

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Falling price reserves	Book value	Book balance	Falling price reserves	Book value
Raw materials	24,857,952.64	1,373,569.84	23,484,382.80	34,295,334.89	3,831,331.14	30,464,003.75
Goods in process	12,821,943.06		12,821,943.06	11,071,881.49		11,071,881.49
Inventory goods	461,186,678.15	39,258,584.91	421,928,093.24	604,929,570.05	40,848,462.04	564,081,108.01
Total	498,866,573.85	40,632,154.75	458,234,419.10	650,296,786.43	44,679,793.18	605,616,993.25

(2) Falling price reserves of inventory

Unit: RMB Yuan

Item	Opening balance	Increased amount		Decreased amount		Closing balance
		Withdrawal	Other	Reverse or write-off	Other	
Raw materials	3,831,331.14			2,457,761.30		1,373,569.84
Inventory goods	40,848,462.04			1,589,877.13		39,258,584.91
Total	44,679,793.18			4,047,638.43		40,632,154.75

8. Other current assets

Unit: RMB Yuan

Item	Closing balance	Opening balance
Bank financing	3,285,300,000.00	1,905,100,000.00
Deferred expense-module	20,971,394.04	17,166,993.73
Tax prepaid	8,176,483.22	25,705,220.99

Total	3,314,447,877.26	1,947,972,214.72
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9. Available-for-sale financial assets

(1) List of available-for-sale financial assets

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Available-for-sale equity instruments	300,300.00	100,300.00	200,000.00	300,300.00	100,300.00	200,000.00
Measured by fair value	100,300.00	100,300.00		100,300.00	100,300.00	
Measured by cost	200,000.00		200,000.00	200,000.00		200,000.00
Total	300,300.00	100,300.00	200,000.00	300,300.00	100,300.00	200,000.00

10. Long-term equity investment

Unit: RMB Yuan

Investees	Opening balance	Increase/decrease								Closing balance	Closing balance of impairment provision
		Addition investment	Reduced investment	Gains and losses recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Cash bonus or profits announced to issue	Withdrawal of impairment provision	Other		
I. Joint ventures											
II. Associated enterprises											
Guangzhou Attend Logistics Co., Ltd.	2,850,040.45			-123,441.24						2,726,599.21	
Total	2,850,040.45			-123,441.24						2,726,599.21	

11. Investment property

(1) Investment property adopted the cost measurement mode

Unit: RMB Yuan

Item	Houses and buildings	Land use right	construction in progress	Total
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I. Original book value				
1. Opening balance	88,227,510.86	22,949,959.07		111,177,469.93
2. Increased amount of the period	175,803.43			175,803.43
(1) Outsourcing	175,803.43			175,803.43
(2) Transfer of inventory\fixed assets\project under construction				
(3) Increased from enterprise merger				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Closing balance	88,403,314.29	22,949,959.07		111,353,273.36
II. Accumulative depreciation and accumulative amortization				
1. Opening balance	20,111,084.24	5,261,142.88		25,372,227.12
2. Increased amount of the period	539,572.96	1,755,807.74		2,295,380.70
(1) Withdrawal or amortization	539,572.96	1,755,807.74		2,295,380.70
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Closing balance	20,650,657.20	7,016,950.62		27,667,607.82
III. Depreciation reserves				
1. Opening balance	12,576,065.29			12,576,065.29
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Disposal				
(2) Other transfer				
4. Closing balance	12,576,065.29			12,576,065.29

IV. Book value				
1. Closing book value	55,176,591.80	15,933,008.45		71,109,600.25
2. Opening book value	55,540,361.33	17,688,816.19		73,229,177.52

12. Fixed assets

(1) List of fixed assets

Unit: RMB Yuan

Item	Houses and buildings	Machinery equipment	Electronic equipment	Transportation equipment	Total
I. Original book value					
1. Opening balance	749,250,686.72	836,947,222.57	101,029,311.62	26,537,578.36	1,713,764,799.27
2. Increased amount of the period	3,290,172.43	20,147,484.61	7,217,772.53	76,923.08	30,732,352.65
(1) Purchase	3,290,172.43	20,147,484.61	7,217,772.53	76,923.08	30,732,352.65
(2) Transfer of project under construction					
(3) Increased from enterprise merger					
3. Decreased amount of the period	27,587,207.10	9,211,423.97	1,806,794.60	352,538.48	38,957,964.15
(1) Disposal or scrap	27,587,207.10	9,211,423.97	1,806,794.60	352,538.48	38,957,964.15
4. Closing balance	724,953,652.05	847,883,283.21	106,440,289.55	26,261,962.96	1,705,539,187.77
II. Accumulative depreciation					
1. Opening balance	159,354,270.53	377,215,896.11	73,259,754.43	20,681,795.73	630,511,716.80
2. Increased amount of the period	10,618,325.25	36,382,072.84	6,740,050.45	1,574,282.32	55,314,730.86
(1) Withdrawal	10,618,325.25	36,382,072.84	6,740,050.45	1,574,282.32	55,314,730.86
3. Decreased amount of the period	17,829,974.32	3,638,849.71	1,566,731.33	322,587.93	23,358,143.29
(1) Disposal or scrap	17,829,974.32	3,638,849.71	1,566,731.33	322,587.93	23,358,143.29
4. Closing balance	152,142,621.46	409,959,119.24	78,433,073.55	21,933,490.12	662,468,304.37
III. Depreciation reserves					
1. Opening balance	3,918,452.47	13,200,786.02	284,488.39	28,456.94	17,432,183.82
2. Increased amount of the period					

(1) Withdrawal					
3. Decreased amount of the period		304,204.21	92,233.05	4,105.44	400,542.70
(1) Disposal or scrap		304,204.21	92,233.05	4,105.44	400,542.70
4. Closing balance	3,918,452.47	12,896,581.81	192,255.34	24,351.50	17,031,641.12
IV. Book value					
1. Closing book value	568,892,578.12	425,027,582.16	27,814,960.66	4,304,121.34	1,026,039,242.28
2. Opening book value	585,977,963.72	446,530,540.44	27,485,068.80	5,827,325.69	1,065,820,898.65

13. Intangible assets

(1) Information

Unit: RMB Yuan

Item	Land use right	Patent	Non-patents	Other	Total
I. Total original book value	242,666,890.39		1,992,000.00	1,395,014.56	246,053,904.95
1. Opening balance					
2. Increase in the reporting period					
(1) Purchase					
(2) Internal R &D					
(3) Increase from enterprise combination					
3. Decrease in the reporting period					
(1) Purchase					
4. Closing balance	242,666,890.39		1,992,000.00	1,395,014.56	246,053,904.95
II. Total accrued amortization					
1. Opening balance	39,906,312.69		1,992,000.00	1,395,014.56	43,293,327.25
2. Increase in the reporting period	2,619,476.35				2,619,476.35
(1) Withdrawal	2,619,476.35				2,619,476.35
3. Decrease in the reporting period					
(1) Disposal					
4. Closing balance	42,525,789.04		1,992,000.00	1,395,014.56	45,912,803.60

III. Total impairment provision					
1. Opening balance					
2. Increase in the reporting period					
(1) Withdrawal					
3. Decrease in the reporting period					
(1) Disposal					
4. Closing balance					
IV. Total book value of intangible assets					
1. Book value of the period-end	200,141,101.35				200,141,101.35
2. Book value of the period-begin	202,760,577.70				202,760,577.70

14. Long-term unamortized expenses

Unit: RMB Yuan

Item	Opening balance	Increase	Amortization amount	Decrease	Closing balance
Module	489,387.55	1,212,820.56	1,702,208.11		0.00
IT consultant expense	1,362,590.60	210,000.00	435,811.17		1,136,779.43
Renovation costs		5,232,530.68	876,819.72		4,355,710.96
Total	1,851,978.15	6,655,351.24	3,014,839.00		5,492,490.39

Other notes

15. Deferred income tax assets/deferred income tax liabilities

(1) Deferred income tax assets had not been off-set

Unit: RMB Yuan

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	104,773,439.90	15,716,015.98	111,660,322.99	16,749,048.47
Internal unrealized profit	38,927,912.29	5,839,186.85	47,563,017.07	7,134,452.56
Remuneration and dismiss	33,505,487.09	5,025,823.06	36,765,633.21	5,514,844.98

expense				
Withdrawal expense	1,415,630,752.98	212,344,612.96	1,353,081,356.67	202,962,203.50
Estimated liabilities	9,773,637.38	1,466,045.61	9,960,830.74	1,494,124.61
Deferred income (government subsidy)	413,800.00	62,070.00	465,400.00	69,810.00
Investment differences	8,782,955.88	1,317,443.38	8,782,955.88	1,317,443.38
Total	1,611,807,985.52	241,771,197.84	1,568,279,516.56	235,241,927.50

(2) Deferred income tax liabilities had not been off-set

Unit: RMB Yuan

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Valuation of tradable financial instruments			248,907.75	37,336.16
Total			248,907.75	37,336.16

(3) List of unrecognized deferred income tax assets

Unit: RMB Yuan

Item	Closing amount	Opening amount
Deductible temporary difference	24,904,410.07	24,904,410.07
Deductible losses	41,829,038.02	70,854,758.45
Total	66,733,448.09	95,759,168.52

(4) Deductible losses of unrecognized deferred income tax assets will due the following years

Unit: RMB Yuan

Years	Closing amount	Opening amount	Note
Y 2015	4,554,328.15	4,554,328.15	
Y 2016	287,136.58	287,136.58	
Y 2017	89,186.59	89,186.59	
Y 2018	16,303,166.71	16,303,166.71	
Y 2019	20,595,220.25	49,620,940.42	
Total	41,829,038.28	70,854,758.45	--

16. Short-term loans**(1) Category of short-term loans**

Unit: RMB Yuan

Item	Closing balance	Opening balance
Trade financing	15,234,122.32	
Total	15,234,122.32	

17. Notes payable

Unit: RMB Yuan

Category	Closing balance	Opening balance
Bank acceptance bill	1,367,635,597.24	1,173,851,127.31
Total	1,367,635,597.24	1,173,851,127.31

The total amount of the due but not pay notes payable at the period-end was of RMB 000.

18. Accounts payable**(1) List of accounts payable**

Unit: RMB Yuan

Category	Closing balance	Opening balance
Within 1 year	3,333,181,149.57	3,528,221,756.10
1 to 2 years	67,239,287.93	18,735,241.51
2 to 3 years	22,102,420.74	26,717,312.50
3 to 5 years	34,050,378.84	24,132,516.93
Over 5 years	18,036,409.29	16,270,986.33
Total	3,474,609,646.37	3,614,077,813.37

(2) Notes of the accounts payable aging over one year

Unit: RMB Yuan

Name of creditor	Amount	Unpaid reason
Shanghai Xinweims Moulds Manufacturing Co., Ltd	3,763,726.00	Not yet settle
Ninghai County Ganyuan Moulds Co., Ltd	3,606,400.00	Not yet settle
Guangzhou Borch Machiney Co., Ltd.	2,658,243.33	Not yet settle
Chuzhou Ed Moulds Equipment Co., Ltd.	2,376,080.00	Not yet settle

Suzhou Industrial Park Jinxin Mould Manufacturing Co., Ltd.	1,156,100.00	Not yet settle
Total	13,560,549.33	--

19. Advance from customers

(1) List of advance from customers

Unit: RMB Yuan

Item	Closing balance	Opening balance
Within 1 year	470,185,430.85	802,146,552.81
1 to 2 years	9,375,484.35	12,791,491.30
2 to 3 years	6,106,842.88	8,139,806.08
3 to 5 years	4,550,392.03	4,448,311.48
Over 5 years	24,065,006.41	24,066,664.36
Total	514,283,156.52	851,592,826.03

(2) Significant advance from customers aging over one year

Unit: RMB Yuan

Item	Closing balance	Unpaid/ Un-carry-over reason
Foshan City Shunde District Midea HVAC Equipment Co., Ltd.	2,291,178.05	Not yet settle
Nanyang Jianye Hotel Co., Ltd.	1,369,500.00	Not yet settle
Zhejiang Midea Refrigeration Equipments Sales Co., Ltd	947,965.74	Not yet settle
Baoding Midea Refrigeration Equipments Sales Co., Ltd	634,076.55	Not yet settle
Guangxi Guibei Midea Refrigeration Equipments Sales Co., Ltd	594,305.95	Not yet settle
Total	5,837,026.29	--

20. Payroll payable

(1) List of Payroll payable

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term salary	207,053,076.75	370,878,040.57	419,212,124.78	158,718,992.54
II. Welfare after departure-defined contribution plans	5,469,599.96	47,235,674.85	43,844,038.38	8,861,236.43
III. Dismissal welfare	37,855,133.21	7,851,342.13	12,959,535.75	32,746,939.59

Total	250,377,809.92	425,965,057.55	476,015,698.91	200,327,168.56
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(2) List of Short-term salary

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, subsidy	184,980,055.05	307,807,576.59	355,217,229.81	137,570,401.83
2. Employee welfare	8,440,970.34	22,013,748.16	24,202,962.29	6,251,756.21
3. Social insurance	2,595,681.91	22,929,938.96	21,242,538.02	4,283,082.85
Including: 1. Medical insurance premiums	2,122,080.36	18,284,287.81	16,948,576.78	3,457,791.39
Work-related injury insurance	300,678.25	3,457,035.09	3,203,080.28	554,633.06
Maternity insurance	172,923.30	1,188,616.06	1,090,880.96	270,658.40
4. Housing fund	6,685,080.62	12,264,706.51	12,762,006.09	6,187,781.04
5. Labor union budget and employee education budget	4,351,288.83	5,862,070.35	5,787,388.57	4,425,970.61
Total	207,053,076.75	370,878,040.57	419,212,124.78	158,718,992.54

(3) List of drawing scheme

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension benefits	5,075,081.72	43,939,940.26	40,788,672.78	8,226,349.20
2. Unemployment insurance	394,518.24	3,295,734.59	3,055,365.60	634,887.23
Total	5,469,599.96	47,235,674.85	43,844,038.38	8,861,236.43

21. Taxes payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
VAT	30,348,274.58	2,480,795.51
Business tax	228,438.77	925,318.28
Corporate income tax	150,282,012.54	239,342,772.35
Personal income tax	4,088,819.44	2,176,903.49
Urban maintenance and construction tax	854,583.42	2,370,741.48
Property tax	3,622,896.62	3,269,324.31

Land use tax	3,200,975.59	3,107,842.26
Stamp tax	173,492.82	397,990.84
Education Surcharge	609,612.85	1,930,360.51
House appliance recycling funds	14,688,240.00	16,234,575.00
Other	13,234,370.75	1,412,230.61
Total	221,331,717.38	273,648,854.64

22. Dividends payable

Unit: RMB Yuan

Item	Closing balance	Opening balance
Common stock dividends	5,400,652.06	4,088,128.36
Total	5,400,652.06	4,088,128.36

23. Other accounts payable

(1) Other accounts payable listed by nature of the account

Unit: RMB Yuan

Item	Closing balance	Opening balance
Margin & cash pledged	18,001,118.91	14,905,101.19
Reimbursed expenses	19,437,697.79	16,256,757.54
Third party payment	2,719,450.31	4,648,736.95
Other	9,833,520.57	12,729,821.16
Total	49,991,787.58	48,540,416.84

(2) Other significant accounts payable with aging over one year

Unit: RMB Yuan

Item	Closing balance	Unpaid/ Un-carry-over reason
Hefei Datong Gelan Suye Plastic Industry Co., Ltd.	1,810,000.00	Margin
Gao Shouqun	1,100,000.00	Fund for purchase house
Zhang Lei	1,100,000.00	Fund for purchase house
Anhui Hualong Plastic Co., Ltd	665,000.00	Margin
Hefei Shangcheng Plastic Industry Co., Ltd.	555,000.00	Margin
Total	5,230,000.00	--

After the mediation work of the people's court of Ji Nan City Huai Yin District, the original renter Gao Shouqun,

Zhang Lei had reached an agreement with the Company that purchasing the houses(Construction area of 893.51 square meters) of Jing Three Wei Eight Road, Ji Nan City Huai Yin District, with a total price of RMB 4.4 million. So far the house money had been paid 50% but had not yet to complete the transferring ownership.

24. Special payable

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance	Formation reasons
The relocation compensation	2,073,957.30			2,073,957.30	House removal
Total	2,073,957.30			2,073,957.30	--

The special payable at period-end due to the need of urban planning, the resettlement office of Xin an Sub-District, New District of Wuxi replace the land with the subsidiary of the Company Wuxi FILIN Electronics Co., Ltd and made compensation to the houses and buildings of the land.

25. Accrued liabilities

Unit: RMB Yuan

Item	Closing balance	Opening balance	Formation reasons
Product quality assurance	9,773,637.38	9,960,830.74	Settlement of loss
Total	9,773,637.38	9,960,830.74	--

The subsidiary of the Company Wuxi Little Swan General Electrical Appliances Co., Ltd, its production of washing machine were mainly sold to the United States and other foreign markets which had the mainly two claim risks: when there was quality problem in the washing machine, the amount of insurance compensation are not enough for the risk and the risk of compensation of over PCR (incidence of fault) agreed in the contract with General Electrical Appliances Co., Ltd. As of 30 Jun. 2015, the Company paid compensation of PCR and losses of insurance compensation are not enough for the risk of the production sold was estimate RMB 997.36 million.

26. Deferred income

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance	Formation reasons
Government subsidies	3,848,733.33		226,600.02	3,622,133.31	Government allocations
Total	3,848,733.33		226,600.02	3,622,133.31	--

Items involved in government subsidies:

Unit: RMB Yuan

Item	Opening balance	Amount of newly subsidy	Amount accrued in non-business income	Other changes	Closing balance	Related to the assets/ income
Hefei Midea Washing	3,383,333.33		175,000.00		3,208,333.31	Related to the

Machine Automation promotion & technological upgrading projects						assets
Subsidies of substation reformation	227,000.00		25,200.00		201,800.00	Related to the assets
Special guide subsidies of modern service industry development	238,400.00		26,400.00		212,000.00	Related to the assets
Total	3,848,733.33		226,600.00		3,622,133.31	--

27. Share capital

Unit: RMB Yuan

	Opening balance	Increase/decrease (+/-)					Closing balance
		Newly issue share	Bonus shares	Capitalization of public reserves	Other	Subtotal	
The sum of shares	632,487,764.00						632,487,764.00

28. Capital reserves

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	1,055,182,718.57			1,055,182,718.57
Equity investment preparation	1,538,810.57			1,538,810.57
Share-based payment	44,055,421.89	6,851,284.89		50,906,706.78
Transfer into capital reserves in the original system	39,179,385.00			39,179,385.00
Total	1,139,956,336.03	6,851,284.89		1,146,807,620.92

The capital reserves increase RMB 6,851,284.89, mainly was Media Group's the stock incentive to the top and middle level managers of the Company.

29. Other comprehensive income

Unit: RMB Yuan

Item	Opening balance	Reporting period					Closing balance
		Amount incurred	Less: Amount transferred into profit	Less: income	After-tax attribute to	After-tax attribute to	

		before income tax	and loss in the current period that recognized into other comprehensive income in prior period	tax expense	the parent company	minority shareholder	
II. Other comprehensive income reclassified into profit and loss in future	-3,449,689.57	-26,745.69			-26,745.69		-3,476,435.26
Converted amount of foreign currency financial statements	-3,449,689.57	-26,745.69			-26,745.69		-3,476,435.26
Total	-3,449,689.57	-26,745.69			-26,745.69		-3,476,435.26

30. Surplus reserves

Unit: RMB Yuan

Item	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserves	332,594,722.29			332,594,722.29
Total	332,594,722.29			332,594,722.29

31. Retained profits

Unit: RMB Yuan

Item	Amount	Withdrawal or distributed proportion
Opening balance of retained profits before adjustments	2,326,392,979.58	1,859,579,931.10
Opening balance of retained profits after adjustments	2,326,392,979.58	1,859,579,931.10
Add: Net profit attributable to owners of the Company	430,694,268.55	316,358,532.13
Dividend of common stock payable	284,619,493.80	189,746,329.20
Closing retained profits	2,472,467,754.33	1,986,192,134.03

List of adjustment of opening retained profits:

- 1) RMB 000 opening retained profits was affected by retrospective adjustment conducted according to the Accounting Standards for Business Enterprises and relevant new regulations.
- 2) RMB 000 opening retained profits was affected by changes on accounting policies.
- 3) RMB 000 opening retained profits was affected by correction of significant accounting errors.
- 4) RMB 000 opening retained profits was affected by changes in combination scope arising from same control.
- 5) RMB 000 opening retained profits was affected totally by other adjustments.

32. Revenue and Cost of Sales

Unit: RMB Yuan

Item	2015		2014	
	Revenue	Cost	Revenue	Cost
Main operation	5,620,828,547.48	4,072,244,009.19	4,557,126,125.99	3,280,741,426.30
Other operation	481,075,317.12	385,297,463.47	416,930,894.57	374,573,650.29
Total	6,101,903,864.60	4,457,541,472.66	4,974,057,020.56	3,655,315,076.59

33. Business tax and surcharges

Unit: RMB Yuan

Item	2015	2014
Business tax	443,157.75	322,440.93
Urban maintenance and construction tax	20,892,565.70	17,347,782.20
Education surtax	16,361,858.81	13,510,445.80
Total	37,697,582.26	31,180,668.93

34. Sales expenses

Unit: RMB Yuan

Item	2015	2014
Employee compensation	54,328,998.47	73,992,301.57
Transportation and handling charges	198,520,619.70	155,628,481.76
Travel expense	14,465,865.45	13,073,313.35
Rental expense	20,647,050.03	18,647,338.57
Installation expense	62,321,234.41	48,998,580.73
Spare part expense	17,648,289.99	21,676,208.69
Maintenance expense	62,908,749.65	46,371,434.61
Advertisement, sales promotional expense	368,110,547.57	308,607,736.97
Others	51,041,894.03	21,876,757.65
Total	849,993,249.30	708,872,153.90

35. Administrative expenses

Unit: RMB Yuan

Item	2015	2014
Employee compensation	86,671,466.03	82,621,273.67
Depreciation	11,167,732.62	14,187,273.51
Utility bills	4,826,372.33	4,129,792.72
Quality loss	15,423,605.08	1,417,018.85
Building taxes	4,859,435.99	4,592,771.25
Product certification fee	1,463,541.68	1,541,366.30
Share-based payment	7,315,665.45	5,809,948.33
Others	141,228,178.92	95,783,440.06
Total	272,955,998.10	210,082,884.69

36. Financial expenses

Unit: RMB Yuan

Item	2015	2014
Interest expense	3,803,155.38	2,431,394.70
Less: interest income	11,526,158.20	9,196,425.25
Add: exchange loss	-4,959,722.86	-4,461,581.30
Handling charge	1,477,448.10	1,326,782.99
Total	-11,205,277.58	-9,899,828.86

37. Asset impairment loss

Unit: RMB Yuan

Item	2015	2014
I. Bad debt loss	-1,325,118.42	-2,372,669.49
II. Inventory falling price loss		55,229.03
III. Fixed assets impairment losses		13,737,437.77
Total	-1,325,118.42	11,419,997.31

38. Gains on the changes in the fair value

Unit: RMB Yuan

Source	2015	2014
Financial assets measured at fair value and changes recorded into current profits and losses	-248,907.75	-13,529,790.00
Total	-248,907.75	-13,529,790.00

39. Investment income

Unit: RMB Yuan

Item	2015	2014
Long-term equity investment income accounted by equity method	-123,441.24	19,847.57
Investment income gained from disposal of financial assets measured at fair value and changes recorded into current profits or losses	597,040.00	3,946,180.00
Investment income gained in the period of the hold of bank financial products	71,346,929.06	52,412,042.89
Total	71,820,527.82	56,378,070.46

40. Non-operating gains

Unit: RMB Yuan

Item	2015	2014	Recorded in the amount of the non-recurring gains and losses
Total gains from disposal of non-current assets	223,996.80	497,193.03	223,996.80
Including: Gains from disposal of fixed assets	223,996.80	497,193.03	223,996.80
Government grants	11,077,408.20	6,454,141.22	11,077,408.20
Confiscated income	1,603,401.99	205,112.93	1,603,401.99
Other	1,751,395.68	2,769,562.28	1,751,395.68
Total	14,656,202.67	11,614,209.80	14,656,202.67

Government subsidies recorded into current profits and losses

Unit: RMB Yuan

Item	2015	2014	Related to the assets/ income
VAT refund upon collection	7,954,833.07	3,240,786.67	Related to income
Foreign trade promoting rewards	1,668,000.00	1,715,200.00	Related to income
Patent grants and subsidy for new products	253,000.00	173,500.00	Related to income
Industrial design Taihu Lake award	250,000.00	10,000.00	Related to income
Technology innovation subsidies	200,000.00		Related to income
Automation project subsidies	175,000.02		Related to income
Industrial development special funds for technical standard projects	150,000.00		Related to income
Subsidy on export letter of credit	94,381.00	500,000.00	Related to income
Dr. Subsidies	75,000.00	75,000.00	Related to income
Xi demonstration enterprise of integration of	70,000.00		Related to income

information technology and industrialization projects			
Subsidy for equipment investment	51,600.00	51,600.00	Related to the assets
Intellectual property advantage enterprises subsidies	50,000.00	200,000.00	Related to income
Subsidy for IRS upgrading the VAT invoicing system	45,594.11		Related to income
Hefei energy subsidies	30,000.00		Related to income
Hefei municipal federation of trade unions model worker innovation funds	10,000.00		Related to income
Special guide funding of provincial modern service industry development		2,100.00	Related to income
Subsidies for AICA of export products		200,000.00	Related to income
Social security reward for talent policies		125,786.55	Related to income
Production efficiency and advanced statistical awards		110,000.00	Related to income
Special subsidies for R&D		50,168.00	Related to income
Total	11,077,408.20	6,454,141.22	--

41. Non-operating expenses

Unit: RMB Yuan

Item	2015	2014	The amount included in the current non-recurring gains and losses
Total losses of disposal of non-current assets	1,767,090.74	1,475,989.61	1,767,090.74
Of which: Loss on disposal of fixed assets	1,767,090.74	1,475,989.61	1,767,090.74
Donation expense	385,875.00	896,062.50	385,875.00
Local fees (flood prevention and security funds etc.)	2,893,031.44	1,744,406.84	
Penalty expense	1,000.00	90,201.32	1,000.00
Others	1,359.07	541,578.39	1,359.07
Total	5,048,356.25	4,748,238.66	2,155,324.81

42. Income tax expense

(1) Lists of income tax expense

Unit: RMB Yuan

Item	2015	2014
Current income tax expense	85,483,009.22	117,060,681.30
Deferred income tax expense	-6,566,606.51	-50,624,078.71
Total	78,916,402.71	66,436,602.59

(2) Adjustment process of accounting profit and income tax expense

Unit: RMB Yuan

Item	2015
Total profits	577,425,424.77
Current income tax expense accounted by tax and relevant regulations	86,613,813.72
Influence of not deductible costs, expenses and losses	-8,314,019.81
Influence of deductible temporary difference or deductible losses of deferred income tax assets derecognized at period-end	616,608.80
Income tax expense	78,916,402.71

43. Supplementary information to cash flow statement

(1) Other cash received relevant to operating activities

Unit: RMB Yuan

Item	2015	2014
Interest income	11,526,158.20	9,196,425.25
Government subsidies	3,122,575.07	3,138,606.39
Penalty & claim	1,603,401.99	205,112.93
Other	5,158,267.01	3,163,243.41
Total	21,410,402.27	15,703,387.98

(2) Other cash paid relevant to operating activities

Unit: RMB Yuan

Item	2015	2014
Sales expense paid in reporting period	658,681,986.38	488,083,830.35
Administration expense paid in reporting period	166,592,183.42	111,480,111.74
Handling charges for financial expense in reporting period	1,477,448.10	1,326,782.99
Intercourse funds	7,041,744.94	11,526,696.57
Total	833,793,362.84	612,417,421.65

44. Supplementary information to cash flow statement**(1) Information of net profit to net cash flows generated from operating activities**

Unit: RMB Yuan

Item	2015	2014
I. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	498,509,022.06	350,363,717.00
Add: Provision for impairment of assets	-1,325,118.42	11,419,997.31
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	57,610,111.52	67,451,231.08
Amortization of intangible assets	2,619,476.35	2,893,989.24
Amortization of long-term deferred expense	3,014,839.00	6,551,177.05
Losses on disposal of property, plant and equipment, intangible assets and other long-term assets (gains: negative)	16,780.87	-591,204.60
Losses from changes in fair value (gains: negative)	248,907.75	13,529,790.00
Financial expense (gains: negative)	835,131.49	656,433.57
Investment loss (gains: negative)	-71,820,527.82	-56,378,070.46
Decrease in deferred income tax assets (gains: negative)	-6,529,270.35	-48,594,610.18
Increase in deferred income tax liabilities (decrease: negative)	-37,336.16	-2,029,468.50
Decrease in inventory (gains: negative)	151,430,212.58	218,968,580.59
Decrease in accounts receivable from operating activities (gains: negative)	1,090,041,707.37	34,104,953.91
Increase in payables from operating activities (decrease: negative)	-359,344,452.78	226,757,919.82
Net cash flows generated from operating activities	1,365,269,483.46	825,104,435.83
II. Investing and financing activities that do not involving cash receipts and payment:	--	--
III. Net increase in cash and cash equivalents	--	--
Closing balance of cash	1,104,435,153.42	2,114,623,154.82
Less: Opening balance of cash	1,516,739,804.86	1,558,204,866.53
Net increase in cash and cash equivalents	-412,304,651.44	556,418,288.29

(2) Cash and cash equivalents

Unit: RMB Yuan

Item	Closing balance	Opening balance
I. Cash	1,104,435,153.42	1,516,739,804.86
Including: cash in hand	8,158.18	8,158.18
Bank deposit can be used for payment at any time	2,744,426,995.23	2,996,731,646.68
Other monetary funds can be used for payment at any time	72,538,190.64	63,175,151.35
III. Closing balance of cash and cash equivalents	1,104,435,153.42	1,516,739,804.86

45. The assets with the ownership or use right restricted

Unit: RMB Yuan

Monetary capital	Monetary
Monetary capital	The bank acceptance deposit RMB 69,566,530.71, L/C Guarantee deposits RMB 2,971,659.93, structured deposits RMB 1.64 billion
Total	

46. Foreign currency monetary items**(1) Foreign currency monetary items**

Unit: RMB Yuan

Item	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary funds			
Including: USD	42,257,124.75	6.1136	258,343,157.87
EUR	690,160.82	6.8699	4,741,335.82
JPY	15.00	0.0501	0.75
Accounts receivable			
Including: USD	75,640,545.52	6.1136	462,436,039.08
EUR	19.25	6.8699	132.25
Prepayment			
Including: USD	914,922.74	6.1136	5,593,471.66
EUR	8,472.00	6.8699	58,201.79
Accounts payable			
Including: USD	4,882,477.84	6.1136	29,849,516.52

EUR	30,430.08	6.8699	209,051.61
Accounts receivable in advance			
Including: USD	2,156,018.02	6.1136	13,181,031.75
EUR	13,710.71	6.8699	94,191.17
JPY	79,163.35	0.0501	3,962.28

(2) Note to oversea entities including: for significant oversea entities, shall disclose main operating place, recording currency and selection basis, if there are changes into recording currency, shall also disclose the reason.

Name of entity	Main operating palce	Currency	Changes
Little Swan International (Singapore) Co., Ltd.	Singapore	USD	No

VIII. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name of the subsidiary	Main operating place	Registration place	Nature of business	Proportion of shareholding		Way of gaining
				Directly	Indirectly	
Wuxi Little Swan General Electric Appliances Co. , Ltd.	Wuxi	Wuxi	Production	70.00%		Setting-up
Wuxi Filin Electronics Co. , Ltd.	Wuxi	Wuxi	Production	73.00%		Setting-up
Jiangsu Little Swan Marketing and Sales Co. , Ltd.	Wuxi	Wuxi	Trading	99.54%	0.09%	Setting-up
Wuxi Little Swan Import & Export Co. , Ltd	Wuxi	Wuxi	Import & Export	88.46%		Setting-up
Little Swan International (Singapore) Co., Ltd.	Singapore	Singapore	Investment	100.00%		Setting-up
Little Swan (Jingzhou) Electronic Appliances Co., Ltd.	Jingzhou	Jingzhou	Production	100.00%		Enterprise combination under same control
Hefei Midea Washing Machine Co., Ltd.	Hefei	Hefei	Production	69.47%		Enterprise combination under same control

(2) Significant not wholly owned subsidiary

Unit: RMB Yuan

Name	Shareholding proportion of minority shareholder	The profits and losses arbitrate to the minority shareholders	Declaring dividends distribute to minority shareholder	Balance of minority shareholder at closing period
Wuxi Little Swan General Electric Appliances Co. , Ltd.	30.00%	2,467,869.01		46,784,651.34
Wuxi Filin Electronics Co. , Ltd.	27.00%	15,349,322.58		114,095,859.05
Hefei Midea Washing Machine Co., Ltd.	30.53%	49,997,561.92		624,112,606.07

(3) The main financial information of significant not wholly owned subsidiary

Unit: RMB Yuan

Name	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liability	current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liability
Wuxi Little Swan General Electric Appliances Co., Ltd.	245,058,018	17,408,913	262,466,931	77,729,100	9,773,637	87,502,738	213,881,741	19,098,218	232,979,959	56,406,736	9,960,831	66,367,567
Wuxi Filin Electronics Co., Ltd.	507,770,850	55,975,619	563,746,469	138,681,456	2,487,757	141,169,213	444,295,307	57,312,843	501,608,149	133,657,734	2,539,357	136,197,091
Hefei Midea Washing Machine Co., Ltd.	3,778,898,129	649,726,267	4,428,624,395	2,381,155,970	3,208,333	2,384,364,303	3,680,238,071	660,915,331	4,341,153,402	2,458,370,427	3,395,249	2,461,765,675

Unit: RMB Yuan

Name	2015				2014			
	Operation revenue	Net profit	Total comprehensive income	Operating cash flow	Operation revenue	Net profit	Total comprehensive income	Operating cash flow

Wuxi Little Swan General Electric Appliances Co. , Ltd.	119,149,999	8,226,230	8,226,230	-4,492,352	126,305,682	9,997,412	9,997,412	5,377,314
Wuxi Filin Electronics Co. , Ltd.	237,418,559	56,849,343	56,849,343	-85,141,565	174,990,191	36,455,880	36,455,880	-20,696,682
Hefei Midea Washing Machine Co., Ltd.	2,889,158,007	163,765,352	163,765,352	411,781,210	2,212,744,961	69,175,802	69,175,802	74,175,397

2. Equity in joint venture arrangement or associated enterprise

(1) Significant joint venture arrangement or associated enterprise

Name	Main operating place	Registration place	Business nature	Proportion		Accounting treatment of the investment of joint venture or associated enterprise
				Directly	Indirectly	
Guangzhou Antaida Logistical Co., Ltd.	Guangzhou	Guangzhou	Logistics transportation	20.00%		Equity method

(2) Main financial information of significant joint venture

Unit: RMB Yuan

	Closing balance /2015	Opening balance/2014
Current assets	13,369,467.50	14,842,601.50
Non-current assets	251,532.50	474,347.77
Total assets	13,621,000.00	15,316,949.27
Current liabilities	-11,996.06	1,066,747.03
Total liabilities	-11,996.06	1,066,747.03
Equity attributable to the parent company shareholders	13,632,996.06	14,250,202.24
Share of net asset calculated by shareholding proportion	2,726,599.21	2,850,040.45
Book value of investment to associated enterprise	2,726,599.21	2,850,040.45

IX. Risks related to financial tools

The financial risks the Company faced during operation are: financial risk: credit risk, market risk and liquidity risk. The board of directors of the Company will be entirely responsible for the determination of risk management goals and policies, and bear the ultimate responsibility for them. The Company management levels management and monitoring the risks, to ensure timely and effectively take the appropriate measures.

The overall goal of the risk management of the Company is under the condition of without excessive impact to competitiveness and resilience of the Company, formulating risk management policy to reduce risk as much as possible.

(I) Credit risk

Credit risk is referring to the financial losses of one party incurred when the other party fails to perform its obligations. The Company mainly faces the credit risk lead to customer credit risk. Before signing a new contract, the company will know about and understand the new customer credit risk. The Company based on the existing customer credit rating and the accounts receivable using aging analysis to ensure that the Company's overall credit risk in the controllable range.

(II) Market risk

Market risk of financial instruments is referring to the fair value and future cash flow of financial instruments changes due to the change of market price, including foreign currency risk, interest rate risk and other price risk.

(III) Liquidity risk

Liquidity risk is referring to the risk of capital shortage when the Company performing settlement by cash or other financial assets. The policies of Company are to ensure that there are sufficient cash to pay due liabilities. Liquidity risk centralized control by the Company's financial department. The financial department through supervising the cash balance, securities can be converted into cash at anytime and rolling forecast of cash flow in future 12 months, ensure that there are sufficient capital to pay liabilities under all reasonable forecast.

X. Related party and related Transaction**1. Information related to parent company of the Company**

Name of parent company	Registered place	Business scope	Registered capital	Proportion of share held by parent company against the Company (%)	Proportion of voting rights owned by parent company against the Company (%)
Midea Group Co., Ltd	Foshan, Guangdong	Manufacture, sales and after sale service of household appliances and its equipments	4,290,122,597	52.67%	52.67%

Notes: Information on the parent company:

The final control party of the enterprise is He Xiangjian.

2. Subsidiaries of the Company

See details to Notes VIII.

3. Information on the joint ventures and associated enterprises of the Company

See details to Notes VIII.

4. Information on other related parties of the Company

Name	Relationship
Midea Group Finance Co., Ltd	Under control of controlling shareholder of the Company
Hefei Midea Materail Supply Co.,Ltd	Under control of controlling shareholder of the Company
Hefei Midea Refrigerator Co., Ltd	Under control of controlling shareholder of the Company
Hefei Hua Ling Share Holding Co. , Ltd.	Under control of controlling shareholder of the Company

Guangdong Midea HVAC Equipment Co. , Ltd.	Under control of controlling shareholder of the Company
Midea Electric Trading (Singapore) Co. Pte. Ltd.	Under control of controlling shareholder of the Company
PT. Midea Planet Indonesia	Holding shares of controlling shareholder of the Company
MIDEA SCOTT & ENGLISH SDN BHD	Holding shares of controlling shareholder of the Company
MIDEA ITALIA S.R.L.	Under control of controlling shareholder of the Company
Midea Life Electric (Vietnam) Co. , Ltd.	Under control of controlling shareholder of the Company
HandanMidea Refrigeration Equipment Co., Ltd	Under control of controlling shareholder of the Company
Hefei Bainian Molding Technology Co., Ltd.	Under control of family member close to the actual controller
Zhongshan Midea Midea Environment Appliances Engineering Product Installation Service Co., Ltd.	Under control of controlling shareholder of the Company
Foshan Shunde District Bainian Technology Development Co., Ltd.	Under control of controlling shareholder of the Company
Foshan Shunde District Bainian Tongchuang Plastic Industrial Co., Ltd.	Under control of controlling shareholder of the Company
Ningbo Annto Logistics Co. Ltd.	Under control of controlling shareholder of the Company
Annto Logistics Co. Ltd.	Under control of controlling shareholder of the Company
Huai'an Welling Motor Manufacturing Co., Ltd.	Under control of controlling shareholder of the Company
Hubei Midea Refrigerator Co., Ltd.	Under control of controlling shareholder of the Company
Wuhu Bainian Technology Development Co., Ltd.	Under control of controlling shareholder of the Company
Wuhu MeizhiAir-conditioning Co., Ltd	Under control of controlling shareholder of the Company
Wuhu Midea Kitchenware Appliances Manufacturing Co., Ltd.	Under control of controlling shareholder of the Company
Wuhu Midea Household Appliances Information Service Co., Ltd.	Under control of controlling shareholder of the Company
Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd	Under control of controlling shareholder of the Company
Guangdong Midea Refrigeration Equipment Co., Ltd	Under control of controlling shareholder of the Company
Ningbo Midea United Material Supply Co., Ltd	Under control of controlling shareholder of the Company
Guangdong Midea Environment Appliances Co. Ltd.	Under control of controlling shareholder of the Company

5. List of related-party transactions

(1) Information on acquisition of goods and reception of labor service (unit: ten thousand Yuan)

Acquisition of goods and reception of labor service

Unit: RMB Yuan

Related-party	Content	2015	Trading limit approved	Over the trading limit or not?	2014
Huai'an Welling Motor Manufacturing Co., Ltd.	Electrical Machine	248,274,543.85	586,000,000.00	No	191,827,058.83

Ningbo Midea United Material Supply Co., Ltd	Materials	245,095,214.95	760,000,000.00	No	114,393,353.84
Ningbo Annto Logistics Co. Ltd.	Logistics service	172,170,984.31	373,000,000.00	No	37,152,578.97
Zhejiang Meizhi Plasticator Co. Ltd.	Materials	1,751,675.19	0.00	No	
Midea Group Electronic Commerce Co. Ltd.	Materials	1,389,420.21	10,000,000.00	No	
Hefei Midea Material Supply Co., Ltd	Materials				79,038,575.14
Guangdong Midea Environment Appliances Co. Ltd.	Materials				4,288,888.90
Hubei Midea Refrigerator Co. Ltd.	Materials				770,148.67
Annto Logistics Co. Ltd.	Logistics service				88,989.25
Hefei Hua Ling Share Holding Co. , Ltd.	Materials				40,259.03
Total		668,681,838.51			427,599,852.63

Information of sales of goods and provision of labor service

Unit: RMB Yuan

Related-party	Content	2015	2014
Midea Electric Trading (Singapore) Co. Pte. Ltd.	Materials & washing machine	905,147,968.25	676,907,927.34
MIDEA SCOTT&ENGLISH ELECTRONIICS SDN.BHD	Washing machine	22,538,129.98	12,553,510.03
Hefei Hua Ling Share Holding Co. , Ltd.	Rent	5,833,768.80	
PT. Midea Planet Indonesia	Materials & washing machine	5,225,547.41	2,055,545.17
Midea Life Electric (Vietnam) Co. , Ltd.	Washing machine	919,302.64	816,211.03
Hefei Midea Material Supply Co., Ltd	Materials	93,979.49	
Huai'an Welling Motor Manufacturing Co., Ltd.	Materials		51,192.77
Total		939,758,696.57	693,200,597.38

(2) Related party asset transfer and debt restructuring

Unit: RMB Yuan

Related party	Content	2015	2014
Guangdong Midea Refrigeration Equipment Co., Ltd	Equipment	8,210.40	0.00

(3) Rewards for the key management personnel

Unit: RMB Yuan

Item	2015	2014
Rewards for the key management personnel	1,724,800.00	3,061,800.00

Notes: the key management personnel were the directors, supervisors and senior management personnel who obtaining remuneration in the Company during reporting period, due to personnel changes, the personnel and the number were different.

6. Receivables and payables of related parties**(1) Receivables**

Unit: RMB Yuan

Item	Related party	Closing period		Opening period	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Midea Electric Trading (Singapore) Co. Pte. Ltd.	273,241,410.46	13,662,070.52	229,629,569.18	11,481,478.46
Account receivable	MIDEA SCOTT&ENGLISH ELECTRONILCS SDN.BHD	15,341,386.65	767,069.33	6,096,576.22	304,828.81
Account receivable	PT MIDEA PLANET INDONESIA	4,642,741.20	232,137.06	4,378,064.95	218,903.25
Account receivable	Hefei Midea Material Supply Co., Ltd	109,956.00	5,497.80		
Account receivable	Guangdong Midea Refrigeration Equipment Co., Ltd	8,210.40	410.52	2,472,238.03	123,611.90
Account receivable	Midea Life Electric (Vietnam) Co. , Ltd.			1,763,032.11	88,151.61
Account receivable	Ningbo Annto Logistics Co. Ltd.			1,531,491.60	76,574.58
Account receivable	Hubei Midea Refrigerator Co. Ltd.			1,365,053.13	68,252.66
Subtotal		293,343,704.71	14,667,185.24	247,236,025.22	12,361,801.27
Other receivables	Hefei Hua Ling Share Holding Co. , Ltd.			972,294.80	48,614.74
Subtotal				972,294.80	48,614.74
Prepayment	Ningbo Midea United Material Supply Co., Ltd	88,275.94		18,549,101.34	
Subtotal		88,275.94		18,549,101.34	

(2) Payables

Unit: RMB Yuan

Item	Related party	Closing book value	Opening book value
Accounts payable	Huai'an Welling Motor Manufacturing Co., Ltd.	65,334,696.34	67,504,962.19
Accounts payable	Ningbo Midea United Material Supply Co., Ltd	31,254,265.83	16,775,725.20
Accounts payable	Zhejiang Meizhi Plasticator Co. Ltd.	215,283.82	
Accounts payable	Ningbo Annto Logistics Co. Ltd.	128,380.63	137,829.53
Accounts payable	Annto Logistics Co. Ltd.	81,649.55	90,630.06
Accounts payable	Hefei Bainian Molding Technology Co., Ltd.	880.73	880.73
Accounts payable	Hefei Midea Material Supply Co., Ltd		22,735.18
Accounts payable	Midea Group Co., Ltd		5,576,397.45
Accounts payable	Foshan Shunde District Bainian Technology Development Co., Ltd.		8,800.00
Total		97,015,156.90	90,117,960.34

XI. Stock payment**1. The Stock payment overall situation****1. Overall of share-based payment**

During the reporting period, the Midea Group and the high-level management personnel and technical backbone personnel of its subsidiaries implemented stock options incentive plan Phase II, the grant date of phase I stock options incentive plan was on 18 Feb. 2014, the grant date of phase II was on 27 May. 2015. As of the end of reporting period, in the phase I stock options incentive plan, authorized to the Company and its subsidiaries incentive personnel was 45 people, authorized the incentive personnel stock options 6.5925 million, the first exercise period had reached an agreement on 15 May 2015 and began to exercise; in stock options incentive plan Phase II, authorized to the Company and its subsidiaries incentive personnel was 45 people, authorized the incentive personnel stock options 5.07 million.

2. The Stock payment settled by equity

Applicable Inapplicable

3. The Stock payment settled by cash

Applicable Inapplicable

4. Modification and termination of the stock payment

Naught

5. Other

Naught

XII. Commitments

1. Significant commitments

Significant commitments at balance sheet date

As of 30 Jun. 2015, there was no significant commitment or contingency in the Group.

2. Contingency

(1) Significant contingency at balance sheet date

As of 30 Jun. 2015, there was no significant contingency in the Group.

(2) The Company have no significant contingency to disclose, also should be stated

There was no significant contingency in the Company.

3. Other

XIII. Events after balance sheet date

1. Significant events had not adjusted

Naught

XIV. Other significant events

1. Segment information

(1) There was no reportable segment, or the total amount of assets and liabilities of each part of reportable segment, shall disclose the reason.

The business of the Company and its subsidiaries are unitary, which mainly is the production and sale of household appliances. The Management considered it as a whole to implementing administration and evaluating the operating results, thus the financial report did not have segment information.

XV. Notes of main items in the financial statements of the Company**1. Accounts receivable****(1) Accounts receivable classified by category**

Unit: RMB Yuan

Category	Closing balance					Opening balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Withdrawal Proportion (%)		Amount	Proportion (%)	Amount	Withdrawal Proportion (%)	
Accounts receivable withdrawal of bad debt provision of by credit risks characteristics:	814,069,104	99%	21,627,793	3%	792,441,311	621,923,990	98%	22,843,095	4%	599,080,896
Accounts receivable with insignificant single amount but large risks of groups after grouping by credit risks characteristics	11,006,018	1%	11,006,018	100%		11,347,358	2%	11,347,358	100%	
Total	825,075,123	100%	32,633,811	4%	792,441,311	633,271,348	100%	34,190,453	5 %	599,080,896

Accounts receivable with insignificant single amount but large risks of groups after grouping by credit risks characteristics at the end of reporting period.

Applicable Inapplicable

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

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Accounts receivable	Provision for bad debts	Proportion (%)
Subentry within 1 year			
Subtotal of within 1 year	432,299,645.72	21,614,982.29	5.00%
1-2 years	5,613.68	561.37	10.00%
2-3 years	40,830.36	12,249.11	30.00%
3-4 years	0.36	0.18	50.00%
4-5 years	0.36	0.18	50.00%
Total	432,346,090.48	21,627,793.12	

Notes:

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

Applicable Inapplicable

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

(2) Bad debt provision withdrawal, reversed or recovered in the report period

The amount of bad debt provision was RMB -1,556,641.45; the amount of reversed or recovered bad debt provision in the report period was of RMB 341,340.00.

(3) Top five of account receivable of closing balance collected by arrears party

Name of the entity	Relationship	Amount	Year	Proportion (%)
Hefei Midea Washing Machine Co., Ltd	381,723,013.91	Within 1 year	46.27%	0.00
Midea Electric Trading (Singapore) Co. Pte. Ltd.	100,274,727.88	1 Within 1 year	12.15%	5,013,736.39
Suning Yunshang Group Co., LTD. Suning Purchasing Center	63,678,040.83	1 Within 1 year	7.72%	3,183,902.04
DEILAMI GENERAL TRADING CO. (L.L.C.)	15,924,111.06	1 Within 1 year	1.93%	796,205.55
Jiangsu 5 Star Appliance Co., Ltd	13,403,393.61	1 Within 1 year	1.62%	670,169.68
Total	575,003,287.29		69.69	9,664,013.67

2. Other account receivable

(1) Other account receivable classified by category

Unit: RMB Yuan

Category	Closing balance			Opening balance		
	Book balance	Provision for bad debts	Book value	Book balance	Provision for bad debts	Book value

	Amount	Proportion (%)	Amount	Withdrawal proportion		Amount	Proportion (%)	Amount	Withdrawal proportion	
Accounts receivable withdrawal of bad debt provision of by credit risks characteristics:	99,120,229	100%	77,669,068	78%	21,451,161	93,916,412	100%	77,754,120	83%	16,162,292
Total	99,120,229	100%	77,669,068	78%	21,451,161	93,916,412	100%	77,754,120	83%	16,162,292

Other accounts receivable with insignificant single amount but large risks of groups after grouping by credit risks characteristics at the end of reporting period

Applicable Inapplicable

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

Applicable Inapplicable

Unit: RMB Yuan

Aging	Closing balance		
	Other account receivable	Provision for bad debts	Proportion (%)
Subentry within 1 year			
Subtotal of within 1 year	12,375,469.09	618,773.45	5.00%
1-2 years	10,338,072.11	1,033,807.21	10.00%
2-3 years	307,714.50	92,314.35	30.00%
3-4 years	349,600.00	174,800.00	50.00%
Total	23,370,855.70	1,919,695.02	8.21%

Notes:

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

Applicable Inapplicable

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

Applicable Inapplicable

(2) Bad debt provision withdrawal, reversed or recovered in the report period

The amount of bad debt provision was RMB 318,600.62, the amount of reversed or recovered bad debt provision in the report period RMB 000.

(3) Particulars of the actual verification of other accounts receivable during the reporting period

Unit: RMB Yuan

Item	Amount
Risk fund of production safety	28,750.00
Wuxi Real Estate Administrative Bureau	13,224.00
TAIZHOU HUANGYAN ZHIWEI MOULD CO,LTD,	269,231.00
Foshan Weihansen, Mechanical And Electrical Automation Equipment Co., Ltd.	39,000.00
Wuxi Dehai Kemao Co., Ltd.	35,300.00
Hoffman/New Yoke,Inc	6,866.00
Wuxi Mingjie Machine Co., Ltd.	5,742.00
Zhejiang Aolong Science & Technology Development Co. , Ltd	2,607.00
Lapauw	2,232.00
Occasional supplier	700.00
Total	403,652.19

(4) Other account receivable classified by account nature

Unit: RMB Yuan

Nature	Closing book value	Opening book value
Margin & cash pledge	71,150.00	362,934.12
Advance money for another	6,901,539.19	2,722,807.25
Subsidies for energy saving & benefit the people	9,738,261.10	9,738,261.10
Overdue bill	6,659,905.41	3,645,699.48
Employee loan		1,700,000.00
Export rebates	75,749,372.91	75,746,709.83
Total	99,120,228.61	93,916,411.78

(5) The top five other account receivable classified by debtor at period end

Unit: RMB Yuan

Entity	Nature	Closing balance	Aging	Proportion%	Closing balance of bad debt provision
Jiangsu Little Swan Marketing and Sales Co. , Ltd.	Intercourse funds	74,639,209.96	2-3 years	75.30%	74,639,209.96
Ministry of Industry and	Subsidies for energy	9,738,261.10	1-2 years	9.82%	973,826.11

Information	saving & benefit the people				
Wang Ruiqun	Marketing costs	2,178,000.00	1-2 years	2.20%	111,400.00
Zhejiang Tmall Technology Co., Ltd.	Margin & cash pledge	984,110.25	1-2 years	0.99%	49,205.51
Wuxi Huarun Gas Co., Ltd.	Gas payment in advance /cash pledge	725,800.00	Within 1 year	0.73%	36,290.00
Total	--	88,265,381.31	--	13.75%	75,809,931.58

3. Long term equity investment

Unit: RMB Yuan

Item	Closing balance			Opening balance		
	Book balance	bad debt provision	Book value	Book balance	bad debt provision	Book value
Investment to the subsidiary	1,397,194,491.57	57,500,000.00	1,339,694,491.57	1,397,194,491.57	57,500,000.00	1,339,694,491.57
Investment to joint ventures and associated enterprises	2,726,599.21		2,726,599.21	2,850,040.45		2,850,040.45
Total	1,399,921,090.78	57,500,000.00	1,342,421,090.78	1,400,044,532.02	57,500,000.00	1,342,544,532.02

(1) Investment to the subsidiary

Unit: RMB Yuan

Entity	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in the reporting period	Closing balance of impairment provision
Wuxi Little Swan Import & Export Co., Ltd	57,500,000.00			57,500,000.00		57,500,000.00
Jiangsu Little Swan Marketing and Sales Co., Ltd.	417,550,000.00			417,550,000.00		
Wuxi Filin Electronics Co., Ltd.	25,660,308.10			25,660,308.10		
Wuxi Little Swan General Electric Appliances Co., Ltd.	19,600,000.00			19,600,000.00		
San Jin(Jing Zhou) Electrical Appliances Co., Ltd.	11,869,431.12			11,869,431.12		

Little Swan International(Singapore) Co., Ltd.	34,052,500.00			34,052,500.00	
Hefei Midea Washing Machine Co., Ltd.	830,962,252.35			830,962,252.35	
Total	1,397,194,491.57			1,397,194,491.57	57,500,000.00

(2) Investment to joint ventures and associated enterprises

Unit: RMB Yuan

Name of investee	Opening balance	Increase/decrease in reporting period								Closing balance	Closing balance of impairment provision
		Addition investment	Negative investment	Investment profit and loss recognized under the equity method	Adjustment of other comprehensive income	Other equity changes	Declaration of cash dividends or profits	Withdrawn impairment provision	Other		
I. Joint ventures											
II. Associated enterprises											
Guangzhou Attend Logistics Co., Ltd.	2,850,040.45			-123,441.24						2,726,599.21	
Subtotal	2,850,040.45			-123,441.24						2,726,599.21	
Total	2,850,040.45			-123,441.24						2,726,599.21	

(3) Other notes

4. Revenues and operating costs

Unit: RMB Yuan

Item	Reporting period		Same period of last year	
	Revenues	Operating costs	Revenues	Operating costs
Main operations	4,228,136,811.27	3,176,678,635.30	3,402,936,436.54	2,497,703,786.49
Other operations	280,406,419.00	242,456,904.37	239,763,786.41	221,039,144.13
Total	4,508,543,230.27	3,419,135,539.67	3,642,700,222.95	2,718,742,930.62

5. Investment income

Unit: RMB Yuan

Item	Reporting period	Same period of last year
Long-term equity investment income accounted by equity method	-123,441.24	19,847.57
Investment income from disposal of long term equity investment		-8,513,054.48
Investment income from disposal of financial assets measured at fair value and changes recorded into current profits and losses	362,690.00	2,341,450.00
Investment income gained in the period of the hold of bank financial products	42,905,313.67	29,625,630.07
Total	43,144,562.43	23,473,873.16

XVI. Supplementary materials

1. Items and amounts of extraordinary gains and losses

Applicable Inapplicable

Unit: RMB Yuan

Item	Amount	Note
Loss and gains on disposal of non-current assets	-1,543,093.94	
Governmental subsidy included in the current profits and losses(is closely related with the business event, except for the governmental subsidy that according to the national unity standard quota or the quantitative regal assets)	11,077,408.20	
Gains and losses of committing others of investment or managing assets	71,346,929.06	
Income and expenses of the other operation except for the mentioned above	341,340.00	
The other items of gains and losses conforming the definition of non-recurring gains and losses	2,966,563.60	
Less: the effect of income tax	12,627,967.94	
the effect of minority interest	9,982,132.42	
Total	61,579,046.56	--

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

Applicable Inapplicable

2. Return on equity (ROE) and earnings per share (EPS)

Profit as of reporting period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to common shareholders of the Company	9.28%	0.68	0.68
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	7.95%	0.58	0.58

Section X. Documents Available for Reference

1. Text of the Semi-annual Report 2015 with the signature of the Chairman of the Board of Directors.
2. Accounting statements with signatures and seals of the legal representative, the chief financial officer and the head of accounting.
3. Originals of all documents and announcements of the Company ever disclosed on *Securities Times* and *Hong Kong Ta Kung Pao* in the reporting period.

Wuxi Little Swan Co., Ltd.

Legal Representative: Fang Hongbo

6 Aug. 2015