

Wuxi Little Swan Company Limited

2016 Semi-annual Report



August 2016

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. Xu Yunwei, chief of the accounting organ (chief of accounting), hereby confirm that the Financial Report enclosed in this report is factual, accurate and complete.

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

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

Contents

Section I Important Reminders, Contents & Explanation.....	2
Section II Company Profile	5
Section III Highlights of Accounting Data & Financial Indicators	7
Section IV Report of the Board of Directors	9
Section V. Significant Events.....	20
Section VI. Change in Shares & Shareholders	30
Section VII. Directors, Supervisors, Senior Management Staffs	34
Section IX. Documents Available For Reference.....	121

Explanation

Term	Refers to	Contents
Company or the Company	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.
Guangzhou Attend Logistics	Refers to	Guangzhou Attend Logistics Co., Ltd.
CSRC	Refers to	China Securities Regulatory Commission
Reporting period	Refers to	1 January 2016-30 June 2016

Section II Company Profile

I Basic information about the Company

Stock name	Little Swan A, Little Swan B	Stock code	000418, 200418
Stock exchange	Shenzhen Stock Exchange		
Company name in Chinese	无锡小天鹅股份有限公司		
Abbreviation (if any)	小天鹅		
Company name in English (if any)	Wuxi Little Swan Company Limited		
Legal representative	Mr. Fang Hongbo		

II Contact information

	Board Secretary	Securities Representative
Name	Ms. Zhou Sixiu	Mr. Zhao Yulin
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
Fax	0510-83720879	0510-83720879
E-mail	ir@littleswan.com.cn	ir@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 Not applicable

The registered address, office address and their postal codes, website address and email address of the Company did not change during the Reporting Period.

On 10 August 2016, we disclosed the Announcement on Change of Company Email Address to change our email address from “ir_littleswan@littleswan.com.cn” to “ir@littleswan.com.cn”. The new email address has been put into use since the announcement date, and the old one can be used until 30 September 2016 for transition. Investors are kindly reminded to note that.

2. About information disclosure and the place where this report is kept

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

Applicable Not applicable

The newspapers designated by the Company for information disclosure, the website designated by CSRC for disclosing this report and the place where this report is kept did not change during the reporting period. The said information can be found in the 2015 Annual Report.

3. Change of the registered information

Did any change occur to the registered information during the Reporting Period?

Applicable Not applicable

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 2015 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)	7,984,787,194.92	6,101,903,864.60	30.86%
Net profit attributable to shareholders of the Company (RMB)	580,826,562.58	430,694,268.55	34.86%
Net profit attributable to shareholders of the Company after excluding extraordinary gains and losses (RMB)	567,444,003.06	369,115,221.99	53.73%
Net cash flows from operating activities (RMB)	1,607,097,392.88	1,365,269,483.46	17.71%
Basic EPS (RMB/share)	0.92	0.68	35.29%
Diluted EPS (RMB/share)	0.92	0.68	35.29%
Weighted average ROE (%)	10.82%	9.28%	1.54%
	As at the end of the reporting period	As at the end of last year	+/- (%)
Total assets (RMB)	15,482,781,637.01	14,327,655,366.60	8.06%
Net assets attributable to shareholders of the Company (RMB)	5,372,739,501.53	5,124,866,173.14	4.84%

Notes: In the fourth quarter of 2015, “to make financial investments with the Company’s own funds” was added to the business scope of the Company. As such, gains/losses on financial investments have been restated as recurrent gains/losses. In order to help investors better understand the business results of the Company, the “net profit attributable to shareholders of the Company after excluding extraordinary gains and losses” of the same period of last year is restated as follows with the same caliber:

Unit: RMB

	Reporting period	Same period of last year	YoY +/- (%)
Net profit attributable to shareholders of the Company after excluding extraordinary gains and losses	567,444,003.06	422,382,161.29	34.34%

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 Not applicable

No difference.

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

Applicable Not applicable

No difference.

III Items and amounts of extraordinary gains and losses

Unit: RMB

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	-121,746.30	
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	19,387,917.07	
Non-operating income and expenses other than the above	1,742,326.88	
Less: Income tax effects	3,151,274.65	
Minority interests effects (after tax)	4,474,663.48	
Total	13,382,559.52	--

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 Not applicable

No such cases.

Section IV Report of the Board of Directors

I Overview

(I) Macro-environment

In the first half of 2016, the slowdown of macro-economic growth, the deepening divide in the real estate market, the continuous volatility of raw material prices and the wider fluctuations of the exchange rate of RMB posed a bigger challenge to the home appliance sector.

In the period, transformation and upgrade remained the theme for the sector. As middle-class consumers kept growing and those born in 1980s and 1990s grew up, demand for high-end, fashionable, individualized and diversified home appliances was increasing. Roller, large-capacity, inverter and smart washing machines, as well as drying machines, were developing fast, which created tremendous market opportunities. The digital and smart technologies continued to boost reform of the manufacturing model of home appliances, and “machines instead of human” and “smart manufacturing” kept improving the manufacturing efficiency. Amid the deep change and relocation of global manufacturing, as well as the faster merger among home appliance tycoons, Chinese home appliance makers increased their pace of internationalization. Thanks to smart terminal and mobile internet, online channels were developing much faster than traditional channels. Consumption upgrade, renewal and overseas expansion remained the three main driving forces of the washing machine industry. According to ChinaIOL statistics, the first half of 2016 saw a total domestic output of 27,497,300 washing machines, up 3.82% year on year, of which 18,998,200 were sold domestically, up 4.34% year on year, while 8,499,100 were exported, up 2.67% year on year.

(II) Main business analysis

In face of the complex domestic and overseas environments, as well as a continuously weak global economy, we continued to closely adhere to our strategic axis of “leading products, efficiency-driven and global operations”, focused on our main business, put customers and products at the heart of everything we did, and pushed forward organizational reform and operating transformation. Meanwhile, we strengthened our R&D and innovation, improved our T+3 order mechanism and promoted manufacturing upgrade and efficiency improvement so as to increase our core competitiveness. The first half of 2016 witnessed a further improvement of our operating quality, with continuously improving product structure, product quality and operating efficiency. For the reporting period, we achieved operating revenues of RMB7.985 billion, up 30.86% from the same period of last year; net profit attributable to shareholders of the Company stood at RMB581 million, representing a YoY growth of 34.86%; and our overall gross profit margin was 27.2%, increasing by 0.25 percentage points from the corresponding period of last year.

(III) Work accomplished in the first half of 2016

1. While centering on leading products, the Company continued to make competitive products, and promote high-end and differential product series

The Company centered on the strategic main shaft of leading products, focused on consumers, stuck to invest more on R&D input and product innovation, continued to construct a technology R&D platform with global competitiveness; emphasized on user survey, research in advance, intelligent research and core technology efforts, continued to made competitive products through independent R&D and external cooperation, promoted key products of the Beverly high-end series and Disney differential series, so as to create qualified life experience for users. Among them, as for the Beverly high-end new series, the Company combined Italian Kaibihe technique based on its cooperation with Italian technique research institution, applied diamond-cut technology to make rose-diamond-type door cycles, practiced craftsmen’s spirit, and carried forward high-end transformation. The washing machines of the Disney customized version, including children’s washing machines designed for “adorable kids”, the wall hanging clothes dryers, and the portable mini washing machines, were combined with both artistry and practicability, and reflected the Company’s efforts of continuous creation of fashionable qualified goods. In the reporting period, the Company won the honor of technology certification of “Water Rubik’s Cube



with High-efficiency and Energy Saving” issued by VDE, as well as the quality certificate of “BLDC Electrical Machine of 20-year Service Life”. The Beverly roller washing machines won the honor of product award in “China Appliance Award” for Chinese home appliances in Y2016. The Beverly wave-wheel washing machines had the honor to win the best design reward of German “Red Spot Award” in Y2016. R&D and innovation capability of the Company were highly recognized by the market.

2. The Company enhanced on marketing transformation, rapidly enlarged E-Commerce business, and stably pushed growth of overseas self-own brands

In domestic market, the Company continued to deepen the transformation of marketing modes, led agents transform

to platform operator, pushed channels for further flattening, and improve its competitiveness in terminal markets; sustainably optimized product sales structure, raised the ratio of high and milled end products, strengthened on the sample processing and resource input of high and middle end product series, established the Beverly special hall and the Disney special hall; promoted sharing of channels and stocks, fully took advantage of the turnover function of center warehouses, integrated the planning, allocation, and usage of all channels and stocks; energetically developed the campus cloud-washing machine project, and had successfully entered into plenty of universities, flats, and hotels, and ultimately constructed the big market of public self-help clothes-washing service, positively promoted the market expansion for clothes dryers, reinforced on new arrivals and its promotion, and gained the revenue of RMB156 million of clothes dryers in the 1st half of Y2016, with a year-on-year increase of 45.79%; positively propelled the development of E-Commerce business, deepened the cooperation with E-Commerce platforms, pushed forward the launch of Little Swan Shopping Mall, and won a breakthrough of RMB1.83 billion as revenue of all online sales in the 1st half of Y2016, with a year-on-year increase of 101.1%. In the reporting period, the Company obtained business revenue of RMB5.797 billion, growing by 32.07% as compared with the same period of last year.

In overseas market, the Company further optimized the global market layout, constantly made breakthroughs in key markets, dug out potential markets, cleared blank markets; constantly deepen strategic cooperation with key clients, stable the scale-oriented clients, put emphasis on implementing key and large cooperation projects; positively promoted the development of self-own brands, practiced localized operation in partial areas, enlarged channels, refined markets, and obtained stable growth of self-own brand business; continued to promote the outside location of manufacturing, further enlarged cooperation range, improved product competitiveness in the market through local manufacturing; sustainably carried forward product circulation in internals and external sales market, so as to realize resource collaboration and complementation; supplemented the product cast of high and middle end products, as well as the self-own-brand products, and continued to optimize product sales structure. In the reporting period, the Company obtained revenue of RMB1.53 billion for overseas sales, marking a year-on-year increase of 24.26%.

3. The Company deepened T+3 mode, and continued to carry forward manufacturing upgrade, as well as efficiency promotion

The Company continued to deepen the operation of T+3 order mode. As for the marketing end, the system of pre-arrangement for online orders, as well as capacity visualization, realized visible customers' orders, visible

capacity, and order pre-arrangement, practiced visual system management and control, and balanced order allocation and speeded up its turnover. As for the supply end, the informationized monitoring system improved logistics channel management and control, improved the on time performance and full-set preparation ratio of supplied materials, and at the same time, continuously pushed exclusive supply clear-up, and optimized supply layout. As for the manufacturing end, the Company continued to carry forward manufacturing upgrade and efficiency improvement, input more on automation, and established automotive production lines for roller washing machines. As for R&D end, the Company sustainably simplified product models, aggressively drove out the management way in features of platformization, standardization, and universalization, and improved the product design for manufacturability. In the reporting period, 90% of production and sales volume of the Company applied T+3 order mode, and over 30% were through offline direct delivery, representing a sharp upgrade of operating and turnover efficiency.

4. The Company emphasized on the principle of remarkable quality, and aggressively pushed forward the strategy of quality projects

The Company continued to pushed forward the establishment of quality management and control system, emphasized on the principle of remarkable quality, determinedly practiced the “One-vote negation system” for quality control; took users as the orientation, made benchmarking for basic properties in all systems, transformed the attention from market maintenance ratio to product reliability; strengthened the management for 2 sources (design and supply materials) and 1 process (manufacturing), strictly controlled on processes of product planning, trial-manufacturing, trial-production, and first-production in designing period, strictly implemented process inspection of sample confirmation, model experiment, and normal experiment in material supply period, strictly controlled on the transparency and visualization of quality management in manufacturing period, so as to ensure product quality in manufacturing process; continued to grasped the opportunities of quality projects, established refine management system and evaluation standards for the overall process, gradually improved the coverage rate of quality goods, and obtained public praises for quality. In the reporting period, the market maintenance rate of the Company experienced a stable year-on-year decrease, and remarkably improved product quality.

(IV) Work plan for the second half of 2016

In the 2nd half of Y2016, the Company will stand firm to continue the deepening of transformation, center on users, take production and sales as the main shaft, rigidly move forward, continuously reform the value chain, and consolidate the capability of sustainable development of the Company. In respect of product platform, the

Company will reinforce on R&D, ensure key new products development, intensify research on intelligent scene applications, enhance external cooperation, plan and construct the ecosphere of intelligent washing machine industry. In respect of marketing platform, as for domestic sales, the Company will continue to deepen T+3 order mode, aggressively carry forward channel transformation and stock sharing, unceasingly improve the ratio of high and middle end products, and energetically develop E-Commerce business; as for overseas sales, the Company will continue to expand global market, constantly improve client vigor, and enhance self-own brand promotion. As for manufacturing platform, the Company will take T+3 order mode as the pulling force, get directed by automation and informatization, and sustainably propel manufacturing upgrade. As for service platform, the Company will deepen the organization recreation, reinforce the introduction of key talents, impel the transformation of remuneration mechanism, constantly motivate the energy of the organization, and improve the integrated operation of the Company.

II Main business analysis

Unit: RMB

	Reporting period	Same period of last year	YoY +/-%	Main reasons for change
Operating revenues	7,984,787,194.92	6,101,903,864.60	30.86%	Increase of the sales volume
Operating costs	5,812,591,773.67	4,457,541,472.66	30.40%	Increased along with the revenue
Selling expenses	1,191,332,056.12	849,993,249.30	40.16%	Resource input increased as the sales volume increased
Administrative expenses	265,946,054.68	272,955,998.10	-2.57%	
Financial costs	-63,399,464.47	-11,205,277.58	-465.80%	Increase in exchange income and interest income from bank deposits
Income tax expenses	127,302,391.75	78,916,402.71	61.31%	Increased as the total profit increased
Net cash flows from operating activities	1,607,097,392.88	1,365,269,483.46	17.71%	
Net cash flows from investing activities	-2,104,441,275.89	-1,507,353,631.94	-39.61%	Bank wealth management and structural deposits increased
Net cash flows from financing activities	-376,001,781.77	-270,220,502.96	-39.15%	The cash paid as dividends increased
Net increase in cash and cash equivalents	-873,345,664.78	-412,304,651.44	-111.82%	Cash outflows from investing and financing activities increased

Major changes to the profit structure or sources of the Company during the Reporting Period:

Applicable Not applicable

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 Not applicable

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

	Operating revenues	Operating costs	Gross profit margin (%)	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 margin over the same period of last year (%)
Classified by industry:						
Home appliance manufacturing	7,327,207,677.60	5,281,634,736.14	27.92%	30.36%	29.70%	0.37%
Classified by product:						
Washing machines	7,327,207,677.60	5,281,634,736.14	27.92%	30.36%	29.70%	0.37%
Classified by region:						
China	5,797,358,361.67	3,968,971,009.52	31.54%	32.07%	33.22%	-0.59%
Other countries and regions	1,529,849,315.93	1,312,663,726.62	14.20%	24.26%	20.10%	2.98%

IV Core competitiveness analysis

Our core competitiveness is demonstrated in the following aspects:

1. Our knowledge and experience accumulated in the long history of our main 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 our tacit knowledge through the accumulation and inheritance by our talent team and has thus become our most important core competitiveness.

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, we have owned leading technological competitiveness in the industry. We have 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. We hold on to independent innovation and have the internationally advanced frequency-changing, intelligent control, structure design, industrial design and other core technologies. We connect technology, products and customers through medium and long-term technological planning, and have research talent, talent reserve and development talent for our R&D.

3. Our capability of managing the industrial chain. 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, we mainly work with Suning, Gome and some other big regional customers; in the tertiary and fourth markets, we combine agent channels, flagship stores and franchised stores to distribute our products to households. In e-commerce, we proactively make plans about online channels and enhancing our cooperation with all famous online shopping platforms, and our online sales have achieved a fast growth. Overseas, we keep deepening our cooperation with customers, expanding strategic overseas markets and enhancing the promotion of our own brands in the regional markets. We enjoy a good and long-term cooperation with our major customers at home and abroad.

4. Our capability to respond to needs of consumers. We have been keeping a watchful eye on market changes, studying consumers' needs, and focusing on improvement of the whole process experience of customers in shopping, product use and after-sales service. Consumers are always looking for professional, efficient, intelligent, green and beautifully-designed washing machines. And we satisfy customers' needs and provide them with extremely easy use experience through our innovative solutions of silver nano-particle sterilization, intelligent accurate self-loading, water cube green washing and classified washing. We adopt a two-brand strategy ("Little Swan" and "Midea") to create differentiation for the satisfaction of different needs. 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 reform and self-improvement. Through years of accumulation, we have developed a corporate culture of sustained reform and self-improvement. Along with rapid 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. In order to adapt to the era of mobile internet, we restructure the Company with the internet thinking and create a platformized operating model. Meanwhile, we are the first in the sector to adopt the T+3 order-oriented production and sale mechanism to cope with the fast changes of market needs. And in order for continuing vitality, we push forward reform of our remuneration mechanism and encourage creative sidelines as a way to keep improving our management system.

No significant changes occurred to our core competitiveness in the Reporting Period.

V. Investment analysis

1. Investments in equities of external parties

(1) Foreign investment

Applicable Not applicable

There was no foreign investment of the Company in the Reporting Period.

(2) Equity-holdings in financial enterprises

Applicable Not applicable

No such cases in the Reporting Period.

(3) Investment in securities

Applicable Not applicable

The Company did not invest in any securities in the Reporting Period.

(4) Shareholdings in other listed companies

Applicable Not applicable

No such cases in the Reporting Period.

2. Wealth management entrustment, derivative investments and entrustment loans

(1) Wealth management entrustment

Unit: RMB Ten thousand Yuan

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	594,300	27 Apr. 2015	28 Jun. 2017	Floating interest rate, contractual highest annualized income rate	121,000		6,732	6,732
Total				594,300	--	--	--	121,000		6,732	6,732
Source of the entrusted funds						All is from the self-owned funds of the Company. The line for wealth management entrustment is no more than RMB6 billion and repeated use is allowed within the said line. And the balance of the wealth management entrustment was of RMB5.943 billion at the period-end of the Reporting Period.					

Cumulative overdue principals and gains	0
Lawsuits (if applicable)	Not applicable
Disclosure date of the Board of Directors' announcement approving the wealth management entrustment (if any)	10 Mar. 2016
Disclosure date of the Board of Shareholders' announcement approving the wealth management entrustment (if any)	8 Apr. 2016

(2) Derivative investment

Applicable Not applicable

No such cases in the Reporting Period.

(3) Entrustment loans

Applicable Not applicable

No such cases in the Reporting Period.

3. Use of raised funds

Applicable Not applicable

No such cases in the Reporting Period.

4. Analysis to main subsidiaries and stock-participating companies

Unit: RMB Ten Thousand Yuan

Company name	Company variety	Industry	Main product	Registered capital	Total assets	Net assets	Operating revenues	Operating profit	Net profit
Hefei Midea Washing Machine Co., Ltd.	Subsidiary	Manufacture	Washing machine manufacture	USD 13,552	680,897.44	239,581.23	349,073.91	21,334.08	18,374.46
Wuxi Little Swan General Electrical Appliances Co., Ltd	Subsidiary	Manufacture	Washing machine manufacture	2,800	30,568.55	20,104.24	12,057.61	1,139.15	962.20
Wuxi FILIN Electronics Co., Ltd	Subsidiary	Manufacture	Development and manufacture of new electronic components	USD 362.4564	83,157.75	61,105.44	33,009.47	9,698.26	9,301.08

5. Significant projects invested with non-raised funds

Applicable Not applicable

No significant projects of investments with non-raised funds during the Reporting Period.

VI. Predict the operating results of Jan.-Sept. 2016

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 Not applicable

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 Not applicable

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

Applicable Not applicable

IX. Implementation of profit allocation during the reporting period

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

Applicable Not applicable

As the profit allocation plan for 2015, the Company, based on the total 632,487,764 shares as at the end of 2015, distributed a cash dividend of RMB6.00 (tax included) for every 10 shares held by its shareholders with the total distributed amount of RMB379,492,658.40 and the retained earnings transferred to the following years. And the Company neither turned capital reserve into share capital nor distributed the shares bonus.

The plan was reviewed and approved at the 4th Session of the 8th Board of Directors on 8 Mar. 2016 and then the 2015 Annual Shareholders' General Meeting on 7 Apr. 2016. The <Announcement on Implementation of Equity Distribution for Y2015> was published on 12 May 2016. 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.	Not applicable

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

Applicable Not applicable

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

Time	Place	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
22 Jan. 2016	Conference Room of the Company	Field research	Institution	HWABAO Investment, Korea Investment, Tokio Marine, Huatai Securities, GTJA Allianz Funds, Guolian Securities, Tebon Securities, Nuode Fund, Shenwan Hongyuan, KING TOWER, Shanxi Securities, Gaoguan Investment, Changjiang Securities, Founder Securities, CITIC Securities, Haitong Securities	Overall operation of the Company
15 Mar. 2016	Conference Room of the Company	Field research	Institution	Sunshine Asset Management, National Fund	Overall operation of the Company
12 May 2016	Conference Room of the Company	Field research	Institution	GF Securities, Bohai Securities, APS Asset, Guotai Fund, Yulan Capital, BOC International, AJ Securities, HFT Investment Management, HSBC Jintrust	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 Not applicable

The Company was not involved in any significant lawsuit or arbitration during the Reporting Period.

Other litigations

Applicable Not applicable

III. Media's questions

Applicable Not applicable

The Company was not involved in any media's questions during the Reporting Period.

IV. Related Events of bankruptcy reorganization

Applicable Not applicable

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

V. Assets transaction events

1. Purchase of assets

Applicable Not applicable

The Company was not involved in any purchase of assets.

2. Sales of assets

Applicable Not applicable

The Company was not involved in any sale of assets.

3. Combination of enterprises

Applicable Not applicable

The Company was not involved in any combination of enterprises.

VI. Implementation of equity incentive and its influence

Applicable Not applicable

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

For the details, please refer to “XII. Related parties and the related-party transactions” of Section VIII. Financial Report.

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

Applicable Not applicable

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

3. Related-party transactions with joint investments

Applicable Not applicable

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 Not applicable

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 related transactions about the Financial Service Agreement which signed with the Midea Group Finance Co., Ltd.

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 RMB2 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 RMB2 billion per day.

At the report-end, the deposit balance of the Company at Midea Group Finance Co., Ltd. was of RMB1.258 billion, with no any loan.

(2) Related transactions about the trademark license

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 permitted Midea Group and its controlling subsidiary to use trademark of BEVERLY in water heaters and the products of the water correction plants as well as machines with 0.3% of the net sales amount of the license trademark products as the access fee, of which the permission time limit was from 1 December 2015 to 31 December 2018.

(3) The Company held the 2015 Annual General Meeting on 7 Apr. 2016 which reviewed and approved the Proposal on Estimating the 2016 Daily Related Transactions of the Company.

(4) The Company held the 6th Session of the 8th Board of Directors on 8 Aug. 2016, which reviewed and approved the Proposal on Adjusting the Amount of the 2016 Daily Related Transactions.。

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

Title of the interim announcement	Disclosure date	Disclosure website
Proposal on Estimating the 2016 Daily Related Transactions of the Company (No. 2016-04)	10 Mar. 2016	www.cninfo.com.cn
Announcements about Adjusting the 2016 Daily Connection Transaction Amount (No.2016-17)	10 Aug. 2016	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 Not applicable

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 Not applicable

There was no any trusteeship of the Company in the Reporting Period.

(2) Contract

Applicable Not applicable

There was no any contract of the Company in the Reporting Period.

(3) Lease

Applicable Not applicable

There was no any lease of the Company in the Reporting Period.

2. Guarantees provided by the Company

Unit: RMB Ten Thousand Yuan

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.	10 Mar. 2016	125,000	27 Jun. 2016	5,999.52	Joint liability guarantee	Half year	No	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)			5,999.52	
Total guarantee line that has been approved for			125,000	Total actual guarantee balance for the			5,999.52	

the subsidiaries at the end of the reporting period (B3)				subsidiaries at the end of the reporting period (B4)				
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 reporting period (C2)			0	
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)			5,999.52	
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)			5,999.52	
Proportion of total guarantee amount (A4+B4+C4) to the net assets of the Company				1.12%				
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)						Not applicable		
Explanation on the external guarantees in violation of stipulated procedures (if any)						Not applicable		

(1) Particulars about illegal external guarantee

Applicable Not applicable

There was no particular about illegal external guarantee of the Company in the Reporting Period.

3. Other significant contracts

Applicable Not applicable

There was no other significant contract of the Company in the Reporting Period.

4. Other significant transactions

Applicable Not applicable

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	<p>2. The commitment by Midea Group and the actual controller on the specification of the related-party transaction. Midea Group (the controlling shareholder) and Mr. He Xiangjian (the actual controller) has promised that, for the period after the said transaction when the Company's controlling shareholder and actual controller remain unchanged, the actual controller Mr. He Xiangjian, his immediate family, Midea Group and its controlled other enterprises will specify and try their best to reduce the related-party transactions with Little Swan and its controlled enterprises. If occurred the unavoidable related transactions with Little Swan and its controlled enterprises, would sign the normative related-party transactions agreement Little Swan according to laws and would execute the approval procedure according to the relevant regulations to ensure the fairness of the price of the related-party transactions; ensure to execute the information disclose obligation of related-party transactions according to the relevant regulations; ensure not to make advantage of the related-party transactions for illegally transferring the assets and profits of Little Swan, as well as not to make advantage of the related-party transactions for harming to the interests of Little Swan and the shareholders; would not require Little Swan to offer any more favorable condition compared with that offered to the independent third party in any fair trade market transaction; execute the voting debarb obligation when involved in the voting of the related events of the actual controller Mr. He Xiangjian, his immediate family, Midea Group and its controlled other enterprises. If Midea Group and Mr. He 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>	1 Dec. 2010, 6 Jun. 2014	Long-term	In the process of implementation
	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-term	In the process of implementation
	Controlling shareholder	<p>4. As for the commitment on related-party deposits and borrowings, up to 8 Apr. 2010, the Financial Settlement Center of</p>	1 Dec. 2010	Long-term	In the process of implementation

		Midea Group had settled all internal deposits and borrowings with Hefei Royalstar Washing Equipment Manufacturing Co., Ltd.; and Midea Group has promised that there will be no more deposits, borrowings or other funds flows incurred between the Financial Settlement Center and Hefei Royalstar Washing Equipment Manufacturing Co., Ltd..			
	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	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

		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.			
	Controlling shareholder	7. The commitment by Midea Group on social security payment and tax risks is detailed as follows. Midea Group has promised that upon the completion of the said equity transfer deal, if Royalstar Washing Equipment is obliged to take on any responsibility or pay relevant fares as required by relevant government authorities due to its social security payment before the said deal, Midea Group is willing to pay relevant fares for Royalstar Washing Equipment to relevant government authorities in a timely manner and assume any other liability. If any loss thus occurs to Royalstar Washing Equipment or Little Swan, Midea Group is willing to assume relevant responsibilities for compensation. Upon the completion of the said equity transfer deal, if income tax evasion or any other tax risk is found in Royalstar Washing Equipment, Midea Group is willing to assume relevant legal responsibilities and risks and pay relevant taxes in a timely manner to relevant government authorities; and if any loss thus occurs to Little Swan, Midea Group will assume the corresponding responsibility for compensation.	1 Dec. 2010	Long-term	In the process of implementation
	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 validity	In the process of implementation
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)	Not applicable

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 Not applicable

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 Not applicable

There was no any delisting risk of illegal or violation of the Company in the Reporting Period.

XIV. Explanation about other significant matters

Applicable Not applicable

There was no any other significant matter needed to be explained in the Reporting Period.

XV. Related situation of the corporate bonds

Applicable Not applicable

There was no any public issuance of the corporate bonds which listed on the securities exchange that had not due on the approved presentation date of the half-annual report or failed to pay in full amount.

Section VI. Change in Shares & 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	3,711,190	0.59%					-24,300	3,686,890	0.58%
Other domestic shares	3,711,190	0.59%					-24,300	3,686,890	0.58%
Including: Shares held by domestic legal persons	3,686,890	0.58%						3,686,890	0.58%
Shares held by domestic individuals	24,300	0.01%					-24,300		
II. Shares not subject to trading moratorium	628,776,574	99.41%					24,300	628,800,874	99.42%
1. Ordinary shares denominated in RMB	437,740,702	69.21%					24,300	437,765,002	69.22%
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 Not applicable

The Vice GM, Mr. Mao Zhiliang had purchased 24,300 shares of the Company on 28 May 2015, and which had left the position on 26 Aug. 2015. According to the 141st regulation of Company law, within half year of the dimission, Directors, Supervisors and Senior Executives of the Company should not transfer their held Company's shares. Now Mr. Mao Zhiliang had left for half year, of which the 24,300 shares had relieved the trading moratorium.

Approval of the change in shares

 Applicable Not applicable

Transfer of share ownership

 Applicable Not applicable

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 Not applicable

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

Applicable Not applicable

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 Not applicable

II. Number of shareholders and shareholding

Unit: share

Total number of common shareholders at the end of the reporting period	20,965	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	3.43%	21,694,456	0		21,694,456		
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108	Domestic non-state-owned corporation	2.77%	17,499,071	15,899,032		17,499,071		
FINANCE BUREAU OF WUXI	State-owned corporation	2.70%	17,054,071	0		17,054,071		
GREENWOODS CHINA ALPHA MASTER FUND	Overseas corporation	2.19%	13,869,564	1,876,183		13,869,564		
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 101	Domestic non-state-owned corporation	2.03%	12,854,790	4,293,467		12,854,790		
Central Huijin Asset Management Co., Ltd.	State-owned corporation	1.61%	10,156,300	0		10,156,300		

NORGES BANK	Overseas corporation	0.64%	4,024,781	3,578,861		4,024,781		
BILL & MELINDA GATES FOUNDATION TRUST	Overseas corporation	0.59%	3,732,880	3,732,880		3,732,880		
Strategic investors or the general legal person due to the placement of new shares become the top 10 shareholders (if any) (note 3)				Not applicable				
Explanation on associated relationship or/and persons				MIDEA GROUP CO., LTD. and TITONI 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.	21,694,456	Domestically listed foreign share	21,694,456					
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 108	17,499,071	RMB ordinary share	17,499,071					
FINANCE BUREAU OF WUXI	17,054,071	RMB ordinary share	17,054,071					
GREENWOODS CHINA ALPHA MASTER FUND	13,869,564	Domestically listed foreign share	13,869,564					
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 101	12,854,790	RMB ordinary share	12,854,790					
Central Huijin Asset Management Co., Ltd.	10,156,300	RMB ordinary share	10,156,300					
NORGES BANK	4,024,781	Domestically listed foreign share	4,024,781					
BILL & MELINDA GATES FOUNDATION TRUST	3,732,880	RMB ordinary share	3,732,880					
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 and top ten shareholders, or explanation on acting-in-concert				MIDEA GROUP CO., LTD. and TITONI are parties acting in concert.				
Particular about the top 10 common shareholders participate in the securities lending and borrowing business (if any) (note 4)				Not applicable				

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 Not applicable

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 Not applicable

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 Not applicable

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. Directors, Supervisors, Senior Management Staffs

I. Changes in shareholding of Directors, Supervisors and Senior Management staffs

Applicable Not applicable

No change in shareholding of Directors, Supervisors and Senior Management staffs, with the details in 2015 Annual Report.

II. Changes in Directors, Supervisors and Senior Management staffs

Applicable Not applicable

No change in Directors, Supervisors and Senior Management staffs, with the details in 2015 Annual Report.

Section VIII. 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

1. Consolidated balance sheet

Prepared by Wuxi Little Swan Company Limited

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	2,054,917,706.65	3,042,843,924.81
Settlement reserves		
Intra-group lendings		
Financial assets measured by fair value with the changes be included in the current gains and losses		
Derivative financial assets		
Notes receivable	1,794,679,303.47	2,205,189,379.10
Accounts receivable	1,117,184,734.33	896,075,475.63
Accounts paid in advance	160,965,289.08	97,628,578.17
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserves		
Interest receivable	28,465,678.21	22,932,602.74
Dividend receivable		
Other accounts receivable	12,183,354.15	9,208,180.08
Financial assets purchased under agreements to resell		
Inventories	596,940,535.68	745,412,967.52
Assets divided available for sale		

Non-current assets due within 1 year		
Other current assets	8,142,145,155.23	5,733,188,604.23
Total current assets	13,907,481,756.80	12,752,479,712.28
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		
Investing property	66,566,603.42	68,843,047.52
Fixed assets	992,560,338.04	1,019,528,291.60
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	194,902,555.61	197,521,625.03
R&D expense		
Goodwill		
Long-term deferred expenses	3,009,579.20	4,238,244.38
Deferred income tax assets	288,709,031.34	251,881,220.89
Other non-current assets	29,351,772.60	32,963,224.90
Total of non-current assets	1,575,299,880.21	1,575,175,654.32
Total assets	15,482,781,637.01	14,327,655,366.60
Current liabilities:		
Short-term borrowings		
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	2,892,196,959.47	1,953,065,274.06
Accounts payable	2,704,726,262.56	2,419,807,341.95

Accounts received in advance	992,809,515.41	1,652,908,781.44
Financial assets sold for repurchase		
Handling charges and commissions payable		
Employee's compensation payable	192,269,790.26	248,280,716.92
Tax payable	303,337,746.55	325,108,227.91
Interest payable		
Dividend payable	7,150,684.06	5,400,652.06
Other accounts payable	206,605,331.90	171,807,137.94
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	1,820,932,196.14	1,521,734,293.24
Total current liabilities	9,120,028,486.35	8,298,112,425.52
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: preferred shares		
Perpetual capital securities		
Long-term payables		
Long-term payroll payables	26,025,528.06	28,439,299.25
Specific payables		
Estimated liabilities	9,784,866.44	9,981,021.44
Deferred income	3,168,933.27	3,395,533.29
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	38,979,327.77	41,815,853.98
Total liabilities	9,159,007,814.12	8,339,928,279.50
Owners' equity		
Share capital	632,487,764.00	632,487,764.00
Other equity instruments		
Of which: preferred shares		

Perpetual capital securities		
Capital reserves	1,177,617,482.13	1,164,014,947.85
Less: Treasury stock		
Other comprehensive income	67,750,174.57	34,813,284.64
Specific reserves		
Surplus reserves	332,594,722.29	332,594,722.29
Provisions for general risks		
Retained profits	3,162,289,358.54	2,960,955,454.36
Total equity attributable to owners of the Company	5,372,739,501.53	5,124,866,173.14
Minority interests	951,034,321.36	862,860,913.96
Total owners' equity	6,323,773,822.89	5,987,727,087.10
Total liabilities and owners' equity	15,482,781,637.01	14,327,655,366.60

2. Balance sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
Current Assets:		
Monetary funds	1,017,507,797.28	2,092,430,579.63
Financial assets measured by fair value with the changes be included in the current gains and losses		
Derivative financial assets		
Notes receivable	1,102,315,082.72	1,410,210,597.47
Accounts receivable	2,133,195,040.94	1,183,394,794.67
Accounts paid in advance	117,293,095.52	98,437,350.05
Interest receivable	26,211,156.70	18,918,219.18
Dividend receivable		
Other accounts receivable	31,858,133.78	6,351,010.17
Inventories	368,432,488.36	482,807,868.13
Assets divided available for sale		
Non-current assets due within 1 year		
Other current assets	4,301,081,524.22	3,178,113,808.28
Total current assets	9,097,894,319.52	8,470,664,227.58
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	1,306,323,041.57	1,306,323,041.57
Investing property	7,511,373.64	8,040,536.02
Fixed assets	497,043,734.47	514,950,803.50
Construction in progress		
Engineering materials		
Disposal of fixed assets		
Production biological assets		
Oil-gas assets		
Intangible assets	93,936,317.82	95,281,467.96
R&D expense		
Goodwill		
Long-term deferred expenses	2,773,762.20	3,873,799.88
Deferred income tax assets	186,670,669.67	159,759,565.25
Other non-current assets	22,394,854.80	23,027,173.60
Total of non-current assets	2,116,803,754.17	2,111,406,387.78
Total assets	11,214,698,073.69	10,582,070,615.36
Current liabilities:		
Short-term borrowings		
Financial liabilities measured by fair value with the changes be included in the current gains and losses		
Derivative financial liabilities		
Notes payable	1,939,585,949.35	1,519,749,295.73
Accounts payable	2,519,548,496.82	2,038,397,769.71
Accounts received in advance	629,360,509.44	1,060,643,231.20
Employee's compensation payable	141,199,559.36	184,287,498.34
Tax payable	187,093,757.66	224,024,964.68
Interest payable		
Dividend payable	7,150,684.06	5,400,652.06
Other accounts payable	125,936,470.52	95,009,275.20
Liabilities divided available for sale		
Non-current liabilities due within 1 year		
Other current liabilities	1,141,000,941.29	944,905,437.98

Total current liabilities	6,690,876,368.50	6,072,418,124.90
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		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	6,690,876,368.50	6,072,418,124.90
Owners' equity:		
Share capital	632,487,764.00	632,487,764.00
Other equity instruments		
Of which: preferred shares		
Perpetual capital securities		
Capital reserves	1,331,351,977.49	1,319,496,538.02
Less: Treasury stock		
Other comprehensive income	38,948,640.13	13,608,826.40
Specific reserves		
Surplus reserves	319,944,578.39	319,944,578.39
Retained profits	2,201,088,745.18	2,224,114,783.65
Total owners' equity	4,523,821,705.19	4,509,652,490.46
Total liabilities and owners' equity	11,214,698,073.69	10,582,070,615.36

3. Consolidated income statement

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun 2015
I. Total operating revenues	7,984,787,194.92	6,101,903,864.60
Including: Sales income	7,984,787,194.92	6,101,903,864.60

Interest income		
Premium income		
Handling charge and commission income		
II. Total operating cost	7,279,128,086.90	5,605,657,906.32
Including: Cost of sales	5,812,591,773.67	4,457,541,472.66
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	44,723,877.46	37,697,582.26
Selling and distribution expenses	1,191,332,056.12	849,993,249.30
Administrative expenses	265,946,054.68	272,955,998.10
Financial expenses	-63,399,464.47	-11,205,277.58
Asset impairment loss	27,933,789.44	-1,325,118.42
Add: Gain/(loss) from change in fair value (“-” means loss)		-248,907.75
Gain/(loss) from investment (“-” means loss)	67,315,479.04	71,820,527.82
Including: share of profits in associates and joint ventures		
Foreign exchange gains (“-” means loss)		
III. Business profit (“-” means loss)	772,974,587.06	567,817,578.35
Add: non-operating income	21,485,985.76	14,656,202.67
Of which: gains from non-current asset disposal	116,837.67	223,996.80
Less: non-operating expense	2,234,905.37	5,048,356.25
Of which: losses from non-current asset disposal	238,583.97	1,767,090.74
IV. Total profit (“-” means loss)	792,225,667.45	577,425,424.77
Less: Income tax expense	127,302,391.75	78,916,402.71
V. Net profit (“-” means loss)	664,923,275.70	498,509,022.06
Attributable to owners of the Company	580,826,562.58	430,694,268.55
Minority shareholders' income	84,096,713.12	67,814,753.51
VI. After-tax net amount of other comprehensive incomes	36,264,775.36	-26,745.69
After-tax net amount of other comprehensive incomes attributable to owners of the Company	32,936,889.93	-26,745.69

(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	32,936,889.93	-26,745.69
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	32,930,096.23	
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	6,793.70	-26,745.69
6. Other		
After-tax net amount of other comprehensive incomes attributable to minority shareholders	3,327,885.43	
VII. Total comprehensive incomes	701,188,051.06	498,482,276.37
Attributable to owners of the Company	613,763,452.51	430,667,522.86
Attributable to minority shareholders	87,424,598.55	67,814,753.51
VIII. Earnings per share		
(I) Basic earnings per share	0.92	0.68
(II) Diluted earnings per share	0.92	0.68

4. Income statement of the Company

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun 2015
I. Total sales	6,045,821,092.06	4,508,543,230.27
Less: cost of sales	4,524,954,975.35	3,419,135,539.67
Business taxes and surcharges	33,236,303.28	25,391,195.75
Distribution expenses	895,080,287.51	621,942,553.41
Administrative expenses	209,223,619.71	194,171,028.26
Financial costs	-45,716,922.45	-5,454,990.37
Impairment loss	21,496,002.51	-1,238,040.83

Add: gain/(loss) from change in fair value (“-” means loss)		-169,471.35
Gain/(loss) from investment (“-” means loss)	17,306,094.37	43,144,562.43
Of which: income from investment on associates and joint ventures		
II. Business profit (“-” means loss)	424,852,920.52	297,571,035.46
Add: non-business income	2,783,345.24	3,372,126.64
Of which: gains from non-current asset disposal	99,572.65	198,814.00
Less: non-business expense	434,564.65	3,352,099.47
Of which: losses from non-current asset disposal	234,891.28	1,441,396.64
III. Total profit (“-” means loss)	427,201,701.11	297,591,062.63
Less: income tax expense	70,735,081.19	31,160,247.93
IV. Net profit (“-” means loss)	356,466,619.92	266,430,814.70
V. After-tax net amount of other comprehensive incomes	25,339,813.73	
(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	25,339,813.73	
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	25,339,813.73	
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	381,806,433.65	266,430,814.70
VII. Earnings per share		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated cash flow statement

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun 2015
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	7,270,388,782.83	5,396,428,114.25
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	22,502,456.41	32,534,853.37
Other cash received relating to operating activities	45,513,803.23	21,410,402.27
Subtotal of cash inflows from operating activities	7,338,405,042.47	5,450,373,369.89
Cash paid for goods and services	3,658,677,508.75	2,425,834,978.83
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	524,746,031.23	476,015,698.91
Various taxes paid	509,900,003.41	349,459,845.85
Other cash payment relating to operating activities	1,037,984,106.20	833,793,362.84
Subtotal of cash outflows from operating activities	5,731,307,649.59	4,085,103,886.43
Net cash flows from operating activities	1,607,097,392.88	1,365,269,483.46
II. Cash flows from investing activities:		
Cash received from withdrawal of investments	3,310,000,000.00	3,091,000,000.00
Cash received from return on investments	67,315,479.04	71,943,969.06

Net cash received from disposal of fixed assets, intangible assets and other long-term assets	708,034.20	32,937.80
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities	34,473,639.38	
Subtotal of cash inflows from investing activities	3,412,497,152.62	3,162,976,906.86
Cash paid to acquire fixed assets, intangible assets and other long-term assets	10,938,428.51	39,130,538.80
Cash paid for investment	5,506,000,000.00	4,631,200,000.00
Net increase of pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	5,516,938,428.51	4,670,330,538.80
Net cash flows from investing activities	-2,104,441,275.89	-1,507,353,631.94
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
Cash received from issuance of bonds		
Other cash received relating to financing activities		
Subtotal of cash inflows from financing activities		114,978,442.79
Repayment of borrowings		99,744,320.47
Cash paid for interest expenses and distribution of dividends or profit	376,001,781.77	285,454,625.28
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	376,001,781.77	385,198,945.75
Net cash flows from financing activities	-376,001,781.77	-270,220,502.96
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-873,345,664.78	-412,304,651.44
Add: Opening balance of cash and cash equivalents	2,792,685,328.69	1,516,739,804.86
VI. Closing balance of cash and cash equivalents	1,919,339,663.91	1,104,435,153.42

6. Cash flow statement of the Company

Unit: RMB

Item	Jan.-Jun. 2016	Jan.-Jun 2015
I. Cash flows from operating activities:		
Cash received from sale of commodities and rendering of service	4,472,927,007.09	3,089,800,740.60
Tax refunds received		4,291,106.27
Other cash received relating to operating activities	27,847,107.11	8,399,689.06
Subtotal of cash inflows from operating activities	4,500,774,114.20	3,102,491,535.93
Cash paid for goods and services	2,689,346,047.46	1,277,647,053.39
Cash paid to and for employees	371,117,437.36	317,513,278.75
Various taxes paid	389,325,858.67	213,430,780.42
Other cash payment relating to operating activities	741,951,997.54	583,408,996.69
Subtotal of cash outflows from operating activities	4,191,741,341.03	2,392,000,109.25
Net cash flows from operating activities	309,032,773.17	710,491,426.68
II. Cash flows from investing activities:		
Cash received from retraction of investments	1,915,000,000.00	1,985,000,000.00
Cash received from return on investments	17,306,094.37	43,268,003.67
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	699,422.23	28,497.80
Net cash received from disposal of subsidiaries or other business units		
Other cash received relating to investing activities	27,275,633.98	
Subtotal of cash inflows from investing activities	1,960,281,150.58	2,028,296,501.47
Cash paid to acquire fixed assets, intangible assets and other long-term assets	4,139,931.83	18,704,544.76
Cash paid for investment	2,826,000,000.00	2,630,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Other cash payments relating to investing activities		
Subtotal of cash outflows from investing activities	2,830,139,931.83	2,648,704,544.76
Net cash flows from investing activities	-869,858,781.25	-620,408,043.29
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	376,001,781.77	284,619,493.79
Other cash payments relating to financing activities		
Sub-total of cash outflows from financing activities	376,001,781.77	284,619,493.79
Net cash flows from financing activities	-376,001,781.77	-269,385,371.47
IV. Effect of foreign exchange rate changes on cash and cash equivalents		
V. Net increase in cash and cash equivalents	-936,827,789.85	-179,301,988.08
Add: Opening balance of cash and cash equivalents	1,866,443,114.64	600,231,105.51
VI. Closing balance of cash and cash equivalents	929,615,324.79	420,929,117.43

7. Consolidated Statement of Changes in Owners' Equity

Jan.-Jun. 2016

Unit: RMB

Item	Jan.-Jun. 2016												
	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		
Preferred shares		Perpetual capital securities	Other										
I. Balance at the end of the previous year	632,487,764.00				1,164,014,947.85		34,813,284.64		332,594,722.29		2,960,955,454.36	862,860,913.96	5,987,727,087.10
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				1,164,014,947.85		34,813,284.64		332,594,722.29		2,960,955,454.36	862,860,913.96	5,987,727,087.10

III. Increase/ decrease in the period (“-” means decrease)					13,602,534.28		32,936,889.93				201,333,904.19	88,173,407.39	336,046,735.79
(I) Total amount of the comprehensive income							32,936,889.93				580,826,562.59	87,424,598.56	701,188,051.08
(II) Capital paid in and reduced by owners					13,602,534.28							748,808.83	14,351,343.11
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					13,602,534.28							748,808.83	14,351,343.11
4. Others													
(III) Profit distribution											-379,492,658.40		-379,492,658.40
1. Appropriations to surplus reserves													
2. Appropriations to general risk provisions													
3. Appropriations to owners (or shareholders)											-379,492,658.40		-379,492,658.40

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				1,177,617,482.13		67,750,174.57		332,594,722.29		3,162,289,358.55	951,034,321.35	6,323,773,822.89

Jan.-Jun. 2015

Unit: RMB

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		
	Preferred 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)					24,058,611.82		38,262,974.21				634,562,474.78	146,146,931.58	843,030,992.39
(I) Total amount of the							38,262,974.21				919,181,968.58	144,233,621.39	1,101,678,564.18

comprehensive income													
(II) Capital paid in and reduced by owners					24,058,611.82							1,913,310.19	25,971,922.01
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					22,544,356.36							1,353,341.72	23,897,698.08
4. Others					1,514,255.46							559,968.47	2,074,223.93
(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 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				1,164,014,947.85		34,813,284.64		332,594,722.29		2,960,955,454.36	862,860,913.96	5,987,727,087.10

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

Jan.-Jun. 2016

Unit: RMB

Item	Jan.-Jun. 2016										
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensiv e 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				1,319,496,538.02		13,608,826.40		319,944,578.39	2,224,114,783.65	4,509,652,490.46
Add: change of accounting policy											
Correction of errors in previous periods											
Other											
II. Balance at the period-begin	632,487,764.00				1,319,496,538.02		13,608,826.40		319,944,578.39	2,224,114,783.65	4,509,652,490.46
III. Increase/ decrease in the period (“-” means decrease)					11,855,439.47		25,339,813.73			-23,026,038.47	14,169,214.73
(I) Total amount of the comprehensive income							25,339,813.73			356,466,619.93	381,806,433.66
(II) Capital paid in and reduced by owners					11,855,439.47						11,855,439.47
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					11,855,439.47						11,855,439.47

owners' equity											
4. Others											
(III) Profit distribution										-379,492,658.40	-379,492,658.40
1. Appropriations to surplus reserves											
2. Appropriations to general risk provisions										-379,492,658.40	-379,492,658.40
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				1,331,351,977.49		38,948,640.13		319,944,578.39	2,201,088,745.18	4,523,821,705.19

Jan.-Jun. 2015

Unit: RMB

Item	Jan.-Jun. 2015										
	Share capital	Other equity instruments			Capital reserve	Less: treasury stock	Other comprehensiv e 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)					19,371,575.82		13,608,826.40			336,383,104.81	369,363,507.03
(I) Total amount of the comprehensive income							13,608,826.40			621,002,598.61	634,611,425.01
(II) Capital paid in and reduced by owners					19,371,575.82						19,371,575.82
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					19,371,309.18						19,371,309.18

4. Others					266.64						266.64
(III) Profit distribution										-284,619,493.80	-284,619,493.80
1. Appropriations to surplus reserves											
2. Appropriations to general risk provisions										-284,619,493.80	-284,619,493.80
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				1,319,496,538.02		13,608,826.40		319,944,578.39	2,224,114,783.65	4,509,652,490.46

(III) Company profile

Wuxi Little Swan Company Ltd. was incorporated 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 on 29 November 1993. Then the Company domestically and publicly 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, which amounted to RMB310 million of the share capital of the Company after the issuance.

In March 1997, the Company domestically and publicly issued 60,000,000 shares of RMB ordinary share (including 9,000,000 shares of staff-share) 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 RMB720.83 million, and the Company was formally listed in Shenzhen Stock Exchange in March 1997 with the short form of stock as Little Swan A and stock code as 000418.

On 20 July 2006, the proposal on the equity division reform of the Company reviewed and approved by the relevant shareholders meeting with the consideration of the non-circulating shareholders paid for the circulating stock shareholders of the Company for acquiring the circulation right for the non-circulating shares held by them: regarded 4 Aug. 2006 as the shares alternation registration date as well as executed the consideration proposal by paying 2.5 shares of every 10 shares for the A shares circulating stock shareholders on 7 Aug. 2006 and the shares with consideration listed and circulated on that date. After the execution of the above consideration of the bonus, the total amount of the shares of the Company remain the same, while the shares structure correspondingly changed.

On 9 May 2008, the 2007 Annual General Meeting reviewed and approved the capital accumulation fund turn add equity schemes: 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 RMB1 per share, thus the added share capital totaled RMB182,551,920 and after which, the total share capital turned from 365,103,840 shares to 547,655,760 shares of the Company.

According to the resolutions of the 4th Session of the 6th Board of Directors and the 1st Provisional Shareholders General Meeting in 2010, having approved by China Securities Regulatory Commission of the Reply to the Approval of the Significant Assets Reorganization and the Purchase of the Assets of GD Midea Holding by Wuxi

Little Swan Co., Ltd. (ZJXK [2010] 1577) on 9 November 2010, 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. This add-issuance increased the share capital by RMB84,832,004.

After approved by CSRC through the Reply of the Approval of the Merger of GD Midea Holding by Midea Group Co., Ltd. (ZJXK [2013] 1014 document) that issued on 29 July 2013, Midea Group had split off as well as consolidated and combined the original controller GD Midea Holding on 18 September 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 December 2013, and after which, Midea Group changed to be the first largest shareholder of the Company.

On 30 June 2015, the total amount of the outstanding common shares of the company were 632,487,764 shares, among which the restricted exchange-traded A shares are 3,686,890 shares, accounting for 0.58% of the whole shares; the unrestricted exchange-traded A shares are 437,765,002 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 of the Company is No. 18 of Changjiang South Road, National High-tech Industrial Development Zone, Wuxi and the headquarters office address is No. 18 of Changjiang South Road, Wuxi.

The Company and its subsidiaries 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); used self-owned funds to investment in financial industry.

The financial statements were approved and authorized for issue by the Board of Directors on the date of 8 Aug. 2016.

For the major subsidiaries that included in the consolidated scope of the Reporting Period, please refer to the Notes VIII.

IV. Basis for the preparation of financial statements

1. Preparation basis

The financial report compiled according to the ASBE-Basic Criterion issued by Ministry of Finance on 15 February 2006 and the follow-up periods, each specific accounting criterions as well as the relevant regulations (hereinafer referred to as a whole of “ASBE) and the Compilation Rules for Information Disclosure by Companies Offering Securities to the Public No. 15 – General Provisions on Financial Reports (2014 Revision) issued by the China Securities Regulatory Commission (CSRC).

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

The Company confirmed the specific accounting policies and accounting estimates according to the production characteristics, 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, amortization of the intangible assets as well as the depreciation and amortization of the investment properties (Notes V (14), (17), (13)), the judgment criterion of the impairment of the long-term assets (Notes V (19)) and the recognition time-point of the revenues (Notes V (23)) and so on.

1. Statement of compliance with Enterprise accounting standards

The 2016 semi-annual financial statements of the company comply with the requirements of Accounting Standards with the merger on 30 June 2016 and the Company’s financial conditions as well as the relevant information of the semi-annual merger of Y2016 and the operation results and the cash flow of the Company 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

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

Combination consideration paid by the combining party and net assets acquired shall all be measured based on their book value. Corresponding capital reserve (capital stock premium) shall be adjusted according to the difference between the book value of such net assets and that of the combination consideration; when such capital reserve (capital stock premium) cannot write them down, retained earnings shall be adjusted. Meanwhile, relevant direct expenses resulting from such business combination shall be included in the profit and loss for the period, and all transaction expenses resulting from issuing equity securities or debt securities for such business combination shall be included in the initial recognition amount of such equity security or debt security.

(b) Business combination not under the same control

Combination costs occurred to purchaser and obtained net identifiable assets shall be calculated based on the fair value in the purchasing date. If combination costs are greater than the seller's balance obtained from the fair value of net identifiable assets in the purchasing date, such surplus shall be confirmed as Goodwill; if less, such balance shall be included in current profit and loss. Meanwhile, relevant direct expenses resulting from such business combination shall be included in the profit and loss for the period, and all transaction expenses resulting from issuing equity securities or debt securities for such business combination shall be included in the initial recognition amount of such equity security or debt security.

6. Consolidated financial statement compilation method

The consolidation scope of financial statement shall include the company and all subsidiaries.

From the day when the company obtained the actual control of its subsidiaries, the company could initiate corresponding consolidation which shall be ended up to the day of losing such actual control. Subsidiaries obtained through business combination under the same control shall be incorporated into the consideration scope from the day when they're put under the control of the final controlling party, and the net profit realized before the combination day shall be individually reflected in the consolidated income statement.

When consolidated financial statement is being formulated, the company's accounting policy and accounting period shall be regarded as final and binding to adjust the subsidiary's financial statement if the subsidiary's accounting policy is not consistent with that of the company. For the subsidiary acquired through business combination not under the same control, its financial statement shall be adjusted based on the fair value of the net identifiable assets in the day of purchase.

All of the company's major incoming and outgoing balances, transactions and unrealized profit shall be set off during the compilation of the consolidated financial statement. The subsidiary's shareholder equity, net profit and loss for the period and the part of comprehensive income not belonging to the company shall be individually indicated and shown in the consolidated financial statement under shareholder's equity, net profit and total comprehensive income respectively as minority equity, minority interest income and total comprehensive income attributed to minority shareholders. All unrealized internal transaction profit and loss resulting from the company's sales of assets to the subsidiary shall be applied to set off the net profit attributed to the parent

company's shareholders; all unrealized internal transaction profit and loss resulting from the subsidiary's sales of assets to the parent company shall be set off accordingly by the net profit attributed the parent company's shareholders and minority interest income based on corresponding distribution ratio (the company to the subsidiary). All unrealized internal transaction profit and loss resulting from assets sales among subsidiaries shall be set off accordingly by the net profit attributed the parent company's shareholders and minority interest income based on corresponding distribution ratio (the company to the seller's subsidiary).

If any discrepancy exists between the recognition by regarding the company and its subsidiaries as the accounting subject and the recognition by regarding the company or its subsidiary as the accounting subject in terms of the same transaction, this transaction shall be adjusted from the perspective of combination.

7. Cash and cash equivalent recognition standard

The company's cash and cash equivalent shall include cash in treasury, deposit that can be applied for any payment at any time, cashes featuring short time limit, strong flowability and convenience in conversion into known amount and investment of low risk in value variations.

8. Foreign currency transaction and foreign currency statement translation

(a) Foreign currency transaction

Foreign currency transaction shall be recorded in an account based on RMB (through applying the spot rate in the day of transaction).

On balance sheet day, foreign currency monetary items shall be converted into RMB based on the spot rate of exchange. The exchange difference resulting from the specific foreign currency borrowings in order to purchase and construct the assets in conformity with corresponding capitalization conditions shall be capitalized during the process of capitalization, and other exchange differences shall be directly included in profit and loss for the period. Foreign currency non-monetary items measured at historical cost shall be converted based on the spot rate of exchange on balance sheet day. The amount of cash subject to the change in exchange rate shall be individually indicated and shown in cash flow statement.

(b) Foreign currency statement translation

Assets and liabilities stated in balance sheet statement (overseas operation) shall be converted based on the spot rate of exchange on balance sheet day; in terms of shareholder's equity, except undistributed profit, other items shall be converted based on the spot rate of exchange. Income and cost items stated in balance sheet statement (overseas operation) shall be converted based on the spot rate of exchange in the day of purchase. Corresponding foreign currency statement translation differences mentioned above shall be included in other comprehensive incomes. Cash flow items (overseas operation) shall be converted based on the spot rate of exchange in the day of cash flow. Meanwhile, the amount of cash subject to the change in exchange rate shall be individually indicated and shown in cash flow statement.

9. Financial instruments

(a) Financial assets

(i) Classification of financial assets

Upon initial recognition, financial assets shall be classified into financial assets measured based on its fair value

and its variations included in profit and loss for the period, account receivable, available-for-sale financial assets and held-to-maturity investment. However, the classification of financial assets depends on the company's intention on and capacity of holding such financial assets. Currently, financial assets held by the company include financial assets measured based on its fair value and its variations included in profit and loss for the period, account receivable, and available-for-sale financial assets.

Financial assets measured based on its fair value and its variations included in profit and loss for the period

Financial assets measured based on its fair value and its variations included in profit and loss for the period shall be derivatives-forward foreign exchange contract.

Account receivable

Account receivable refers to non-derivative financial assets with fixed or recognized recovery cost and no quoted price in the active market, including notes receivable, accounts receivable, other receivables and structural deposits etc.

Available-for-sale financial assets

Available-for-sale financial assets include available-for-sale non-derivative financial assets designated upon the initial recognition and financial assets not classified into others. Within 12 months after balance sheet day, (sold) available-for-sale financial assets shall be shown in balance sheet statement as other current assets.

(ii) Recognition and measurement

When the company becomes one party for the financial instrument contract, financial assets shall be recognized based on its fair value in balance sheet statement. Transaction expenses resulting from financial assets measured based on its fair value and its variations included in profit and loss for the period shall be included in profit and loss for the period; other transaction expenses related to such financial assets shall be included in the amount after initial recognition.

Follow-up measurement shall be conducted for financial assets measured based on its fair value and its variations included in profit and loss for the period and available-for-sale financial assets based on their fair value while equity instrument investment that cannot be reliably measured without any quoted price in the active market shall be measured based on costs; receivables and held-to-maturity investment shall be measured based on amortized cost by means of effective interest method.

The variation in fair value of financial assets measured based on its fair value and its variations included in profit and loss for the period shall be included in profit and loss for the period as fair value variation profit and loss; during the holding of assets, corresponding interests or cash dividends and disposal profit and loss shall all be included in profit and loss for the period.

Except depreciation loss and corresponding exchange profit and loss resulting from foreign currency monetary financial assets, variations of the fair value of available-for-sale financial assets shall be directly included in shareholder's equity. When such financial asset is derecognized, total variation previously included in equity shall be directly transferred to profit and loss for the period. Cash dividends (related to available-for-sale equity instrument investment) declared for distribution by the invested unit shall be included in profit and loss for the period as income from investment.

(iii) Financial assets depreciation

Except financial assets measured based on its fair value and its variations included in profit and loss for the period,

the company shall check the book value of corresponding financial assets on balance sheet day; if any objective evidence proves the depreciation of certain financial assets, corresponding depreciation reserve shall be calculated and withdrawn.

Such objective evidence refers to any matter actually happened that will influence the future cash flow prediction of such financial assets after the initial recognition, and the company is able to reliably measure such matter.

Objective evidences indicating the depreciation of available-for-sale equity instrument investment include any sharp or permanent drop of corresponding fair value of such equity instrument investment. The company shall respectively check various available-for-sale equity instrument investments on balance sheet day. If such the fair value of such equity instrument investment on balance sheet day is less than its initial investment cost (such difference exceeding 50%) or such duration exceeds 1 year (including 1 year), it shall be the sign of depreciation; if such difference reaches 20% (including 20%) to 50%, the company shall completely take relevant factors into consideration including price fluctuation so as to judge whether such equity instrument investment is depreciated. The company shall apply weighted mean method to calculate the initial investment cost of such available-for-sale equity instrument investment.

When financial assets measured based on amortized cost is depreciated, corresponding depreciation reserve shall be calculated and withdrawn based on the difference resulting from the current value of expected future cash flow (excluding future credit loss not occurred) less than its book value. If any objective evidence proves the recovery of such financial assets and it's related to the matter after the recognition of such loss, depreciation loss originally recognized shall be restituted and included in profit and loss for the period.

When available-for-sale financial assets measured based on fair value is depreciated, the total loss previously included in shareholder's equity resulting from the decrease in fair value shall be restituted and included in depreciation loss. For available-for-sale debt instrument investment whose depreciation loss is recognized, depreciation loss previously recognized shall be restituted and included in profit and loss for the period when it is related to the matter happened after original depreciation loss is recognized and such value increases. For available-for-sale equity instrument investment whose depreciation loss is recognized, the increase of fair value shall be directly included in shareholder's equity.

When available-for-sale financial assets measured based on cost is depreciated, the difference between its book value and its current value recognized from its future cash flow based on its market return shall be recognized as depreciation loss and included in profit and loss for the period. Such resulting depreciation loss shall not be restituted any longer.

(iv) Derecognition of financial assets

Corresponding financial assets shall be derecognized when any of the following conditions is met: (1) the contractual right to collect the cash flow of such financial assets is terminated; (2) such financial assets is transferred, and the company has transferred all risks and rewards related to its ownership to the party accepting such financial assets; or (3) such financial assets is transferred. Although the company does not transfer and retain all risks and rewards related to its ownership, it gives up its control of such financial assets.

When such financial assets is derecognized, the difference between its book value and the sum of received consideration and the total variation of fair value in shareholder's equity shall be included in profit and loss for the period.

(b) Financial liabilities

Upon initial recognition, financial liabilities shall be classified into financial assets measured based on its fair

value and its variations included in profit and loss for the period and other financial liabilities. However, the company's financial liabilities are mainly other financial liabilities, including account payable and borrowings etc.

Payables include account payable and other payables, which shall be initially measured based on fair value. Meanwhile, follow-up measurement shall also be conducted by means of effective interest method based on amortized cost.

Borrowings shall be initially measured based on fair value and the amount deducting relevant transaction expenses. Meanwhile, follow-up measurement shall also be conducted by means of effective interest method based on amortized cost.

Other financial liabilities with the time limit less than 1 year (including 1 year) shall be indicated and shown as current liabilities; if such time limit exceeds 1 year, but such financial liability will be due within (including) 1 year as of balance sheet day, such financial liability shall be indicated and shown as non-current liabilities due within one year. Others shall be reported as non-current liabilities.

When corresponding financial liability's current obligation is fully or partially relieved, the relieved part shall be derecognized. The difference between the book value of the derecognized part and the consideration shall be included in profit and loss for the period.

(c) Recognition of fair value of financial instrument

The fair value of financial instrument existing in the active market shall be recognized based on its quoted price in the active market. The fair value of financial instrument not existing in the active market shall be recognized by means of corresponding valuation technology. During the valuation process, the company shall apply appropriate valuation technology with strong support from adequate usable data and other information and select the input value consistent with relevant assets or liabilities features considered by market participants in conducting relevant transactions. Meanwhile, corresponding observable input value shall be first choice. When it's impossible or not feasible to obtain such observable input value, unobservable input value shall be put into service.

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 single amount of the accounts receivable accounts for more than or equal to 10% of the total accounts receivable, or the single amount is more than or equal to RMB10,000,000; the single amount of the other accounts receivable at the period-end accounts for more than or equal to 10% of the total other accounts receivable, or the single amount is more than or equal to RMB5,000,000.
Making individual bad-debt provisions for accounts receivable with a significant single amount	Executes the withdrawal according to the difference that the current value of the expected future cash flow lowers than its book value of the accounts receivable.

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

Name of portfolios	Bad debt provision method
Aging group	Aging analysis

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

Applicable Not applicable

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%
Within 1 year (including 1 year)	100.00%	100.00%

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

Applicable Not applicable

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

Applicable Not applicable

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

Reason for bad debt provision	There is objective evidence indicate that the Company couldn't withdraw the accounts according to the original articles of the accounts receivable.
Withdrawal method	Executes the withdrawal according to the difference that the current value of the expected future cash flow lowers than its book value of the accounts receivable.

11. Inventory**(a) Category**

Inventory includes raw materials, products in process, stock merchandises and revolving materials that measured according to the lower one between the cost and the net realizable value.

(b) Pricing method for distributed inventories

Inventories are measured at weighted average method when procured, while the cost of the stock merchandises and the products in process includes the raw materials, direct labor and manufacturing expenses assigned according to the system under the normal capacity.

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

When the net realizable value is lower than the cost, provisions for impairment of inventories shall be drawn. The

net realizable value is confirmed according to the amount after the estimated sales price of the inventory minus the amount of the estimated cost occur when the work finished and the estimated sales expenses as well as the relevant taxes among the daily activities.

(d) The inventory system of the Company is perpetual inventory system.

(e) The method of amortization of the low priced and easily worn articles and the wrappages

The revolving materials include the low priced and easily worn articles and the wrappages and so on, while they both are amortized by one time write-off method.

12. Long-term equity investment

Long-term equity investments include the company's long-term equity investment made to the subsidiary and the company's long-term equity investment made to the joint venture.

The subsidiary refers to the invested unit under the company's control; the joint venture refers to the invested unit whose financial and operational decisions will be largely subject to the company.

The investment to the subsidiary shall be shown in the company's financial statement based on the amount recognized through cost method, and consolidated after corresponding adjustment according to equity law when the consolidated financial statement is being formulated. However, the investment to the joint venture shall be calculated by using equity method.

(a) Investment cost recognition

Long-term equity investment resulting from business combination: for long-term equity investment resulting from business combination under the same control, corresponding investment cost shall be determined based on the share of book value of the owner's equity of the combined party in the day of combination; for long-term equity investment resulting from business combination not under the same control, corresponding investment cost shall be determined based on corresponding combination cost.

Long-term equity investment obtained by other means except business combination: for long-term equity investment obtained by paying cash, its initial investment cost shall be the actual purchasing payment; for long-term equity investment obtained by issuing equity securities, the fair value of such equity security shall be its initial investment cost.

(b) Follow-up measurement and profit and loss recognition method

Long-term equity investment calculated by using cost method shall be measured based on its initial investment cost; cash dividends or profits declared by the invested unit for distribution shall be recognized as investment revenue and included in profit and loss for the period.

For long-term equity investment calculated by using equity method, if initial investment cost is more than the share of fair value of the invested unit's net identifiable assets, such initial investment cost shall be the long-term equity investment cost; if such initial investment cost is less than the share of fair value of the invested unit's net identifiable assets, such resulting difference shall be included in profit and loss for the period and the long-term equity investment cost shall be accordingly adjusted and increased.

For long-term equity investment calculated by using equity method, the company shall recognize corresponding profit and loss for the period according to the share of net profit and loss obtained or held from the invested unit. In terms of the recognition of the invested unit's net loss, the long-term equity investment's book value and other

long-term equities constituting the net investment made to the invested unit in reality shall be written down to Zero, but when the company is obliged to burden corresponding extra loss and relevant expected liability recognition conditions stated in contingency standard are met, corresponding investment loss shall still be recognized and calculated as expected liability. As for other changes in owner's equity of the invested unit except net profit and loss, other comprehensive revenue and profit distribution, the book value of long-term equity investment shall be adjusted and included in capital reserve. Accordingly, the book value of long-term equity investment shall be reduced based on the part attributed to the company when the profit or cash dividend is declared and distributed by the invested unit. Meanwhile, the unrealized internal transaction profit and loss between the company and the invested company shall be applied to determine and set off the part attributed to the company based on corresponding shareholding ratio, on which basis, corresponding investment profit and loss shall be recognized. In terms of the internal transaction loss resulted from the company and the invested unit, the part belonging to assets impairment loss and corresponding unrealized loss shall not be set off.

(c) Basis for confirming joint control and important influence on the invested party

Control means that the company has the right to control the invested party and enjoy variable returns through participating in relevant activities of the invested party. In addition, the company is also able to make use of its control right to influence such variable return.

Joint control refers to jointly control an arrangement as agreed by both parties, and activities related to the arrangement can only be conducted with the consent from all parties involved in such joint control.

Important influence refers to the possession of the right to make decisions about the company's financial and business operation policies, but the establishment of these policies cannot be controlled or jointly controlled with other parties.

(d) Long-term equity investment depreciation

For long-term equity investments attributed to the subsidiary and the joint venture, when their recoverable amount is less than their book value, such book value shall be written down to corresponding recoverable amount (Notes 19).

13. Investment property

Depreciation or amortization methods

An investment property includes the use rights of leased land and buildings for rental purposes, and is initially recorded at cost. Subsequent expenditures related to an investment property shall be included into the cost under conditions that relevant economic benefits are likely to flow in the company and the cost can be measured reliably. Otherwise, they should be recorded into current profits and losses when incurred.

The company conducts subsequent measurement of all investment properties in the model of cost, and depreciates or amortizes the buildings and land use rights according to their estimated useful life and net residual value. The estimated useful life, net residual value and annual depreciation (amortization) rate are as follows:

Items	Estimate Useful Life	Net Residual Rate	Annual Depreciation Rate
Buildings	20-35 years	5.00%	2.71%-4.75%
Land Use Rights	50 years		2.00%

Investment properties should be transferred to fixed assets or intangible assets since the date of their being changed for self-use. As the purposes of self-use properties are changed for generating rents or capital

appreciation, the fixed assets or intangible assets shall be transferred to investment properties from the date of change. In time of change, the book value before transfer should be used as the recorded value after transfer.

Reviews and appropriate adjustments shall be made annually to the estimated useful life, estimated net residual rate and depreciation (amortization) methods of the investment properties.

When an investment property is disposed or permanently out of use with the estimation that no further economic benefits could be obtained from its proposal, it should be derecognized. The disposal revenue of an investment property for sale, transfer, retirement or damage should be recorded into current profits and losses after deducting book value and relevant taxes.

As the recoverable amount of an investment property is lower than its book value, its book value should be written down as the recoverable amount (Note 5(19)).

14. Fixed assets

(1) Recognition method

The fixed assets include the buildings, machineries and equipments, transportation tools, as well as office and electronic equipment and so on, which are confirmed when the related economic benefits probably flow into the Company with the cost could be reliable measured. The purchased and the newly built fixed assets should be executed the initially measurement according to the cost when acquired. And the follow-up expenses related to the fixed assets should be included in the fixed assets cost when the economic benefits related to the former that probably flow into the Company with the cost could be reliable measured; as for the part be replaced, should derecognize its book value; all of the other follow-up expenses should be included in the current gains and losses when occur.

(2) Depreciation method

Categories	Depreciation method	Estimated useful life	Residual value	Annual depreciation rate
Houses & buildings	Average method of useful life	20-35 years	5.00%	2.71%-4.75%
Machineries	Average method of useful life	10-15 years	5.00%	6.33%-9.50%
Vehicles	Average method of useful life	5 years	5.00%	19%
Office and electronic equipments	Average method of useful life	3-5 years	5.00%	19%-31.67%

(3) When the recoverable amount of the fixed assets lower than the book value, should reduce the amount of the book value and include in the recoverable amount (Note V (19)).

(4) Disposal of the fixed assets

When the fixed assets be disposed, or expected not to produce any economic benefits through usage or disposal, should derecognize the fixed assets. The amount of the disposal revenues of the sales, transfer, scrap or damage that deducted the book value as well as the relevant taxes should be included in the current gains and losses.

15. Construction in progress

Construction in progress shall be measured at actual cost. The actual cost comprises construction cost, installation cost, borrowing costs eligible for capitalization, and other expenditures necessary for the construction in progress to reach the intended use. Construction in progress is transferred to fixed assets when the assets are ready for their intended use, and depreciation begins from the following month. As the recoverable amount of the construction in progress is lower than the book value, its book value should be written down as the recoverable amount (Note 5(18)).

16. Borrowing costs

Borrowing costs incurred from the acquisition and construction of assets which require a substantially long time before getting ready for the intended use shall be capitalized and included in the cost of the assets as the assets expenditures and borrowing costs have occurred and the acquisition and construction necessary to get the assets ready for the intended use have begun. Capitalization stops as the acquisition and construction of assets have got ready for the intended use, and borrowing costs incurred thereafter shall be included in current profits and losses. If the acquisition and construction of assets are abnormally interrupted for over three consecutive months, the capitalization of borrowing costs should be suspended till the acquisition and construction activities of assets are restarted.

As for the specific borrowings for the acquisition and construction of assets eligible for capitalization, the actual current interest of the specific borrowings deducted by the deposit interests of unused borrowings in a bank or benefits from temporary investments should reach the capitalization amount of the specific borrowing costs.

As for the general borrowings occupied for the acquisition and construction of assets eligible for capitalization, the weighted average of capital expenditures of accumulated capital expenditures beyond special borrowings multiplied by the weighted average of the real interest rates of general borrowings would confirm the capitalized amount of general borrowing costs. Real interest rate is used by the initial recognized amount of the borrowings which is discounted by the future cash flow within the expected duration of the borrowing or an even shorter period.

17. Intangible assets

(1) Evaluation methods, useful life, impairment test

Intangible assets comprise land use rights, and non-patented technology and software etc, which are measured at cost.

(a) Land use rights

The land use right allocated by the nation is zero-cost, and there is no specific use term in the land use right certificate, which should not be amortized. The other land use rights should be averagely amortized based in use term of 50 years. Charges of lands and buildings purchasing which could not be reasonably allocated between land use rights and buildings should be used as fixed assets.

(b) Non-patented technology

Non-patented technology should be averagely amortized based on whichever is shorter among contract period,

profits period and legally regulated period.

(c) Software

Software should be recorded based on the actual payment, and averagely amortized according to an estimated useful life of 3 to 5 years.

(d) Regular review of useful life and amortization method

The estimated useful life and amortization methods of intangible assets with limited service life should be reviewed and appropriately adjusted at the end of each year.

(e) Research and development

Internal research and development project expenditure could be divided into research expenditures and development expenditures based on their nature and whether the intangible assets created by the R&D activities have high level of uncertainty.

Expenditures of planned surveys, assessment and selections for the purpose of researching production process are research expenditures and are recorded in current profits and losses in occurrence; expenditures of relevant designs and tests in production process before mass production are development expenditures, and can be capitalized if they meet all of the following conditions:

- The development of production process has been fully verified by technology team;
- The management has approved the budget of production process development;
- Studies and analyses of pre-market researches show that the products produced based on production process have marketing abilities.
- There are sufficient technology and funds support to conduct development of production process and follow-up large scale production;
- Expenditures of production process development could be reliably merged.

Development expenditures failing to meet the above conditions would be recorded into current profits and losses. Previously recorded development expenditures would not be reaffirmed as assets in subsequent periods. Capitalized expenditures in development phase should be listed as development expenditures on balance sheet, and would be transferred to intangible assets since the date of the project achieving its intended use.

(f) Impairment of intangible assets

As the recoverable amount of the intangible assets is lower than the book value, its book value should be written down as the recoverable amount (Note 5(19)).

18. Impairment of long-term assets

Fixed assets, construction in progress, intangible assets with limited life, investment properties measured at cost, and long-term equity investment in subsidiaries and associates should go through impairment test as there are signs of impairment on balance sheet; intangible assets not reaching useful status should go through impairment tests at least annually whether there is sign of impairment or not. As the impairment test results show that the recoverable amount of assets is lower than the book value, provision for impairment based on the difference would be prepared and included in impairment losses. The fair value of assets deducted by the higher one between the net value after disposal and the present value of the expected future cash flow is the recoverable amount.

Assets impairment preparation should be calculated and confirmed based on single assets, and the assets group where the assets belong should confirm its recoverable amount in case that the recoverable amount of single assets is hard to estimate. Assets group is the minimum assets unit to produce cash flow independently.

Goodwill independently listed in balance sheet, intangible assets with uncertain useful life and development expenditures of capitalization should go through impairment tests at least annually whether there is sign of impairment or not. In impairment tests, the book value of goodwill is allocated to assets groups and combination of assets groups expecting to benefit from the synergies of business merging. The test results show that if the recoverable amount of assets group or assets group combination including the goodwill allocated is lower than the book value, relevant impairment losses should be confirmed. The amount of impairment losses firstly claims a credit against the book value of goodwill allocated to the assets group or assets group combination, and then claims credit against the book value of other assets in proportion according to the ratio of the book value of other assets except for goodwill in assets group or assets group combination.

The above assets impairment losses cannot be recovered in subsequent period once confirmed.

19. Long-term unamortized expenses

Long-term unamortized expenses include operating rented fixed assets and other expenses which already happen and should be amortized over a year and undertaken by current and subsequent phases, and they would be averagely amortized according to benefit period and listed in the net amount of actual expenses deducted by accumulated amortization.

20. Employee salary

(1) Accounting treatment of short-term remuneration

Short-term remuneration includes salary, bonus, allowance and subsidy, welfare, medical insurance, industrial injury insurance, maternity insurance, housing funds, labor union and education funding. In the accounting period of employees providing service, the company recognizes the actual short-term remuneration as liabilities and records it in current profits and losses and relevant asset cost.

(2) Accounting treatment of post-employment benefits

The post-employment benefits of the company are divided into defined contribution plan and defined benefit plan. Defined contribution plan refers to the post-employment welfare plan that the company does not undertake further liabilities after depositing fixed expenses in an independent fund; Defined benefit plan refers to the post-employment welfare plan excluding defined contribution plan. Within the period of this report, the post-employment welfare plan of the company refers to the basic old-age pension insurance and unemployment insurance deposit for employees, both of which belong to the defined contribution plan.

Basic old-age pension insurance

Employees of the company have joined the social basic old-age pension insurance organized and implemented by local labor and social security departments. The company pays old-age pension insurance premiums monthly to local social basic old-age pension insurance agencies according to local social basic old-age pension insurance contribution base and proportion. After employees retire, local labor and social security departments are

responsible for payment of basic old-age pension to employees. In the accounting period of employees providing service, the company recognizes the payable amount regulated by social security departments as liabilities and records it in current profits and losses and relevant asset cost.

(3) Accounting treatment of termination benefits

As the company terminates labor contract with employees before the expiration date, or encourages employees to accept layoff voluntarily by providing certain compensation, liabilities caused by the compensation to employees for terminating labor contract with them would be confirmed on whichever is earlier between that the company could not withdraw the labor relationship or layoff suggestions unilaterally and costs related to paying termination benefits are confirmed, and should be recorded in current profits and losses.

Early retirement welfare

Subsidiaries of the company provide early retirement welfare for employees accepting early retirement arrangement. Early retirement welfare refer to salary and social insurance premiums paid to employees who haven't reached the retirement age regulated by the country and have stepped down their posts voluntarily after being approved by the management of the company and the subsidiary they belong to. The subsidiaries should pay early retirement welfare to these early retired employees from the first date of early retirement till their normal retirement age. As for early retirement welfare, subsidiaries should conduct accounting treatment. As the conditions of early retirement welfare are confirmed, the to-be-paid salary and social insurance premiums for employees from the date when employees stop providing service till the date when they reach legal retirement date should be confirmed as liabilities and recorded into current profits and losses at one time. Difference caused by changes in actuarial assumptions and adjustments of welfare standards for early retirement welfare should be recorded into current profits and losses.

The estimated termination benefits within a year since the date of balance sheet date should be listed as flowing liabilities.

21. Estimated liabilities

Current obligations in the form of product quality guarantee and onerous contract should be confirmed as anticipation liabilities as fulfilling these obligations may lead to flowing out of economic benefits and the amounts could be measured reliably.

The anticipated liabilities should be initially measured according to the best estimate of fulfilling related current obligations, and comprehensive considerations should be taken in relevant risks, uncertainty and time value of money etc. If the time value of money has significant impacts, relevant future cash flow could be discounted to confirm the best estimate; the increased amount to the book value of anticipated liabilities caused by discount reduction along with time would be confirmed as interest expenses.

On balance sheet date, the book value of anticipated liabilities should be reviewed and appropriately adjusted to reflect the best current estimates.

22. Share-based payment

Equity-settled share-based payment refers to that Medea Group grants Medea Group shares to its employers in trade of their services. As the company is to receive services and has no obligation of settlement, the share-based

payment transactions would be treated as equity-settled share-based payment.

The share-based payment in exchange for employees' services should be measured at the fair value of equity instruments granted by share-based payment. In each balance sheet date within the awaiting period, services obtained on the basis of the best estimated of the number of vested equity instruments, and according to the fair value on the granting date of equity instruments would be recorded into relevant assets cost or period charges, and the capital reserves should be increased in the meantime.

The share-based payment in exchange for other parties' services except for employees should be measured at the fair value of services exchanged by share-based payment on the date of acquisition. If the fair value of other parties' employees could not be reliably measured, but the fair value of equity instruments could be reliably measured, the payment should be measured at the fair value of equity instruments at the acquisition date of services, and recorded in assets cost or charges according to the confirmed fair value, and the capital reserves should be increased in the meantime.

23. Revenue

Revenue amount should be confirmed by the fair value of received and receivable contracts or agreements as the company sells goods and provides services in daily operation activities. Revenue is shown as the net amount after deducting sales discount and returns.

As economic benefits related to transactions could flow into the company, and relevant revenue could be measured reliably and also meet the standards for various operation activities as listed below, relevant revenue is confirmed:

(a) Sales of goods

The company manufactures and sells washing machines. As the products are delivered, main risks and remuneration of the ownership of the goods would be transferred to the purchaser, and the company would not conduct continuing management and control over the products. The sales revenue is realized as related income or price credential has been obtained, and relevant cost could be calculated reliably. Within the report period, the company's main sales are realized from dealers, large-scale chain home appliance retailers and e-commerce platforms. Sales revenue obtained from dealers, large-scale chain home appliance retailers and non-proprietary e-commerce platforms should be confirmed as products have been delivered to them and accepted by them. Sales revenue obtained from proprietary e-commerce platform should be confirmed as the products have been delivered to and accepted by end users.

(b) Transfer of assets use rights

Interest income would be confirmed by actual interest rate in accordance with the time of other parties using monetary fund of the company.

Operating lease income would be confirmed within the lease period on straight-line basis.

24. Government subsidy

(1) Judgment basis and account treatment methods of assets related government subsidy

Assets related government subsidy refers to government support acquired by the company to be used in purchasing and building or forming long-term assets in other ways. Benefits related government subsidy refer to

the government support except for assets relate government subsidy.

Assets related government subsidy would be confirmed as deferred benefits, averagely allocated within the useful life of relevant assets, and recorded in current profits and losses. Government subsidy measured at nominal amount would be recorded to current profits and losses directly.

(2) Judgment basis and account treatment methods of benefits related government subsidy

Benefits related government subsidy, used to compensate expenses and losses of subsequent periods, would be confirmed as deferred benefits, and recorded into current profits and losses during the period of establishing relevant costs; those used to compensate relevant expenses and losses that already happened would be recorded directly to current profits and losses.

25. Deferred income tax assets/ deferred income tax liabilities

Deferred income tax assets and deferred income tax liabilities should be confirmed based on the difference (temporary difference) between tax basis of assets and liabilities and their book values. Corresponding deferred income tax income assets should be confirmed in accordance with the tax provisions for deductible losses which could deduct the taxable income in subsequent years. The temporary difference caused by initial confirmation of goodwill could not confirm the deferred income tax liabilities. Temporary differences formed by initial confirmation of assets and liabilities generated from non-corporate merging transactions having no influences on accounting profits or taxable income (deductible losses) could not confirm corresponding deferred income tax assets and deferred income tax liabilities. In the balance sheet date, deferred income tax assets and deferred income tax liabilities should be measured based on the appropriate tax rate in the period of expected recovery of the assets or settlement of the liabilities.

Deferred income tax assets should be confirmed by the possible taxable income used to deduct temporary difference, deductible losses and tax deduction.

The taxable temporary difference related to investment of subsidiaries and associates could confirm the deferred income tax liabilities, unless the company could control the time of reverse of temporary difference or the temporary difference would not reverse in the foreseeable future. The deductible temporary difference related to investment of subsidiaries and associates could confirm the deferred income tax assets, as the temporary difference could possibly reverse in foreseeable future and obtain taxable income which could be used to deduct deductible temporary difference.

Deferred income tax assets and deferred income tax liabilities meeting all of the following conditions could be listed as the net amount after deduction:

- Deferred income tax assets and deferred income tax liabilities are related to the income tax collected by the same tax bureau from the same taxpayer of the company.
- The taxpayer of the company owns the legal rights of settle the current income tax assets and income tax liabilities in net amount.

26. Lease

(1) Accounting treatment methods of operating lease

The rent payment of operating lease during the lease period should be recorded in related asset cost or current

profits and losses on a straight-line basis.

27. Other critical accounting policies and accounting estimates

Based on historical experience and other factors, including reasonable expectations of future events, the company conducts continuous evaluation of critical accounting estimates and key judgments adopted.

(a) Critical accounting estimates and key assumptions

The following critical accounting estimates and key assumptions will lead to important risks of significant adjustment in the book value of assets and liabilities of next fiscal year:

(i) Accounting estimates of impairment of receivables

The management shall assess whether there is impairment of receivables on the balance sheet date according to the accounting policies in Note 5(10). The impairment of receivables should be judged and estimated based on the credit, financial status and market conditions of the clients of the company. Even if the company's management has made the best estimate and preparation of provision for the losses of bad debts, related results of impairment may be significantly changed due to the changes of clients' financial status and market conditions.

(ii) Accounting estimates of impairment of inventories

According to the accounting policies in Note 5 (11) (c), the management shall assess the realizable value of inventories on the balance sheet date, which is determined by the estimated selling price of inventories in current business activities deducted by the estimated future costs before completion and sales, the estimated costs of sales and relevant taxes. Even if the company's management has made the best estimate and preparation of provision for the impairment of inventories, related results of impairment may be significantly changed due to the changes of clients' financial status and market conditions.

(iii) Estimated net residual value and useful life of fixed assets, investment properties and intangible assets

The management has assessed the estimated useful life and net residual value of fixed assets as buildings, machinery and equipment, transportation vehicles and office and electronic devices, investment properties as buildings and land use rights, and intangible assets as land use rights, and non-patented technology and software etc. This assessment is made based on historical experience of the estimated useful life and net residual value of fixed assets, investment properties and intangible assets with same nature and functions, and significant changes could happen due to technological updates and other causes. As the net residual value or estimated useful life is lower than the previously estimated value, the management should increase the depreciation and amortization expenses.

(iv) Accounting estimates of impairment of fixed assets, intangible assets and other long-term assets

Impairment tests need to be conducted in face of events leading to fixed assets, intangible assets and other long-term assets unrecovered or environmental changes. The recoverable amount shall be confirmed based on the useful value or market value. The calculation shall be applied to judgment and estimates.

The impairment of assets should be judged by the management, especially in the assessment of the following items: (i) whether there is event showing the relevant asset value may not be recovered; (ii) whether the fair value of assets estimated based on continuing operations deducted by the higher one between the net value after disposal and the present value of the expected future cash flow is higher than the book value of assets; (iii) the key assumptions should be properly applied in cash flow estimates, including whether the cash flow forecast is

discounted at appropriate interest rate. The management has adopted the best estimate as the assumption in assessing impairment (including discount rate or the growth rate assumption used in cash flow forecast), and changes of the assumptions may cause significant impacts on the results if impairment test.

(v) Provision of sales rebates

The company and its subsidiaries apply sales rebates policy to their clients of sales. The company and its subsidiaries conduct regular estimates and withdraw sales rebates in advance in accordance with regulations of sales agreement, review of specific transactions, historical experience, market conditions and level of channel inventories, and by reference of the completion status of agreed assessment indicators of sales clients. In case of significant changes of previous estimates, the above difference would have impacts on sales rebates during the period of estimates changes.

(vi) Income taxes

The company and its subsidiaries pay corporate income taxes in multiple jurisdictions. In normal operations, uncertainty exists in the final tax treatment of some transactions and events. Significant judgments are required from the company and its subsidiaries in the provision of income taxes in each jurisdiction. If the final identified outcome of these tax matters differs from the initially recorded amount, the difference would have impacts on the income taxes and deferred income taxed during the period of making the above mentioned identification.

VI. Taxation

1. Main taxes and tax rate

Category of taxes	Tax basis	Tax rate
VAT	Taxable added value (tax amount payable should be measured according to the balance after the taxable sales multiply the applicable tax rate then deduct the input tax which allowed to be deduct at the Reporting Period)	17% or 11% or 6%
Business tax	Real estate rental income, interests income and so on	5%
Urban maintenance and construction tax	Paid VAT, business tax amount	7% or 5%
Enterprise income tax	Payable income tax amount	15% or 25%

2. Tax preference

In July 2015, the Company got the High Technology Enterprises Certificate (certificate No.: GR201532000606) issued by Jiangsu Science and Technology Development, Department of Finance of Jiangsu Province, Jiangsu Provincial Office, SAT and Jiangsu Local Taxation Bureau after the re-examination with the period of validity lasts for 3 years that from Y2015 to Y2018.

In July 2014, the subsidiary Hefei Media Washing Machine Co., Ltd. got the High Technology Enterprises Certificate (certificate No.: GR201434000147) issued by Anhui Science and Technology Development, Department of Finance of Anhui Province, Anhui Provincial Office, SAT and Anhui Local Taxation Bureau after the re-examination with the period of validity lasts from Y2014 to Y2017.

In July 2015, the subsidiary Wuxi Little Swan GE Co., Ltd. got the High Technology Enterprises Certificate

(certificate No.: GR201532000557) issued by Jiangsu Science and Technology Development, Department of Finance of Jiangsu Province, Jiangsu Provincial Office, SAT and Jiangsu Local Taxation Bureau after the re-examination with the period of validity lasts for 3 years that from Y2015 to Y2018.

In July 2015, the subsidiary Wuxi Filin Electronics Co., Ltd. got the High Technology Enterprises Certificate (certificate No.: GR201532000917) issued by Jiangsu Science and Technology Development, Department of Finance of Jiangsu Province, Jiangsu Provincial Office, SAT and Jiangsu Local Taxation Bureau after the re-examination with the period of validity lasts for 3 years that from Y2015 to Y2018.

Based on the relevant regulations of the No. 28 articles of the Enterprise Income Law of the People's Republic of China, the payment of the corporate income tax of the Company, Hefei Midea Washing Machine, Wuxi Little Swan GE Co., Ltd. and Wuxi Filin Electronics Co. Ltd. should be measured according to the 15% of the tax rate.

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

1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Bank deposits	1,919,339,663.90	2,792,685,328.69
Other monetary funds	135,578,042.75	250,158,596.12
Total	2,054,917,706.65	3,042,843,924.81
Of which: total amount of the accounts deposited abroad	607,387.28	607,997.46

Other notes

On 30 June 2016, the bank acceptance deposit of the other monetary funds was of RMB133,182,859.94 and the credit guarantee of RMB2,395,182.81.

2. Notes receivable

(1) Notes receivable listed by category

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bill	1,794,679,303.47	2,205,189,379.10
Total	1,794,679,303.47	2,205,189,379.10

(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

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end

Bank acceptance bill	893,861,264.25	0.00
Total	893,861,264.25	0.00

3. Accounts receivable

(1) Accounts receivable disclosed by category

Unit: RMB

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 risk characteristics	1,175,991,552.78	100%	58,806,818.45	5.00%	1,117,184,734.33	943,243,995.62	100%	47,168,519.99	5.00%	896,075,475.63
Total	1,175,991,552.78	100%	58,806,818.45	5.00%	1,117,184,734.33	943,243,995.62	100%	47,168,519.99	5.00%	896,075,475.63

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

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Withdrawal proportion
Within 1 year	1,175,846,736.56	58,792,336.83	5.00%
1 to 2 years	144,816.22	14,481.62	10.00%
Total	1,175,991,552.78	58,806,818.45	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 Not applicable

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

(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 RMB11,638,298.46; the amount of the reversed or collected part during the reporting period was of RMB0.00.

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

Unit: RMB

Item	Balance	Balance of the bad debt provision	Proportion of the total balance of the accounts receivable
Total amount of balance of the top 5 accounts receivable	684,943,285.49	34,247,164.27	58.24%

4. Prepayment

(1) List by aging analysis:

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	160,691,210.90	99.83%	95,192,076.23	97.50%
1 to 2 years	272,480.00	0.17%	2,416,501.94	2.48%
2 to 3 years	1,598.18	0.00%		0.00%
Over 3 years			20,000.00	0.02%
Total	160,965,289.08	--	97,628,578.17	--

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

Unit: RMB

Item	Balance	Proportion of the total amount of the prepayments
Total amount of the top 5 of the balance of the prepayments	94,681,047.06	58.82%

5. Interests receivable

(1) Category

Unit: RMB

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

Fixed term deposit	566,543.96	0.00
Structured deposit payment	27,899,134.25	22,932,602.74
Total	28,465,678.21	22,932,602.74

6. Other accounts receivable

(1) Other accounts receivable disclosed by type:

Unit: RMB

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	13,247,443.64	100%	1,064,089.49	8.03%	12,183,354.15	9,956,212.29	100.0%	748,032.21	7.51%	9,208,180.08
Total	13,247,443.64	100%	1,064,089.49	8.03%	12,183,354.15	9,956,212.29	100.0%	748,032.21	7.51%	9,208,180.08

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

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Within 1 year	9,144,420.25	457,221.04	5.00%
1 to 2 years	3,465,427.62	346,542.76	10.00%
2 to 3 years	292,361.00	87,708.30	30.00%
3 to 4 years	345,234.77	172,617.38	50.00%
Total	13,247,443.64	1,064,089.49	8.03%

Notes of the basis of recognizing the group:

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

Applicable Not applicable

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

□ Applicable √ Not applicable

(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 RMB316,057.28; the amount of the reversed or collected part during the reporting period was of RMB 0.00.

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

Unit: RMB

Nature	Closing book balance	Opening book balance
Margin & cash pledge	1,187,058.00	1,194,312.63
Advance money for another	2,696,656.28	1,544,575.33
Employee loan	4,054,818.91	3,657,991.12
Other	5,308,910.45	3,559,333.21
Total	13,247,443.64	9,956,212.29

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

Unit: RMB

Name of units	Nature	Closing balance	Aging	Proportion of the total year end balance of the accounts receivable	Closing balance of bad debt provision
Guangzhou Attend Logistics Co., Ltd.	Long-term equity investment liquidation	2,587,038.41	1-2 years	19.53%	258,703.84
Hefei Hualing Co., Ltd.	Rent	1,397,187.69	Within 1 year	10.55%	69,859.38
Wuxi China Resources Gas Co., Ltd.	Quality retention money deposit	725,800.00	Within 1 year	5.48%	125,020.00
Hefei Gas Group Co., Ltd.	Quality retention money deposit	270,000.00	Within 1 year	2.04%	13,500.00
Xu Ning	Borrowings	250,000.00	Within 1 year	1.89%	12,500.00
Total	--	5,230,026.10	--	39.49%	479,583.22

7. Inventory

(1) Category of inventory

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Falling price	Book value	Book balance	Falling price	Book value

		reserves			reserves	
Raw materials	21,458,287.01	1,144,774.06	20,313,512.95	21,725,796.66	1,149,192.62	20,576,604.04
Goods in process	8,797,759.46		8,797,759.46	8,189,804.33		8,189,804.33
Inventory goods	612,608,193.94	44,778,930.67	567,829,263.27	755,272,411.35	38,625,852.20	716,646,559.15
Total	642,864,240.41	45,923,704.73	596,940,535.68	785,188,012.34	39,775,044.82	745,412,967.52

(2) Falling price reserves of inventory

Unit: RMB

Item	Opening balance	Increased amount		Decreased amount		Closing balance
		Withdrawal	Other	Reverse or write-off	Other	
Raw materials	1,149,192.62			4,418.56		1,144,774.06
Inventory goods	38,625,852.20	13,631,207.32		7,478,128.85		44,778,930.67
Total	39,775,044.82	13,631,207.32		7,482,547.41		45,923,704.73

8. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Structured deposits	1,970,000,000.00	2,470,000,000.00
Financial products	6,041,332,009.02	3,152,675,560.00
Tax prepaid	93,532,407.32	78,446,417.44
Deferred expense-module	37,280,738.89	32,066,626.79
Total	8,142,145,155.23	5,733,188,604.23

9. Available-for-sale financial assets**(1) List of available-for-sale financial assets**

Unit: RMB

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 at fair	100,300.00	100,300.00	0.00	100,300.00	100,300.00	0.00

value						
Measured by cost	200,000.00		200,000.00	200,000.00	0.00	200,000.00
Total	300,300.00	100,300.00	200,000.00	300,300.00	100,300.00	200,000.00

(2) Available-for-sale financial assets measured by cost at the period-end

Unit: RMB

Investee	Book balance				Depreciation reserves				Shareholding proportion among the investees	Cash bonus of the Report Period
	Opening period	Increase	Decrease	Closing period	Opening period	Increase	Decrease	Closing period		
Suzhou People's Market Co., Ltd.	150,000.00			150,000.00	150,000.00			150,000.00	0.25%	
Inner Mongolia Baotou Department Co., Ltd.	50,000.00			50,000.00	50,000.00			50,000.00	0.04%	
Total	200,000.00			200,000.00	200,000.00			200,000.00	--	

10. Investment property**(1) Investment property adopted the cost measurement mode**

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original book value				
1. Opening balance	88,425,049.29	22,949,959.07		111,375,008.36
2. Increased amount of the period				
(1) Outsourcing				
(2) Transfer of inventory\fixed assets\project under construction				
(3) Enterprise combination increase				
3. Decreased amount of the period				
(1) Disposal				
(2) Other				
4. Closing balance	88,425,049.29	22,949,959.07		111,375,008.36
II. Accumulative depreciation and accumulative amortization				

1. Opening balance	24,340,722.34	5,615,173.21		29,955,895.55
2. Increased amount of the period	2,000,531.64	275,912.46		2,276,444.10
(1) Withdrawal or amortization	2,000,531.64	275,912.46		2,276,444.10
3. Decreased amount of the period				
(1) Disposal				
(2) Other				
4. Closing balance	26,341,253.98	5,891,085.67		32,232,339.65
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				
4. Closing balance	12,576,065.29			12,576,065.29
IV. Book value				
1. Closing book value	49,507,730.02	17,058,873.40		66,566,603.42
2. Opening book value	51,508,261.66	17,334,785.86		68,843,047.52

11. Fixed assets

(1) List of fixed assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Total
I. Original book value					
1. Opening balance	730,443,485.05	877,011,703.05	27,335,068.10	113,116,467.37	1,747,906,723.57
2. Increased amount of the period	2,896,291.36	28,769,352.47	762,589.32	4,220,596.56	36,648,829.71
(1) Purchase	2,896,291.36	28,769,352.47	762,589.32	4,220,596.56	36,648,829.71
(2) Transfer from project under construction					
(3) Enterprise combination increase					
3. Decreased amount of the period		1,258,959.02	474,538.00	2,834,925.73	4,568,422.75
(1) Disposal or Scrap		1,258,959.02	474,538.00	2,834,925.73	4,568,422.75

4. Closing balance	733,339,776.41	904,522,096.50	27,623,119.42	114,502,138.20	1,779,987,130.53
II. Accumulative depreciation					
1. Opening balance	166,521,051.15	440,072,941.95	23,012,295.94	83,371,414.00	712,977,703.04
2. Increased amount of the period	15,496,608.44	37,788,970.65	719,273.55	6,821,363.18	60,826,215.82
(1) Withdrawal	15,496,608.44	37,788,970.65	719,273.55	6,821,363.18	60,826,215.82
3. Decreased amount of the period		1,046,177.25	450,811.10	2,475,740.44	3,972,728.79
(1) Disposal or Scrap		1,046,177.25	450,811.10	2,475,740.44	3,972,728.79
4. Closing balance	182,017,659.59	476,815,735.35	23,280,758.39	87,717,036.74	769,831,190.07
III. Depreciation reserves					
1. Opening balance	3,918,452.47	11,165,580.56	64,570.25	252,125.65	15,400,728.93
2. Increased amount of the period		2,337,593.67	10,632.71		2,348,226.39
(1) Withdrawal		2,337,593.67	10,632.71		2,348,226.39
3. Decreased amount of the period		108,221.60	9,400.00	35,731.31	153,352.91
(1) Disposal or Scrap		108,221.60	9,400.00	35,731.31	153,352.91
4. Closing balance	3,918,452.47	13,394,952.63	65,802.96	216,394.34	17,595,602.41
IV. Book value					
1. Closing book value	547,403,664.35	414,311,408.52	4,276,558.07	26,568,707.12	992,560,338.05
2. Opening book value	560,003,981.43	425,773,180.54	4,258,201.91	29,492,927.72	1,019,528,291.60

12. Intangible assets

(1) List of intangible assets

Unit: RMB

Item	Land use right	Patent right	Non-patent right	Others	Total
I. Original book value					
1. Opening balance	242,666,890.39		1,992,000.00	1,395,014.56	246,053,904.95
2. Increased amount of the period					
(1) Purchase					
(2) Internal R&D					
(3) Enterprise combination increase					
3. Decreased amount of the period			1,992,000.00		1,992,000.00
(1) Disposal			1,992,000.00		1,992,000.00
4. Closing balance	242,666,890.39			1,395,014.56	244,061,904.95

II. Accumulated amortization					
1. Opening balance	45,145,265.36		1,992,000.00	1,395,014.56	48,532,279.92
2. Increased amount of the period	2,619,069.42				2,619,069.42
(1) Withdrawal	2,619,069.42				2,619,069.42
3. Decreased amount of the period			1,992,000.00		1,992,000.00
(1) Disposal			1,992,000.00		1,992,000.00
4. Closing balance	47,764,334.78			1,395,014.56	49,159,349.34
III. Depreciation reserves					
1. Opening balance					
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Closing book value	194,902,555.61				194,902,555.61
2. Opening book value	197,521,625.03				197,521,625.03

13. Long-term unamortized expenses

Unit: RMB

Item	Opening balance	Increased amount	Amortization amount	Decrease	Closing balance
IT consulting fee	789,380.92	241,237.14	600,915.90		429,702.16
Fixed assets reform	3,448,863.46		868,986.42		2,579,877.04
Total	4,238,244.38	241,237.14	1,469,902.32		3,009,579.20

14. Deferred income tax assets/deferred income tax liabilities

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

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment provision	110,825,431.71	16,623,814.76	90,583,724.89	13,587,558.73
Internal unrealized profit	38,593,391.08	5,789,008.66	68,217,414.97	10,232,612.25

Remuneration and dismiss expense	30,978,010.06	4,646,701.51	32,192,522.18	4,828,878.33
Accrued expenses	1,820,925,296.14	273,138,794.43	1,521,730,526.58	228,259,578.99
Accrued liabilities	9,784,866.44	1,467,729.97	9,981,021.44	1,497,153.22
Deferred income (government subsidy)	3,168,933.27	475,339.99	3,395,533.29	509,329.99
Investment differences	8,782,955.88	1,317,443.38	8,782,955.88	1,317,443.38
Total	2,023,058,884.58	303,458,832.70	1,734,883,699.23	260,232,554.89

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

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Change in fair value of available-for-sale financial assets	98,332,009.02	14,749,801.35	55,675,560.00	8,351,334.00
Total	98,332,009.02	14,749,801.35	55,675,560.00	8,351,334.00

(3) Deferred income tax assets or liabilities listed by net amount after off-set

Unit: RMB

Item	Mutual set-off amount of deferred income tax assets and liabilities at the period-end	Amount of deferred income tax assets or liabilities after off-set at the period-end	Mutual set-off amount of deferred income tax assets and liabilities at the period-begin	Amount of deferred income tax assets or liabilities after off-set at the period-begin
Deferred income tax assets	14,749,801.35	288,709,031.34		251,881,220.89
Deferred income tax liabilities	14,749,801.35			

(4) List of unrecognized deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	24,906,734.29	24,307,336.03
Deductible losses	72,331,535.03	75,877,413.93
Total	97,238,269.32	100,184,749.96

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

Unit: RMB

Years	Closing amount	Opening amount	Notes
Y2016	287,136.58	287,136.58	
Y2017	21,513.22	89,186.59	
Y2018	16,303,166.71	16,303,166.71	
Y2019	49,620,940.42	49,620,940.42	
Y2020	6,098,778.10	9,576,983.63	
Total	72,331,535.03	75,877,413.93	--

15. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Prepayment for equipment	29,351,772.60	32,963,224.90
Total	29,351,772.60	32,963,224.90

16. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance bill	2,892,196,959.47	1,953,065,274.06
Total	2,892,196,959.47	1,953,065,274.06

The total amount of the due but not pay notes payable at the period-end was of RMB000.

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

Unit: RMB

Item	Closing balance	Opening balance
Material	2,662,515,531.37	2,359,604,637.06
Installation and maintenance fee	703,733.50	39,107,819.41
Freight charge	1,694,476.37	4,246,921.42
Others	39,812,521.32	16,847,964.06
Total	2,704,726,262.56	2,419,807,341.95

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

Unit: RMB

Item	Closing balance	Unpaid/ Un-carry-over reason
Material	41,301,792.99	Caused by unsettled due to the agreement of contract or the quality of the materials was in dispute
Total	41,301,792.99	--

18. Advance from customers**(1) List of advance from customers**

Unit: RMB

Item	Closing balance	Opening balance
Advance from goods	992,809,515.41	1,652,908,781.44
Total	992,809,515.41	1,652,908,781.44

(2) Significant advance from customers aging over one year

Unit: RMB

Item	Closing balance	Unpaid/ Un-carry-over reason
Advance from goods	29,093,948.97	The project is under processing
Total	29,093,948.97	--

19. Payroll payable**(1) List of Payroll payable**

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
I. Short-term salary	226,371,272.61	430,832,549.76	478,565,227.95	178,638,594.42
II. Post-employment benefit-defined contribution plans	14,208,683.82	32,002,701.03	39,626,266.13	6,585,118.72
III. Termination benefits	7,700,760.49	3,486,082.59	4,140,765.96	7,046,077.12
Total	248,280,716.92	466,321,333.38	522,332,260.04	192,269,790.26

(2) List of Short-term salary

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
------	-----------------	----------	----------	-----------------

1. Salary, bonus, allowance, subsidy	203,062,076.70	369,121,587.35	414,498,173.48	157,685,490.57
2. Employee welfare	5,560,243.09	26,912,320.35	25,927,137.10	6,545,426.34
3. Social insurance	6,877,301.07	15,055,055.84	18,676,342.66	3,256,014.25
Of which: 1. Medical insurance premiums	5,502,760.59	12,287,574.19	15,275,915.06	2,514,419.72
Work-related injury insurance	950,454.45	2,043,445.44	2,377,399.54	616,500.35
Maternity insurance	424,086.03	724,036.21	1,023,028.06	125,094.18
4. Housing fund	6,456,798.64	14,082,496.17	13,744,290.41	6,795,004.40
5. Labor union budget and employee education budget	4,414,853.11	5,661,090.05	5,719,284.30	4,356,658.86
Total	226,371,272.61	430,832,549.76	478,565,227.95	178,638,594.42

(3) List of drawing scheme

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension benefits	13,201,271.54	29,893,051.16	36,862,559.58	6,231,763.12
2. Unemployment insurance	1,007,412.28	2,109,649.87	2,763,706.55	353,355.60
Total	14,208,683.82	32,002,701.03	39,626,266.13	6,585,118.72

20. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
VAT	6,306,329.13	8,884,701.12
Business tax	95,527.80	229,524.56
Corporate income tax	260,782,462.79	279,867,360.71
Personal income tax	1,213,027.89	1,641,343.76
Urban maintenance and construction tax	1,889,454.04	2,492,588.81
Property tax	3,390,277.41	3,319,892.04
Land use tax	3,198,171.03	3,166,208.90
Stamp tax	387,205.94	226,162.21
Education Surcharge	1,438,017.20	1,779,616.70
House appliance recycling funds	20,700,519.00	22,335,614.00
Others	3,936,754.32	1,165,215.10
Total	303,337,746.55	325,108,227.91

House appliance recycling details

In line with the Waste Electrical & Electronic Products Processing Fund Collection Usage Management Methods, Electrical & Electronic Products should according to the methods to pay the fund. The fund charged, in line with the Electrical & Electronic Products and the producer's sale number with a way of verifying the fixed amount. Collection Standards for a wash machine is RMB7/piece.

21. Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Common stock dividends	7,150,684.06	5,400,652.06
Total	7,150,684.06	5,400,652.06

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

Unit: RMB

Item	Closing balance	Opening balance
Payment for equipment	59,702,070.44	54,026,136.97
Payment for mold	69,695,368.19	50,738,280.49
Subsidy of energy saving & benefit the people	25,080,000.00	25,080,000.00
Payment made on behalf	16,768,217.57	18,631,746.58
Margin & cash pledged	23,394,150.19	13,794,750.00
Third party payment	6,723,488.91	5,407,965.76
Others	5,242,036.60	4,128,258.14
Total	206,605,331.90	171,807,137.94

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

Unit: RMB

Item	Closing balance	Unpaid/ Un-carry-over reason
Margin & cash pledged	6,032,466.13	Payment of transportation margin, now was in the stage of performing the contract
Payment of equipment and mold	47,379,550.62	Caused by unsettled due to the agreement of contract or the quality problem was in dispute
Total	53,412,016.75	--

23. Other current-liabilities

Unit: RMB

Item	Closing balance	Opening balance
Accrued expenses-sale rebate	950,316,704.78	868,491,961.48
Accrued expenses-sales promotional expense	352,258,117.57	249,793,144.13
Accrued expenses-shipping and handling charges	132,748,731.04	127,259,322.97
Accrued expenses-maintenance and installation charges	248,957,741.12	199,287,081.29
Accrued expenses-brand royalty	21,612,607.68	15,536,878.06
Accrued expenses-other	115,038,293.95	61,365,905.31
Total	1,820,932,196.14	1,521,734,293.24

24. Long-term payroll payable**(1) Long-term payroll payable**

Unit: RMB

Item	Closing balance	Opening balance
Termination benefits	26,025,528.06	28,439,299.25
Total	26,025,528.06	28,439,299.25

25. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Formed reason
Product quality assurance	9,784,866.44	9,981,021.44	Product quality problem
Total	9,784,866.44	9,981,021.44	--

Other notes, including significant assumptions, valuation explanation related to significant estimated liabilities:

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. 2016, the Company paid compensation of PCR and losses of insurance compensation are not enough for the risk of the production sold was estimate RMB9,784,866.44.

26. Deferred revenue

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Formed reason
Government subsidies	3,395,533.29		226,600.02	3,168,933.27	Government subsidies
Total	3,395,533.29		226,600.02	3,168,933.27	--

Item involving government subsidies:

Unit: RMB

Item	Opening balance	Amount of newly subsidy	Amount recorded into non-operating income in report period	Other changes	Closing balance	Related to assets/related income
Hefei Midea Washing Machine Automation promotion & technological upgrading projects	3,033,333.29		175,000.02		2,858,333.27	Related to the assets
Subsidies of substation reformation	176,600.00		25,200.00		151,400.00	Related to the assets
Special guide subsidies of modern service industry development	185,600.00		26,400.00		159,200.00	Related to the assets
Total	3,395,533.29		226,600.02		3,168,933.27	--

27. Share capital

Unit: RMB

	Opening balance	Increase/decrease (+/-)					Closing balance
		New shares issued	Bonus shares	Capitalized Capital reserves	Others	Subtotal	
The sum of shares	632,487,764.00						632,487,764.00

28. Capital surplus

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium	1,055,182,718.57			1,055,182,718.57
Other capital reserves	108,832,229.28	13,602,534.28		122,434,763.56

Of which: equity incentive	66,599,778.25	13,602,534.28		80,202,312.53
Others	3,053,066.03			3,053,066.03
Transfer from capital reserves in the original system	39,179,385.00			39,179,385.00
Total	1,164,014,947.85	13,602,534.28		1,177,617,482.13

29. Other comprehensive income

Unit: RMB

Item	Opening balance	Report Period					Closing balance
		Amount before income tax in current period	Less: recorded in other comprehensive income in prior period and transferred to profit or loss in current period	Less: Income tax expense	Attributable to owners of the Company after tax	Attributable to minority shareholders after tax	
I. Other comprehensive reclassified into profits or losses	34,813,284.64	42,663,242.71		6,398,467.35	32,936,889.93	3,327,885.43	67,750,174.57
Of which: profits or losses of change in fair value of available-for-sale financial assets	37,033,422.18	42,656,449.02		6,398,467.35	32,930,096.23	3,327,885.43	69,963,518.42
Converted difference of the foreign currency financial statement	-2,220,137.54	6,793.70			6,793.70		-2,213,343.84
Total	34,813,284.64	42,663,242.71		6,398,467.35	32,936,889.93	3,327,885.43	67,750,174.57

30. Surplus reserves

Unit: RMB

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

Item	Report Period	Last period
Opening balance of retained profits before adjustments	2,960,955,454.36	2,326,392,979.58
Opening balance of retained profits after adjustments	2,960,955,454.36	2,326,392,979.58
Add: Net profit attributable to owners of the Company	580,826,562.58	430,694,268.55
Less: dividend of common stock payable	379,492,658.40	284,619,493.80
Closing retained profits	3,162,289,358.54	2,472,467,754.33

List of adjustment of opening retained profits:

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

32. Revenue and Cost of Sales

Unit: RMB

Item	Report Period		Same period of last year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Main operations	7,327,207,677.60	5,281,634,736.14	5,620,828,547.48	4,072,244,009.19
Other operations	657,579,517.32	530,957,037.53	481,075,317.12	385,297,463.47
Total	7,984,787,194.92	5,812,591,773.67	6,101,903,864.60	4,457,541,472.66

33. Business tax and surcharges

Unit: RMB

Item	Report Period	Same period of last year
Business tax	203,083.51	443,157.75
Urban maintenance and construction tax	25,211,378.27	20,892,565.70
Education Surcharge	19,309,415.68	16,361,858.81
Total	44,723,877.46	37,697,582.26

34. Sales expenses

Unit: RMB

Item	Report Period	Same period of last year
Sales expenses	1,191,332,056.12	849,993,249.30
Total	1,191,332,056.12	849,993,249.30

35. Administrative expenses

Unit: RMB

Item	Report Period	Same period of last year
Administrative expenses	265,946,054.68	272,955,998.10
Total	265,946,054.68	272,955,998.10

36. Financial expenses

Unit: RMB

Item	Report Period	Same period of last year
Interest expenses	7,327,975.82	3,803,155.38
Less: Interest income	65,265,736.10	11,526,158.20
Add: exchange loss	-11,313,331.62	-4,959,722.86
Others	5,851,627.44	1,477,448.10
Total	-63,399,464.47	-11,205,277.58

37. Asset impairment loss

Unit: RMB

Item	Report Period	Same period of last year
I. Bad debt loss	11,954,355.73	-1,325,118.42
II. Inventory falling price loss	13,631,207.32	
III. Fixed assets impairment losses	2,348,226.39	
Total	27,933,789.44	-1,325,118.42

38. Gains on the changes in the fair value

Unit: RMB

Sources	Report Period	Same period of last year
2. Financial assets measured by fair value and the changes be	0.00	-248,907.75

included in the current profits and losses		
Of which, gains on the changes in the fair value of derivative financial instruments	0.00	-248,907.75
Total	0.00	-248,907.75

39. Investment income

Unit: RMB

Item	Report Period	Same period of last year
Long-term equity investment income accounted by equity method		-123,441.24
Investment income received from disposal of financial assets measured by fair value and the changes be included in the current profits and losses during holding period		597,040.00
Investment income received from disposal of available-for-sale financial assets	67,315,479.04	71,346,929.06
Total	67,315,479.04	71,820,527.82

40. Non-operating gains

Unit: RMB

Item	Report Period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Total gains from disposal of non-current assets	116,837.67	223,996.80	116,837.67
Including: Gains from disposal of fixed assets	116,837.67	223,996.80	116,837.67
Government subsidies	19,387,917.07	11,077,408.20	19,387,917.07
Claims and fine	1,925,692.15	1,603,401.99	1,925,692.15
Others	55,538.87	1,751,395.68	55,538.87
Total	21,485,985.76	14,656,202.67	21,485,985.76

Government subsidies recorded into current profits and losses

Unit: RMB

Item	Distribution entity	Distribution reason	Nature	Whether subsidies influence the current profits and losses or not	Special subsidy or not	Reporting period	Last period	Related to assets/related income
VAT	Wuxi New	Subsidy	Due to engaged in	No	No	11,946,875.24	7,954,833.07	Related to

refund upon collection	District Tax Sub Bureau		special industry that the state encouraged and supported, gained subsidy (obtaining in line with the law and the regulations of national policy)					the income
Foreign trade and economic support fund	Finance Bureau of Hefei	Subsidy	Due to engaged in special industry that the state encouraged and supported, gained subsidy (obtaining in line with the law and the regulations of national policy)	No	No	3,938,000.00	1,668,000.00	Related to the income
Support development fund on insurance of export letter of credit	Wuxi Commerce Bureau and Finance Bureau	Subsidy	Due to engaged in special industry that the state encouraged and supported, gained subsidy (obtaining in line with the law and the regulations of national policy)	No	No	817,319.00	94,381.00	Related to the income
Others	Economic and Information Commission of Wuxi	Award		No	No	2,685,722.83	1,360,194.13	Related to the income
Total	--	--	--	--	--	19,387,917.07	11,077,408.20	--

41. Non-operating expenses

Unit: RMB

Item	Report Period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Loss on disposal of non-current assets	238,583.97	1,767,090.74	238,583.97
Including: Loss on disposal of fixed assets	238,583.97	1,767,090.74	238,583.97
Donation		385,875.00	
Penalty		1,000.00	
Others	199,673.37	1,359.07	199,673.37
Local fees (flood prevention and security	1,796,648.03	2,893,031.44	

funds etc.)			
Total	2,234,905.37	5,048,356.25	438,257.34

42. Income tax expense

(1) Lists of income tax expense

Unit: RMB

Item	Report Period	Same period of last year
Current income tax expense	170,528,669.56	85,483,009.22
Deferred income tax expense	-43,226,277.81	-6,566,606.51
Total	127,302,391.75	78,916,402.71

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

Unit: RMB

Item	Report Period
Total profits	792,225,667.45
Current income tax expense accounted by tax and relevant regulations	118,833,850.12
Influence of income tax before adjustment	5,949,468.69
Influence of not deductible costs, expenses and losses	2,152,701.47
Influence of deductible temporary difference or deductible losses of deferred income tax assets derecognized in Report Period.	366,371.48
Income tax expense	127,302,391.75

43. Other comprehensive income

Refer to the Note. 29

44. Supplementary information to cash flow statement

(1) Other cash received relevant to operating activities:

Unit: RMB

Item	Report Period	Same period of last year
Interest income	30,792,096.72	11,526,158.20
Government subsidy	7,441,041.83	3,122,575.07
Claim & fine income	619,052.46	1,603,401.99
Others	6,661,612.22	5,158,267.01

Total	45,513,803.23	21,410,402.27
-------	---------------	---------------

(2) Other cash paid relevant to operating activities:

Unit: RMB

Item	Report Period	Same period of last year
Sales expense paid in Report Period	885,615,523.27	658,681,986.38
Administration expense paid in Report Period	143,225,724.14	166,592,183.42
Handling charges for financial expense in Report Period	5,851,627.44	1,477,448.10
Intercourse funds	3,291,231.35	7,041,744.94
Total	1,037,984,106.20	833,793,362.84

(3) Other cash received relevant to investment activities

Unit: RMB

Item	Report Period	Same period of last year
Income from structured deposits interest	34,473,639.38	0.00
Total	34,473,639.38	0.00

45. Supplemental information for Cash Flow Statement**(1) Supplemental information for Cash Flow Statement**

Unit: RMB

Supplemental information	Report Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	664,923,275.70	498,509,022.06
Add: Provision for impairment of assets	27,933,789.44	-1,325,118.42
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	63,102,659.92	57,610,111.52
Amortization of intangible assets	2,619,069.42	2,619,476.35
Long-term unamortized expenses	1,469,902.32	3,014,839.00
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	121,746.30	16,780.87
Losses from variation of fair value (gains: negative)		248,907.75

Financial cost (gains: negative)	-34,473,639.38	835,131.49
Investment loss (gains: negative)	-67,315,479.04	-71,820,527.82
Decrease in deferred income tax assets (gains: negative)	-36,827,810.46	-6,529,270.35
Increase in deferred income tax liabilities ("—" means decrease)		-37,336.16
Decrease in inventory (gains: negative)	134,845,643.10	151,430,212.58
Decrease in accounts receivable from operating activities (gains: negative)	47,112,616.96	1,090,041,707.37
Increase in payables from operating activities (decrease: negative)	789,234,275.49	-366,660,118.23
Others	14,351,343.11	7,315,665.45
Net cash flows generated from operating activities	1,607,097,392.88	1,365,269,483.46
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Change of cash and cash equivalent:	--	--
Closing balance of cash	1,919,339,663.91	1,104,435,153.42
Less: Opening balance of cash	2,792,685,328.69	1,516,739,804.86
Net increase in cash and cash equivalents	-873,345,664.78	-412,304,651.44

(2) Cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	1,919,339,663.91	2,792,685,328.69
Of which: bank deposit on demand	1,919,339,663.91	2,792,685,328.69
II. Closing balance of cash and cash equivalents	1,919,339,663.91	2,792,685,328.69

46. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary capital			
Including: USD	28,937,844.55	6.6312	191,892,634.77
EUR	534,818.68	7.3750	3,944,287.77
JPY	15.00	0.0645	0.97

Account receivable			
Including: USD	83,259,354.54	6.6312	552,109,431.81
EUR	4,123,416.41	7.3750	30,410,196.02
Prepayment			
Including: USD	2,173,673.28	6.6312	14,414,062.25
EUR	391,142.48	7.3750	2,884,675.79
Accounts payable			
Including: USD	3,031,340.52	6.6312	20,101,425.26
EUR	354,213.54	7.3750	2,612,324.86
Advance from customers			
Including: USD	624,760.42	6.6312	4,142,911.31
EUR	2,306.27	7.3750	17,008.74
Other account payable			
Including: USD	24,500.00	6.6312	162,464.40

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

Applicable Not applicable

VIII. Changes of merge scope

1. Other

No such case in Report Period.

IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

Name	Main operating place	Registration place	Nature of business	Holding percentage (%)		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	Wuxi	Wuxi	Trading	99.54%	0.09%	Setting-up

and Sales Co. , Ltd.						
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

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%	2,886,591.90		54,608,115.36
Wuxi Filin Electronics Co. , Ltd.	27.00%	25,112,906.11		164,984,699.86
Hefei Midea Washing Machine Co., Ltd.	30.53%	56,097,215.11		731,441,506.13

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

Unit: RMB

Name	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Wuxi Little Swan General Electric Appliances Co., Ltd.	289,672,813.96	16,012,665.65	305,685,479.61	94,858,206.45	9,784,866.44	104,643,072.89	262,214,616.13	16,950,575.14	279,165,191.27	78,953,274.67	10,064,518.04	89,017,792.71
Wuxi Filin Electronics Co., Ltd.	777,869,717.67	53,707,751.34	831,577,469.01	220,212,425.05	310,600.00	220,523,025.05	630,040,449.62	56,417,457.81	686,457,907.43	168,388,420.57	362,200.00	168,750,620.57
Hefei Midea Washing Machine Co., Ltd.	6,149,013,542.63	659,960,807.23	6,808,974,349.86	4,410,303,680.79	2,858,333.27	4,413,162,014.06	4,899,597,642.19	660,802,382.62	5,560,400,024.81	3,323,567,046.22	36,569,848.57	3,360,136,894.79

Unit: RMB

Name	Report Period				Same period of last year			
	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.	120,576,054.31	9,621,973.01	10,646,735.20	26,239,561.85	119,149,998.62	8,226,230.04	8,226,230.04	-4,492,352.40
Wuxi Filin Electronics Co., Ltd.	330,094,718.79	93,010,763.35	93,010,763.35	11,960,170.45	237,418,559.26	56,849,342.90	56,849,342.90	-85,141,564.76
Hefei Midea Washing Machine Co., Ltd.	3,490,739,131.29	183,744,563.10	193,637,968.84	1,307,170,946.87	2,889,158,007.44	163,765,351.84	163,765,351.84	1,141,880,840.95

2. Equity in joint venture arrangement or associated enterprise

The Company held 20% equity of Guangzhou Antaida Logistical Co., Ltd., due to operation problem, was decided to close and conducted liquidation with the approval of Meeting of the Board of Directors. As of reporting date, all the liquidation work was conducted in line with the approval liquidation principle and procedure, the assets and liabilities had been liquidated. The closing residual property (RMB10, 355,358.23 of total bank deposits) distribute to shareholders in line with investment proportion. Wuxi Little Swan Co., Ltd. was distributed RMB2, 587,038.41 of residual property in line with investment proportion.

X. The risk related financial instruments

The financial risks the Company faced during operation are: credit risk, market risk (mainly exchange risk and interest rate risk) and liquidity risk. The Company and its subsidiary overall risk management plan considering the unpredictability of financial market, aim to reduce the potential negative influence to the financial results of the Company and its subsidiaries.

(1) Market risk

(a) Foreign exchange risk

The main operation of the Company and its subsidiary was within the state, which settled by RMB. The foreign assets, liabilities and foreign trade in future (the foreign assets, liabilities and foreign trade in future mainly settled by USD) the Company and its subsidiary had recognized existing foreign exchange risk. The Company's headquarter financial department supervise the scope of foreign assets, liabilities and foreign trade in future of the Company and its subsidiary to maximally reduce foreign exchange risk, thus the Company and its subsidiary will avoid foreign exchange rate in a way of signing forward foreign exchange contract or currency exchange contract.

On 30 June 2016 and 31 December 2015, the lists of foreign financial assets and foreign financial liabilities discounted into RMB held by Company and its subsidiary were as following:

Unit: RMB

Item	Closing balance		
	Item	Other foreign currency	Total
Foreign financial assets			
Monetary capital	191,892,634.77	3,944,288.73	195,836,923.50
Accounts receivable	566,523,494.06	33,294,871.81	599,818,365.87
Total	758,416,128.83	37,239,160.54	795,655,289.37
Foreign financial liabilities			
Payable	-24,406,800.97	-2,629,333.60	-27,036,134.57
Item	Opening balance		
	Item	Other foreign currency	Total
Foreign financial assets			

Monetary capital	299,468,993.14	5,111,988.93	304,580,982.07
Accounts receivable	665,033,732.65	4,291,192.21	669,324,924.86
Total	964,502,725.79	9,403,181.14	973,905,906.93
Foreign financial liabilities			
Payable	-39,699,749.59		-39,699,749.59

(b) Interest rate risk

On 30 June 2016 and 31 December 2015, there was no short term or long-term interest-bearing debt contracts of floating interest rate in the Company and its subsidiary, thus the management believe that there was not existing significant interest rate risk.

(2) Credit risk

The Company and its subsidiary adopt group classification to manage the credit risk. Credit risk mainly incurred in bank deposit, account receivable, other account receivable, note receivable, structure deposit, financial products investment, etc..

The bank deposits of the Company and its subsidiary were deposit in the state-owned banks and other large and medium-sized commercial banks, the Company believe that there was not existing significant credit risk, and won't lead to any significant losses due to break a contract to the entity.

The Company and its subsidiary entrust commercial bank, trust company, assets management company and other financial institutions to conduct short term low risk finance investment, participate in bank finance products, trust plan of trust company, assets management plan of assets management company, the main investment direction was financial instrument with the high credit rating, better fluidity, trust products and assets management plan with prospective earnings, and conducting commercial bank guaranteed finance business with low risk, stable interest and no more than 1 year investment period in our inter-bank market. The idle fund of the Company and its subsidiary used for trust investment, not invest in stock and its derivative product, security investment fund and trust investment for security investment purpose and investment relevant to other securities.

Besides, as for account receivable, other account receivable and note receivable, the Company and its subsidiary set relevant policy to control credit risk exposure. The Company and its subsidiary, base on the financial situation of the client, possibility of obtaining guarantee from third party, credit record, and other factors such as the recent market situation etc. to evaluate the credit qualification of client and set relevant credit period. The Company and its subsidiary regularly supervise the credit record of client, as for the client with bad credit records, the Company and its subsidiary will adopt reminder letters, shorten the credit period or cancel credit period etc. to ensure the overall credit risk of the Company within control. On 30 June 2016, there was no significant overdue account receivable

(3) Liquidity risk

The Company and its subsidiary response for its cash flow prediction The head financial department base on collecting cash flow prediction of each subsidiary, and at combination level continuously supervise short term and long term capital need to ensure maintain plenty of cash reserve and securities can be realized at any time; meanwhile continuously supervise whether confirm to stipulation of loan contract, obtained commitment of adequate emergency capital from main financial institution to meet the short term and long term capital need.

On balance sheet date, each financial liabilities listed by un-discounted contract cash flow according to date were

as following:

Unit: RMB

Item	30 June 2016				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Notes payable	2,892,196,959.47				2,892,196,959.47
Accounts payable	2,663,424,469.57	13,067,033.98	14,140,693.96	14,094,065.05	2,704,726,262.56
Dividends payable	7,150,684.06				7,150,684.06
Other current-liabilities	870,615,491.36				870,615,491.36
Other account payable	146,489,452.75	26,329,289.23	25,125,696.81	8,660,893.11	206,605,331.90
Total	6,579,877,057.21	39,396,323.21	39,266,390.77	22,754,958.16	6,681,294,729.35
Item	31 December 2015				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Notes payable	1,953,065,274.06				1,953,065,274.06
Accounts payable	2,375,896,772.95	16,821,841.38	12,186,706.03	14,902,021.59	2,419,807,341.95
Dividends payable	5,400,652.06				5,400,652.06
Other current-liabilities	653,242,331.76				653,242,331.76
Other account payable	124,771,982.94	18,518,858.35	22,190,830.33	6,325,466.32	171,807,137.94
Total	5,112,377,013.77	35,340,699.73	34,377,536.36	21,227,487.91	5,203,322,737.77

On 30 June 2016 and 31 December 2015, due to withholding sales rebate in other current liabilities not belong to financial liabilities, the other current liabilities not including withholding sale rebate listed in the aforesaid financial liabilities

XI. The disclosure of the fair value

1. Closing fair value of assets and liabilities calculated by fair value

The fair value measurement result's level was determined by the lowest level of input value which had significance to the whole measurement of fair value:

The first level was to achieve the same asset or liability without adjustment in the active market quotation on measurement date.

The second level was relevant asset or liability directly or indirectly observable input values except input value of first level.

The third level was relevant asset or liability directly or indirectly unobservable input values.

As for financial instrument trade in active market, the Company recognized its fair value by offer in active market. As for financial instrument not trade in active market, the Company recognized its fair value by valuation technique. The valuation model mainly was the discounted cash flow and market comparable company model, etc.. The input value of valuation technique mainly include no risk interest rate, benchmark interest rate, exchange rate, bad credit, liquidity premium, EBITDA multiplier, lack of marketability discount etc..

Unit: RMB

Item	Closing fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
Others			6,041,332,009.02	6,041,332,009.02
II. Inconsistent fair value measurement	--	--	--	--

2. Valuation technique adopted and nature and amount determination of important parameters for consistent and inconsistent fair value measurement items at level 3

On 30 June 2016, financial assets with fair value measurement items at level 3 were all the break-even floating income financial product investment, which all adopt valuation technique to recognize its fair value.

3. Explain the reason for conversion and the policy governing when the conversion happens if conversion happens among consistent fair value measurement items at different levels

The incurred date lead to events of conversion between different levels was recognized as time-point of conversion between different levels. There was no conversion between level 1 and level 2 in Report Period.

4. Fair value of financial assets and liabilities not measured at fair value

Available for sale financial assets measured at cost was the unlisted share investment with no offer in active market and larger reasonable valuation change range and each fair value probability cannot reasonably recognized, thus, the fair value cannot be reliably measured.

Financial assets and liabilities measured at amortized cost mainly include: account receivable and account payable.

Except for aforesaid available for sale financial assets measured at cost, there is little difference between the book value and the fair value of financial assets and liabilities not measured at fair value.

XII. Related party and related Transaction

1. Information related to parent company of the Company

Name of parent company	Registration place	Nature of business	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	6,424,934,259.00	52.67%	52.67%

2. Subsidiaries of the Company

See details to Notes IV.

3. Information on other related parties of the Company

Name	Relationship
MIDEA SCOTT&ENGLISH ELECTRONIICS SDN.BHD	Under control of controlling shareholder of the Company
PT.Midea Planet Indonesia	Under control of controlling shareholder of the Company
Ningbo Midea United Material Supply 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
Fuhu Welling Motor Marketing 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
Ningbo Beautiful Homeland Electric Appliance Service Co., Ltd.	Under control of controlling shareholder of the Company
Zhejiang Meizhi Plasticator Co. Ltd.	Under control of controlling shareholder of the Company
Midea Group E-commerce Co., Ltd.	Under control of controlling shareholder of the Company
Hefei Midea Materials Supply Co., Ltd.	Under control of controlling shareholder of the Company
Hubei 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
Midea Life Electric (Vietnam) Co. , Ltd.	Under control of controlling shareholder of the Company
Guangdong Midea Refrigeration 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
Foshan Shunde District Bainian Technology Development 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)

Information on acquisition of goods and reception of labor service

Unit: RMB

Related party	Content	Report Period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
Huai'an Welling Motor Manufacturing Co., Ltd.	Electrical Machine	345,409,520.97	863,247,863.25	No	248,274,543.85
Fuhu Welling Motor Marketing Co., Ltd.	Electrical Machine	65,594,596.51			0.00
Ningbo Midea United Material Supply Co., Ltd	Materials	425,080,087.78	1,256,410,256.41	No	245,095,214.95
Ningbo Meian logistics Co. Ltd.	Logistics and rental service	178,930,465.36	509,433,962.26	No	0.00
Annto Logistics Co. Ltd.	Logistics and rental service	68,608,403.67			172,170,984.31
Ningbo Beautiful Homeland Electric Appliance Service Co., Ltd.	After-sales service	170,408,807.12	256,410,256.41	No	0.00
Zhejiang Meizhi Plasticator Co. Ltd.	Compressors and materials	3,792,306.57	12,820,512.82	No	1,751,675.19
Midea Group E-commerce Co., Ltd.	Share the management and promotion fee	14,305,712.63	24,528,301.89	No	1,389,420.21
Total		1,272,129,900.61	2,922,851,153.04		668,681,838.51

Information of sales of goods and provision of labor service

Unit: RMB

Related party	Content	Report Period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
Midea Electric Trading (Singapore) Co. Pte. Ltd.	Materials & washing machine	1,118,554,710.83	3,020,500,000.00	No	905,147,968.25
MIDEA SCOTT&ENGLISH ELECTRONIICS SDN.BHD	Washing machine	28,049,217.86	68,000,000.00	No	22,538,129.98
PT.Midea Planet Indonesia	Washing machine	11,061,356.49	45,000,000.00	No	5,225,547.41
Midea Life Electric (Vietnam) Co., Ltd.	Washing machine	10,328,952.32	30,000,000.00	No	919,302.64

Hefei Midea Materials Supply Co., Ltd.	Materials				93,979.49
Total		1,167,994,237.50	3,163,500,000.00		933,924,927.77

(2) Information of related lease

The Company was lessor:

Unit: RMB

Name of lessee	Category of leased assets	The lease income confirmed in this year	The approval trade credit	Whether exceed trade credit or not	The lease income confirmed in last year
Hefei Hua Ling Share Holding Co., Ltd.	House property	2,916,884.40	14,150,943.40	No	5,833,768.80

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

Unit: RMB

Name of item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Account receivable	Midea Electric Trading (Singapore) Co. Pte. Ltd.	418,094,587.02	20,904,729.35	497,669,561.47	24,883,478.07
Account receivable	MIDEA SCOTT&ENGLISH ELECTRONILCS SDN.BHD	13,176,426.36	658,821.32	11,531,302.72	576,565.14
Account receivable	PT MIDEA PLANET INDONESIA	6,746,257.62	337,312.88	4,712,904.79	235,645.24
Account receivable	Guangdong Midea Refrigeration Equipment Co., Ltd			3,379,035.35	168,951.77
Account receivable	Midea Life Electric (Vietnam) Co. , Ltd.	5,268,681.63	263,434.08	5,998,410.85	299,920.54
Account receivable	Ningbo Beautiful Homeland Electric Appliance Service Co., Ltd.	2,538,364.54	126,918.23		
Account receivable	Ningbo Annto Logistics Co. Ltd.			344,351.37	17,217.57
Account receivable	Hubei Midea Refrigerator Co., Ltd.			891,521.86	44,576.09
Account	Annto Logistics Co. Ltd.	388,834.29	19,441.71	288,245.00	14,412.25

receivable					
Total		446,213,151.46	22,310,657.57	524,815,333.41	26,240,766.67
Other accounts receivable	Hefei Hua Ling Share Holding Co., Ltd.	1,397,187.69	69,859.38	2,516,870.13	125,843.51
Total		1,397,187.69	69,859.38	2,516,870.13	125,843.51
Prepayment	Midea Group E-commerce Co., Ltd.	595,776.71		1,072,593.00	
Prepayment	Foshan Shunde District Bainian Technology Development Co., Ltd.	460,500.00			
Total		1,056,276.71		1,072,593.00	

(2) Payables

Unit: RMB

Name of item	Related party	Closing book balance	Opening book balance
Accounts payable	Huai'an Welling Motor Manufacturing Co., Ltd.	51,237,195.38	117,984,701.58
Accounts payable	Fuhu Welling Motor Marketing Co., Ltd.	76,745,677.97	
Accounts payable	Ningbo Midea United Material Supply Co., Ltd.	96,286,115.84	73,289,057.95
Accounts payable	Zhejiang Meizhi Plasticator Co. Ltd.	1,016,917.15	1,445,079.96
Accounts payable	Annto Logistics Co. Ltd.	250,742.05	
Accounts payable	Ningbo Annto Logistics Co. Ltd.	297.00	1,421.02
Accounts payable	Ningbo Beautiful Homeland Electric Appliance Service Co., Ltd.		39,107,819.41
Total		225,536,945.39	231,828,079.92
Other account payable	MIDEA GROUP CO., LTD.	20,000.00	
Other account payable	Ningbo Beautiful Homeland Electric Appliance Service Co., Ltd.	11,599.00	
Total		31,599.00	

XIII. Stock payment

1. Other

During the Report Period, the Midea Group and the high-level management personnel and technical backbone personnel of its subsidiaries implemented stock options incentive plan Phase III, 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 and the grant date of phase III stock options incentive plan was on 28 June 2016. So far, the first and second exercise schedule of phase I stock options incentive plan and the first exercise schedule of phase II stock options incentive plan had arrived the exercise conditions.

At the end of Report Period , in the phase I stock options incentive plan, the Company and its subsidiaries incentive personnel was 45 people with incentive personnel stock options 8.4375 million; in the phase II stock options incentive plan, the Company and its subsidiaries incentive personnel was 45 people with incentive personnel stock options 7.47 million; in the phase III stock options incentive plan, the Company and its subsidiaries incentive personnel was 65 people with incentive personnel stock options 9.12 million.

XIV. Commitments

1. Significant commitments

Significant commitments at balance sheet date

As of 30 June 2016, there were no significant commitments to be disclosed.

2. Contingency

(1) Significant contingency at balance sheet date

As of 30 June 2016, there were no significant contingency to be disclosed.

XV. Notes of main items in the financial statements of the Company

1. Accounts receivable

(1) Accounts receivable classified by category

Unit: RMB

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 with insignificant single amount for which bad debt provision separately accrued	1,516,537,495.47	70.03%			1,516,537,495.47	763,953,231.04	63.37%			763,953,231.04
Accounts receivable	649,120,650.90	29.97%	32,463,105.43	5.00%	616,657,545.47	441,524,088.26	36.63%	22,082,524.63	5.00%	419,441,563.63

withdrawal of bad debt provision of by credit risks characteristics										
Total	2,165,658,146.37	100%	32,463,105.43	5.00%	2,133,195,040.94	1,205,477,319.30	100 %	22,082,524.63	1.83%	1,183,394,794.67

Accounts receivable with single significant amount and withdrawal bad debt provision separately at end of period

Applicable Not applicable

Unit: RMB

Accounts receivable (classified by units)	Closing balance			
	Account receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason
Hefei Midea Washing Machine Co., Ltd.	1,516,537,495.47	0.00		
Total	1,516,537,495.47		--	--

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

Applicable Not applicable

Unit: RMB

Aging	Closing balance		
	Account receivable	Bad debt provision	Withdrawal proportion
Within 1 year	648,979,193.15	32,448,959.66	5.00%
1 to 2 years	141,457.75	14,145.78	10.00%
Total	649,120,650.90	32,463,105.44	5.00%

Notes:

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

Applicable Not applicable

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 withdrawal amount of the bad debt provision during the Report Period was of RMB10,380,580.80; the amount of the reversed or collected part during the Report Period was of RMB0.00.

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

Unit: RMB

Name of customer	Balance	Bad debt provision	Proportion (%)
Total of top 5 of the closing balance of the accounts receivable	493,998,224.26	24,706,984.10	22.81%

2. Other accounts receivable

(1) Other account receivable classified by category

Unit: RMB

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 with insignificant single amount for which bad debt provision separately accrued	96,835,367.75	89.60%	74,301,602.55	76.73%	22,533,765.20	75,736,975.50	92.10%	75,412,295.90	99.57%	324,679.60
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	9,795,389.70	9.06%	802,581.12	8.19%	8,992,808.58	6,499,053.39	7.90%	472,722.82	7.27%	6,026,330.57
Other accounts receivable with insignificant single amount for which bad debt provision separately accrued	1,442,252.95	1.33%	1,110,692.95	77.01%	331,560.00					
Total	108,073,010.40	100.00%	76,214,876.62	70.52%	31,858,133.78	82,236,028.89	100.00%	75,885,018.72	92.28%	6,351,010.17

Other receivable with single significant amount and withdrawal bad debt provision separately at end of period:

Applicable Not applicable

Unit: RMB

Other accounts receivable (unit)	Closing balance
----------------------------------	-----------------

	Other accounts receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason
Hefei Midea Washing Machine Co., Ltd.	22,533,765.20			
Jiangsu Little Swan Marketing and Sales Co., Ltd.	74,301,602.55	74,301,602.55	100.00%	Irrecoverable
Total	96,835,367.75	74,301,602.55	--	--

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

Applicable Not applicable

Unit: RMB

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Within 1 year	5,900,601.07	295,030.04	5.00%
1 to 2 years	3,453,427.62	345,342.76	10.00%
2 to 3 years	292,361.00	87,708.30	30.00%
3 to 4 years	149,000.00	74,500.00	50.00%
Total	9,795,389.69	802,581.10	8.19%

Notes:

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

Applicable Not applicable

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

Applicable Not applicable

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

The withdrawal amount of the bad debt provision during the Report Period was of RMB329,857.90; the amount of the reversed or collected part during the Report Period was of RMB0.00.

(3) Other account receivable classified by account nature

Unit: RMB

Nature	Closing book balance	Opening book balance
Margin & cash pledge	907,058.00	878,058.00
Employee loan	3,626,656.01	3,033,956.98
Internal intercourse funds	98,277,620.71	75,736,975.50
Others	5,261,675.68	2,587,038.41
Total	108,073,010.40	82,236,028.89

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

Unit: RMB

Name of the entity	Nature	Closing balance	Aging	Proportion%	Bad debt provision Closing balance
Jiangsu Little Swan Marketing and Sales Co., Ltd.	Intercourse funds	74,301,602.55	3-4years	68.75%	74,301,602.55
Hefei Midea Washing Machine Co., Ltd.	Intercourse funds	22,533,765.21	1-2years	20.85%	
Guangzhou Attend Logistics Co., Ltd.	Liquidation amount of long-term equity investment	2,587,038.41	1-2years	2.39%	258,703.84
Wuxi Little Swan Import & Export Co., Ltd.	Intercourse funds	1,110,692.95	1-2years	1.03%	1,110,692.95
Wuxi Huarun Gas Co., Ltd.	Quality guarantee & pledge	725,800.00	Within 1 year	0.67%	125,020.00
Total	--	101,258,899.12	--	93.69%	75,796,019.34

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Investment to the subsidiary	1,363,823,041.57	57,500,000.00	1,306,323,041.57	1,363,823,041.57	57,500,000.00	1,306,323,041.57
Total	1,363,823,041.57	57,500,000.00	1,306,323,041.57	1,363,823,041.57	57,500,000.00	1,306,323,041.57

(1) Investment to the subsidiary

Unit: RMB

Investee	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in the Report 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	417,550,000.00			417,550,000.00		

and Sales Co., Ltd.					
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.	681,050.00			681,050.00	
Hefei Midea Washing Machine Co., Ltd.	830,962,252.35			830,962,252.35	
Total	1,363,823,041.57			1,363,823,041.57	57,500,000.00

4. Revenue and Cost of Sales

Unit: RMB

Item	Report Period		Same period of last year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Main operations	5,650,983,937.54	4,194,962,471.12	4,228,136,811.27	3,176,678,635.30
Other operations	394,837,154.52	329,992,504.23	280,406,419.00	242,456,904.37
Total	6,045,821,092.06	4,524,954,975.35	4,508,543,230.27	3,419,135,539.67

5. Investment income

Unit: RMB

Item	Report Period	Same period of last year
Long-term equity investment income accounted by equity method		-123,441.24
Investment income received from financial assets measured by fair value and the changes be included in the current profits and losses during holding period		362,690.00
Investment income received from disposal of available-for-sale financial assets	17,306,094.37	42,905,313.67
Total	17,306,094.37	43,144,562.43

XVI. Supplementary materials

1. Items and amounts of extraordinary gains and losses

Unit: RMB

Item	Amount	Explanation
------	--------	-------------

Gains/losses on the disposal of non-current assets	-121,746.30	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of official approval documents	19,387,917.07	
Other non-operating income and expenses other than the above	1,742,326.88	
Less: Income tax effects	3,151,274.65	
Minority interests effects	4,474,663.48	
Total	13,382,559.52	--

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 Not applicable

2. Return on equity and earnings per share

Profit as of Report Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to common shareholders of the Company	10.82%	0.92	0.92
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	10.57%	0.90	0.90

Section IX. Documents Available For Reference

1. Text of the 2016 Semi-annual Report 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 Report Period.

Wuxi Little Swan Co., Ltd.

Legal Representative: Fang Hongbo

10 August 2016