

**Midea Group Co., Ltd.**

**2015 Semi-Annual Report**



**August 2015**

## **Section I Important Notes, Contents and Definitions**

**The Board of Directors, Board of Supervisors, directors, supervisors and senior management of Midea Group Co., Ltd. (hereinafter referred to as the “Company”) hereby guarantee that the information presented in this Report is truthful, accurate and complete, and shall together be jointly and severally liable for any false records, misleading statements or material omissions in this Report. All directors of the Company attended the Board meeting for reviewing this Report.**

**The Company plans not to distribute cash dividends or bonus shares or turn capital reserves into share capital for the first half of 2015.**

**Mr. Fang Hongbo, chairman of the Board and president of the Company and Ms. Yuan Liqun, responsible person for the Company’s financial affairs have represented and warranted that the financial statements carried in this Report are truthful, accurate and complete.**

**This Report has not been audited by a CPAs firm.**

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

**This Report has been prepared in both Chinese and English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.**

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## Definitions

Term	Definition
Company, the Company or Midea Group	Midea Group Co., Ltd.
Little Swan	Wuxi Little Swan Company Limited
Xiaomi Technology	Xiaomi Technology Co., Ltd.
The CSRC	China Securities Regulatory Commission
The Report Period	The period from 1 January 2015 to 30 June 2015

## Section II Corporate Profile

### I Corporate information

Stock abbreviation	Midea Group	Stock code	000333
Stock exchange	The Shenzhen Stock Exchange		
Name of the Company in Chinese	美的集团股份有限公司		
Abbr. of the Company name in Chinese (if any)	美的集团		
Name of the Company in English (if any)	MIDEA GROUP CO., LTD.		
Legal representative	Mr. Fang Hongbo		

### II Contact us

	Company Secretary	Representative for Securities Affairs
Name	Jiang Peng	Wang Jing
Address	Midea Headquarters Building, 6 Midea Avenue, Beijiao Town, Shunde District, Foshan City, Guangdong Province, China	
Tel.	0757-26334559	0757-22607708
Fax	0757-26651991	
E-mail	IR@midea.com	

### III Other information

#### 1. Ways to contact the Company

Changes in the report period to the registered address, office address and their zip codes, website address and email address of the Company:

Applicable  Inapplicable

No such changes in the report period. The said information can be found in the 2014 Annual Report.

#### 2. About the media for information disclosure and the place where materials carrying disclosed information such as this Report are kept

Changes in the report period to the media for information disclosure and the place where materials carrying disclosed information such as this Report were kept:

Applicable  Inapplicable

The newspapers designated by the Company for information disclosure, the website designated by the CSRC for disclosing this Report and the place where materials carrying disclosed information such as this Report were kept did not change in the report period. The said information can be found in the 2014 Annual Report.

### **3. Changes in the registered information**

Changes in the report period to the registered information:

Applicable  Inapplicable

The registration date and place of the Company, its business license number, taxation registration number and organizational code did not change in the report period. The said information can be found in the 2014 Annual Report.

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

Changes in the report period to other relevant information:

Applicable  Inapplicable

## Section III Summary of Accounting Data and Financial Indicators

### I Key accounting data and financial indicators

Retroactive adjustments to or restatements of accounting data due to changes in the accounting policies or corrections of accounting errors:

Yes  No

	Report Period	Same period of last year	+/-%
Operating revenues (RMB'000)	82,509,143.78	77,330,851.84	6.70%
Net profits attributable to the shareholders of the Company (RMB'000)	8,324,122.61	6,610,132.76	25.93%
Net profits attributable to the shareholders of the Company after non-recurring gains and losses (RMB'000)	7,433,037.00	6,667,645.57	11.48%
Net cash flows from operating activities (RMB'000)	8,815,671.89	13,171,462.85	-33.07%
Basic earnings per share (RMB/share)	1.97	1.57	25.48%
Diluted earnings per share (RMB/share)	1.96	1.57	24.84%
Weighted average ROE (%)	19.62%	18.97%	0.65%
	As at the end of the Report Period	As at the end of last year	+/-%
Total assets (RMB'000)	141,782,687.12	120,292,088.16	17.87%
Net assets attributable to the shareholders of the Company (RMB'000)	46,154,741.47	39,470,499.84	16.93%

Total share capital of the Company on the last trading session before the disclosure of this Report:

Total share capital of the Company on the last trading session before the disclosure of this Report (share)	4,265,714,504
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Whether the Company's share capital changed and the change affected the owners' equity due to reasons such as new issues, additional issues, allotments of shares, the exercise of equity incentives and repurchases during the time from the end of the Report Period to the date when this Report is released:

Yes  No

During the time from the end of the Report Period to the date when this Report is released, the Company made an

additional issue of 5,183,551 shares as equity incentives and repurchased and cancelled 29,591,644 shares. Up to the date when this Report is released, the share capital of the Company is 4,265,714,504 shares.

Basic earnings per share based on the latest share capital above (RMB/share)	1.9514
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## II Differences in accounting data under the domestic and overseas accounting standards

### 1. Differences in the net profits and net assets disclosed in the financial reports prepared under the international and China accounting standards

Applicable  Inapplicable

### 2. Differences in the net profits and net assets disclosed in the financial reports prepared under the overseas and China accounting standards

Applicable  Inapplicable

### 3. Reasons for the differences in accounting data under the domestic and overseas accounting standards

Applicable  Inapplicable

## III Items and amounts of non-recurring gains and losses

Applicable  Inapplicable

Unit: RMB'000

Item	Amount	Note
Gains or losses on disposal of non-current assets (including the offset asset impairment provisions)	-45,667.95	
Government grants accounted for in the gains or losses for the current period	485,175.82	
Gains or losses on entrusted investments or entrusted asset management	682,954.05	
Gains or losses on debt restructuring	17.25	
Gains or losses on the changes in the fair value of held-for-trading financial assets and liabilities, as well as investment gains or losses on the disposal of held-for-trading financial assets and liabilities and available-for-sale financial assets, except for the effectively hedging business related to normal business operations of the Company	95,856.62	
Impairment provision reversal of the accounts receivable on which the impairment test is carried out separately	341.34	
Non-operating incomes and expense other than the above	82,747.20	



Less: Income tax effects	287,749.72	
Minority interests effects (after tax)	122,589.00	
Total	891,085.61	

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

Applicable  Inapplicable

## Section IV Report of the Board of Directors

### 1 Overview

As China's economy steadily develops in a "new normal state", its household appliance industry has stepped into a new period in operation featuring restructuring as well as product and consumption upgrading. In the new economies of "Internet Plus", consumers play a more active role in the purchase and use of household appliances. Therefore, it has become a core driving force for the continuous growth of household appliance manufacturers to center on customers and products, increase efficiency and upgrade products, vigorously develop intelligent products and expand e-commerce channels as well as promote innovation in technology, marketing channels and service models.

In the first half of 2015, against the backdrop of consumption upgrading, the sub-industries of the household appliance industry beefed up upgrading in their product structures, which has gradually become a key driving force for the continuous profit growth in the household appliance industry. According to the AVC data, in the air conditioner sector, an obvious upgrade trend towards inverter air conditioners and intelligent air conditioners was observed, with the market share of the former up to 62.7% and that of the latter over 15%. In the field of refrigerators, the high-end refrigerators, large-capacity refrigerators, air-cooling refrigerators and inverter refrigerators took up a larger market share, with the air-cooling refrigerators increasing 10.6% to 61.8% in the total sales, the inverter refrigerators growing 4.1% to 45.3% in the total sales and the four-door refrigerators, a dark horse, witnessing a year-on-year surge of 261% in its retail sales. In terms of washing machines, the high-end washing machines, 8.1KG+ washing machines, inverter washing machines and intelligent washing machines has flourished into four important directions for the development of the washing machine industry; the roller washing machines has grasped half of the market; and the market shares respectively possessed by the double-tub washing machines and the single-tub washing machines have been shrinking. As for the kitchen & bathroom appliances and small household appliances, a rapid growth was reported in the medium and high-end products such as the side-sucking smoke exhausters, the gas stoves featuring hot fire, high energy efficiency and safety, the robotic cleaners, the cellwall-breaking food processors and the like.

In the long term, the impetus factors for China's household appliance industry will remain unchanged, which are mainly as follows:

1. As China's per capita income continues to grow and the new-type urbanization is speeding up, the overall ownership rate of household appliances is expected to realize a further rise. The urban residents' per capita income has reached USD7,000/year in Shanghai, Beijing, Shenzhen, Zhejiang Province, etc. As a result, the increased income and the rise of young consumers will quicken the coming of a networking, individualized and diversified time for consumption, and endow the household appliance consumption with much more features we can see in the goods for daily consumption. The rate of urbanization in China has only reached 54% or so at present with considerable progress to be made in both quantity and quality. If China's rate of urbanization could realize the goal of 60% in 2020, a rural population of more than 100 million would turn themselves into urban residents, which will definitely stimulate a huge demand for household appliances.
2. The constant and stable demand for renewal from over 1.6 billion units of household appliances in total is an important impetus for the sales volume. The functional and quality improvements of household appliances in energy saving, environmental protection, intelligence, Internet and industrial design, will further promote an upgrade in consumption, optimize product structures and will increase the profitability of household appliance manufacturers.
3. The trend of "Internet +" has added new genes into the whole household appliance industry chain. Through thoroughly transforming the value chain of the conventional household appliance manufacturing industry, re-structuring R&D, production, marketing and user operation, "Internet +" will pose new challenges and bring new opportunities to the traditional household appliance enterprises. As an important "entrance" to the Internet, household appliances play a significant role in the whole Internet application. Furthermore, the maturity of intelligent control technology, electronic information technology, the technology of internet of things, and related supporting technologies, as well as the popularization of smart mobile end-products, will effectively drive the fast development of the smart household appliances market triggered by "Internet +". Intelligent homes have gradually become a common trend in the industry. Perfecting unconnected high-level intelligent products to provide integrated solutions for intelligent homes ultimately leads to the creation of an intelligent home platform eco-chain characterized by integration, cooperation and sharing. There will be enormous growth room for leading household appliance makers with core resources. According to the AVC forecast, the total output value of intelligent household appliances will exceed RMB1 trillion by 2020, and figures for intelligent hardware hitting over RMB600 billion.
4. The O2O model, the Internet popularization of big data application and the rise of mobile consumption will

continue to promote transformation and upgrade in the marketing channels for home appliance makers. The information platform for the household appliance industry has taken shape, and the cross-field cooperation between household appliance and Internet enterprises shows a promising future, suggesting that the new channel of e-commerce has entered a fast growing stage. According to statistics, in the first half of 2015, the scale of China's B2C market for household appliances reached RMB136.1 billion with a year-on-year increase of 64%, with the online retail sales of major household appliances all growing more than 10% as compared with the same period of last year.

5. Relying on the huge market supported by a population of 1.4 billion in the vast territory of China, and in parallel with existing competitive edges in scale, product clusters and complete industrial chains, China's household appliances industry will remain competitive around the world. Meanwhile, India, South America, Africa, Middle East and other emerging markets which have large populations and are in their economic growth stage, are gradually entering the popularization period of household appliances, consequently providing an expected growth boost to China's household appliance exports to these developing countries and thus creating new opportunities for export and global operations of China's household appliances.

6. With new conditions and means of competition, the ecology (environment) of the household appliance industry will further improve and the markets will become increasingly centralized. Relying on their competitive edges such as the brand, technology, industrial chain, service, channel, the leading household appliance makers are expected to further increase their market shares and profitability, and as a result promoting orderly competition and sound progress in the industry.

## **II Analysis of main business**

### **1. Overview**

In the first half of 2015, guided by the three main strategies of "advanced products, efficiency-driven and global operations", the Company focused on products and customers, clarified the business structure, simplified the organizational structure, promoted the organizational restructuring and the establishment of a collaborative platform and enhanced the innovation mechanism and the R&D capability. As a result, the product reputation and quality have kept improving, the profitability and operating quality have continued to increase and the competitive edge with multiple products has been further solidified. In the first half of 2015, the operating revenues of the Company achieved a year-on-year increase of 6.70%, the net profits attributable to the Company increased

25.93% as compared with the same period of last year, the general gross margin of 27.43% increased by 1.58 percentage points as compared with the same period of last year, and the overall rate of net profits attributable to the Company of 10.09% reached a year-on-year increase of 1.54 percentage points as calculated with the same caliber. In the List of China Top 500 Enterprises in 2015 concluded by Fortune, Midea ranks the 32<sup>nd</sup> (the first among the household appliance industry). Meanwhile, Midea has also made itself among the top 500 in the List of 2015 Forbes Top 2000 Enterprises in the World, ranking the 436<sup>th</sup>.

The main work accomplished in the first six months of 2015 includes the following:

(1) Products and customers as the center, continuous product structure optimization and a steady improvement in product competitiveness

The Company, according to the basic concept of making better products, insisted on customer research, paid special attention to user experience, innovated product research and development, resulting to continuous optimized product structure, stable enhancement of high-end product ratio, and increasingly improved public praises for products. In addition, a series of new products were put on the market including air conditioner featuring intelligent temperature control, the children's air conditioner that could prevent the children from catching cold, "i young" colorful air conditioner capable of intelligent interaction with MIUI wristband, Auto Power-on and sleep temperature control, new washing machines with auto throw-in, intelligent roller and quick washing function, intelligent refrigerator featuring intelligent food management, nutrition management and intelligent app remote control function, "steam cleaning" extractor hoods with auto high temperature adjustment and auto extinguishing function, safe stove with children lock, intelligent "DINGFU" rice cooker featuring multi-stage IH heating and high-temperature steam cooking function, double-filter running water heater capable of guaranteeing a healthy bath, and water purifier made of medical-grade nano-antibacterial materials with the 2nd-generation dynamic filter element technology etc. to continuously satisfy the consumer's individualized and differentiated needs through making competitive quality and differentiation strategy as the weapon to occupy the market. Most of our products have won various important awards at home and abroad for many times.

(2) Strengthening Core Channel Expanding, the rapid growth of E-business, and the overall upgrading of the synergy of logistics

By right of the synergy of diversified Midea products, unremitting effort was made to expand the offline strategic channels including flagship stores, Suning, Gome and regional chain stores (TOP Clients) and the online strategic channels including Tmall and JD.COM, and to form the synergy of various businesses. As at the end of June in

2015, Midea flagship stores were over 2100 in total, and realized a coverage scale of 90% in the 3rd- and 4th-class market; the O2O converged businesses of E-commerce mainly based on flagship stores were gradually being implemented with the thorough improvement of comprehensive after-sales services. Meanwhile, special effort was made to deepen the strategic cooperation with more than 80 TOP clients including Suning and Gome, and joint promotion activities exclusively geared to our brand were carried out on a regular basis to enhance the occupation rate in the market with continuously increased share.

Centering on the user and product, we further propelled the full-channel strategy layout of Midea's E-commerce business, and completely established strategic cooperation with such platform as JD.COM, Tmall, and Suning E-commerce. As a result, Midea flagship stores relying on various platforms achieved initial success in their operation. In the first half year of 2015, the retail sales of Midea E-commerce throughout the network exceeded RMB 7 billion, ranking first in household appliance industry, and 11 single-category products occupied the No. 1 status in the market. We sped up the construction of the internal e-commerce platform, and the brand-new Midea Shop was formally put into service; besides, preliminary work relating to the establishment of interactive O2O Platform geared to Users was completed to summarize the internal operation, users, orders and data.

Through making use of the collaborative advantages, emphasis was put on the construction of large logistic platform for the market and the integration of the full-category branches, agents and online & offline logistics businesses to implement collaborative storage and integrated delivery through canceling the redundant link between the branch and the agent. Therefore, a great progress was made to improve the unified logistics operating ability from the Company to the terminal, and to enhance the monitoring and analysis ability in managing big data relating to product sales and inventory throughout the process, and the overall user experience was also largely intensified by means of the improved overlay network, response speed, service quality and "last kilometer" delivery ability. At the end of June, large logistics platform Guangzhou Project was successfully established to realize the goal that the client's order would be launched and entrucked in the same day, and delivered the next day. Thus, the cost saved for the value chain achieved RMB 5 million per year on the whole, and unremitting effort would be continuously made to propel the construction of large logistic platforms in more than 5 provinces so as to establish the logistics system from the terminal to terminal linking storage, main line, branch line and last kilometer.

(3) Propelling and Carrying forward Smart Home Furnishing & Smart Manufacturing Double Smart Strategy as well as arranging growth space for new businesses

Efforts were centralized on positively and pragmatically carrying forward the M-SMART home furnishing strategy on the basis of the advantage of the most comprehensive product groups and user base of the Company in the globe, resulting in the transformation from manufacturers of single products to providers with service of integrated solutions of smart home for clients, and the construction of smart home furnishing scene application under the Internet + mode. In 2015, the Company improved its internal cooperation and collaboration, and put more than 80 smart products on the market. By adopting technologies of sense, big data and smart control, the Company accelerated the construction of the interconnected platform of smart home furnishing for whole-category household electric appliances, and an initial success was also achieved in setting up the steward system. The Company opened and integrated with external sides, published smart home furnishing white book, succeeded in linking M-SMART system with Alibaba, JD.COM and Suning E-commerce platforms as well as the MIUI OS, and launched Midea APP2.0 for smart home furnishing management to largely simplify relevant processes and improve user experience.

In August 2015, the Company signed an agreement with Japanese Yaskawa Electric Co., Ltd. ---the tycoon in manufacturing robots in the world to establish a joint-venture Company specialized in manufacturing industrial robots and service robots. By right of the mode Smart Manufacturing & Industrial Robot, Midea's smart manufacturing skills were completely strengthened. With the rapid development of core elements including servo motor and the integrated system triggered by industrial robots, Midea B2B industrial space would be further expanded; the mode of Smart Home Furnishing & Service Robot would propel the fast development and construction of the ecology of Midea smart home furnishing, and service robot played an important role in expanding the sensor, artificial intelligence and smart home furnishing businesses and in reinforcing the advantage of integrated Midea smart home furnishing system and the ecological chain.

(4) Integrating the overseas business platform; strengthening overseas joint-venture cooperation; propelling the stable growth of self-owned brand and overseas businesses

An international headquarters was established to facilitate the overall planning of overseas self-owned brand businesses, and to push forward the transition of overseas sales mode from "OEM-oriented" to "OBM-oriented", and the organization form from "supporting Chinese export" to "supporting local operation". At the same time, special attention was also attached to continuously improve the management rules of self-owned brand, guide the business department to allocate resources, propel the transformation of overseas sales organization, set up a platform for operation, management and control, strengthen the integrated working process from the product &

business department to the overseas Company, and to gradually formulate a second track for developing relevant self-owned brand businesses. In the first half year, although Europe experienced an unstable economic environment with sharp fluctuation in exchange rate, a good growth trend remained in the Asia-pacific region and the Middle East for our self-owned brand. However, our businesses achieved a year-on-year increase of more than 20% in India, Malaysia, the Philippines, UAE and Egypt, and the gross margin equaled that in last year. Meanwhile, the sales volume earned by OEM export businesses still kept a stable growth trend. Especially such product as washing machine, refrigerator and dust collector etc. achieved an increase 35-45% higher than the average increase of the industry.

In addition, continuous effort was made to further deepen the joint-venture cooperation with the leading heating & ventilation and household appliances tycoons around the globe, and to expand the business development space. In March 2015, Carrier became a shareholder for Midea central air conditioner Chongqing Base with 35% share equity for the purpose of expanding the market for large-scale water chilling units and further occupying the global market with stronger competitive force. In the same month, the Company established a joint-venture Company together with BOSCH in order to further develop the market for multi-connected machines through making full use of professional knowledge relating to the multi-connection system accumulated by both companies and relatively completed regional sales network. In April 2015, Midea declared its cooperation with SIIX to establish a joint-venture Company, carrying forward high-quality product strategy, expanding the smart industry, and carrying out in-depth cooperation in such filed as household appliance control, intelligent sensing, energy management, intelligent security and protection and e-health system.

(5) Increasing R&D input; making a breakthrough in innovation mechanism; establishing a global innovation center

Centering on the consumer's needs, we increased relevant R&D investment and improved product development in order to create a technical R&D system of strong competitive force around the globe and further enhance our innovation ability. By this June, about 35,000 pieces of Midea products applied for patents, and about 18,000 pieces for authorized patents; Midea made a breakthrough in its innovation mechanism and established a global innovation center which would not only gear itself to the future and focus on the basic technology's sharing & synergism, the research innovation of common technology and core technology, as well as the research, application & scene building of the artificial intelligence including image identification and speech recognition, but also be oriented towards the market and user to promote popular and hot products by means of the brand-new



Internet thinking way and operation mode. In fact, the innovation center would become the incubator for Midea's innovative projects including the "A Fresh Start" project for creating a new platform for existing categories and "The Second Track" project for the cross-boundary innovative product development in such field as health, intelligence, cosmetics, nutrition and environment protection etc. through breaking through previous organizational system and development mode, innovating the incentive mechanism and guaranteeing relevant resources to support innovative businesses.

(6) Promoting the Company's reconstructing and process transformation; creating an organization form geared to product and user; launching a high-efficiency operation system

Focusing on the user and product, the Company reconstructed the group's organizational system, operation mechanism and process, abandoned the bureaucratic system and centralized department, established a sharing and open business and function platform, and formed a culture atmosphere featuring Equality, Mutual Trust, No-boundary and Partner by applying the Internet thinking and method. Besides, seven major platforms for e-commerce, logistics, service, innovation, finance, purchasing and internationalization were successfully established by means of integrating relevant businesses and stimulating the effect of synergy.

Efforts were continued to facilitate the work of One Midea, One System and One Standard so as to bridge the internal and external value chain and set up a market-oriented and high-efficiency operation process system. As an important basis for the work of One Midea, One System and One Standard, Midea's 632 Project covering six major operation systems, three major management platforms, and two major technical platforms began to spread its impact on the whole group and was widely adopted with Unified Process, Unified Big Data, and Unified IT System as its goal. The implementation of 632 project by means of the unification of process, data and system further reinforced the basis for Midea's management, control and operation, and generally optimized and improved the group's diversified businesses from various aspects such as customer experience, management standards, transparent operation and internal & external collaboration.

(7) Improving the long-term incentive mechanism, and enhancing the Company's management level

After the stock option incentive plan was carried out to cover more than 600 medium- and high-level management and core business backbones on the first stage, the 2nd-stage stock option incentive plan was implemented to cover more than 700 medium-level and core backbones as well. In addition, the 1st-stage Midea "Partner" share-holding plan was carried forward to cover 31 core management staffs that played a significant role in the Company's overall achievement and medium- and long-term development, promoting the status transition from

Manager to Partner. The behavior of purchasing the Company's share quota was linked up with corresponding business achievements, and by means of defining equity attribution by stages and extending the binding mode, the management layer was stimulated to create great value for the Company in the long run. In May 7 to 18, 2015, a total of RMB 230 million including the special fund and financing & self-raised capital was used to purchase 6,483,800 shares from Midea. Basically, the implementation of "Partner" share-holding plan and stock equity incentive plan facilitated the construction of the equity structure consistent with the long-term benefit of all shareholders, and further promoted the optimization of the Company's management mechanism.

Main work plans for the second half year of 2015 include:

- (1) Further accelerate the continuous transformation and upgrade of existing businesses; understand the user's needs; improve user experience; push forward high-quality product project; improve product structure; guarantee the continuous increase of operation efficiency and the stable growth of profit;
- (2) Focus on the User and Product, and further promote the Company's organization reconstructing, process reconstructing, team reconstructing, performance reconstructing and cultural reconstructing by means of Internet+ thinking mode and method; give the advantage of synergy a full play, and enhance the operation development of seven major platforms;
- (3) Continuously promote the marketing transformation; enhance the construction of the national large-scale logistics platform; concentrate on the core channel; improve the weak market; guarantee a rapid development for e-commerce businesses; establish the Midea Terminal-to-Terminal logistics platform;
- (4) Focus on the international strategy market; promote Midea's global businesses by stages; guide and propel various business departments to establish the professional management and operation system for the terminal-to-terminal product line covering the headquarters and the overseas companies; stabilize and optimize OEM project; boost the self-owned brand's business development;
- (5) Continue delicacy management; improve the capital's turnover efficiency; form new cost advantages; make continuous effort to enhance lean manufacturing and automation level; promote the efficiency in manufacturing and the product's quality;
- (6) Stabilize the innovative orientation; promote the development of new products; positively explore and seek new business development direction; create a second track, and arrange relevant growth space for new businesses in advance.

## 2. YoY movements in key financial data

Unit: RMB'000

	Report Period	Same period of last year	YoY +/-	Main reasons for movements
Operating revenues	82,509,143.78	77,330,851.84	6.70%	
Operating costs	59,878,905.74	57,343,283.31	4.42%	
Selling expenses	8,986,099.39	7,623,680.06	17.87%	
Administrative expenses	3,604,757.13	3,349,324.40	7.63%	
Financial expenses	-777.60	-288,553.70	99.73%	Decrease in the exchange gains
Income tax expenses	1,808,006.29	1,530,715.47	18.12%	
Net cash flows from operating activities	8,815,671.89	13,171,462.85	-33.07%	Increase in the loans and advances granted by the financial subsidiary
Net cash flows from investing activities	-8,825,100.10	-22,486,720.02	-60.75%	Movement in the investment
Net cash flows from financing activities	272,708.87	4,791,762.54	-94.31%	Decrease in the loans secured
Net increase in cash and cash equivalents	234,907.88	-4,534,542.85	-105.18%	Reasons above

Major changes to the profit structure or sources of the Company in the Report Period:

Applicable  Inapplicable

No such cases in the Report Period.

Report Period progress of any development planning in the disclosed documents of the Company such as share-soliciting prospectuses, offering prospectuses, asset reorganization reports, etc.:

Applicable  Inapplicable

No such cases in the Report Period.

Report Period progress of any operating plans previously disclosed by the Company:

In the Report Period, we moved forward with all of our tasks according to our schedules of the beginning of the year and progress has been made. For details, see "I Overview" in this section.

## III Main business breakdown

Unit: RMB'000

	Operating revenue	Operating cost	Gross profit margin (%)	YoY increase/decrease in operating revenue (%)	YoY increase/decrease in operating cost (%)	YoY increase/decrease in gross profit margin (%)
<b>By industry</b>						
Manufacturing	75,866,473.43	54,465,377.02	28.21%	6.49%	4.01%	1.72%
Logistics	838,437.50	729,233.60	13.02%	-11.51%	-15.39%	3.99%
<b>By product</b>						
Large household appliances	54,499,203.35	38,401,893.57	29.54%	6.24%	2.62%	2.48%
Air conditioners and components	42,816,687.06	29,866,998.57	30.24%	2.70%	-2.10%	3.42%
Refrigerators and components	6,027,598.60	4,505,284.31	25.26%	20.34%	22.97%	-1.60%
Washing machines and components	5,654,917.69	4,029,610.69	28.74%	22.99%	24.05%	-0.61%
Small household appliances	19,327,755.83	14,344,267.36	25.78%	8.63%	9.36%	-0.49%
Motors	3,794,178.22	3,283,760.31	13.45%	-7.92%	-6.39%	-1.41%
Logistics	2,063,867.89	1,914,766.39	7.22%	31.23%	37.86%	-4.46%
<b>By geographical segment</b>						
PRC	49,409,948.21	33,648,370.85	31.90%	10.06%	4.13%	3.87%
Other countries and regions	27,294,962.72	21,546,239.77	21.06%	0.01%	3.02%	-2.30%

In order to help investors learn about the actual scale of operation and operational capability in terms of motors and logistics, the above mentioned data include the sales of motors and logistics within the Company. Please refer to the notes to the financial statements in this Report for the data excluding the sales within the Company.

#### IV Core competitiveness analysis

##### 1. Steadily leading innovation and R&D capabilities

Having been committed to product innovation and research, Midea Group has acquired leading high-end technical talents within the industry and maintained technical cooperation with leading domestic and foreign research institutions. Relying on a sound innovation mechanism and sustained strong investment in research resources, the Group has maintained its advanced level of science and technology at home and abroad. Meanwhile, it has taken

the lead in developing and launching a series of innovative products, such as the full DC inverter air conditioner consuming "1 kWh per night", the "intelligent air conditioners designed for children", the wristband-controlled air conditioners, the "intelligent auto-dispensing" washer-dryer, the "Steam Cube" (Zhenglifang) Series microwave ovens, the IH smart electric rice cooker, the high-temperature steam cleaning range hood and the running water heater, which are highly recognized within the market.

Midea Group has set up a global innovation center. In light of its wide product range and vast customer base, Midea put forward the M-Smart Home Appliance Strategy, marking a step ahead in the development of intelligent products, the provision of complete solutions and the construction of an eco-industrial chain.

## 2. Broad and stable channel network

By virtue of years of development and layout, Midea Group has formed all-dimensional market coverage. In the mature first and second-tier markets, the Company has maintained good cooperation relationships with large home appliance retail chains such as Gome and Suning. While in the extensive third and fourth-tier markets, the Company uses flagship stores, exclusive shops, traditional channels and new channels as effective supplements. Already, the Company has achieved full coverage of the first and second-tier markets and over 95% coverage of the third and fourth-tier markets. Besides, the Company's dominance in branding, products, offline channels and logistics distribution have also created powerful guarantees for the Company's rapid expansion of its e-commerce business and channels. In China, Midea Group have established operative long-lasting relationships with a majority of our original distributors over the years therefore cultivating good brand loyalty. Internationally, Midea Group has set up a number of overseas branches, opening production bases in six countries, hence accelerating the construction of its marketing network that covers Southeast Asia, North America, South America, Europe, Middle East and other potential markets.

## 3. Integrating capabilities in industry chain collaboration and resource sharing

As the only white goods enterprise with a whole industrial chain and full product line in China, Midea Group has developed a complete industrial chain combining R&D, manufacturing and sales of key components and finished products, supported by industry-leading R&D and manufacturing technology of home appliance's core components (such as compressors, electrical controls and magnetrons), and based on the powerful capabilities in the production and logistics services of upstream parts and components, for example, motors. As for the product line, the Group produces major appliances such as air conditioners, refrigerators, washing machines, and almost all mainstream small household appliances like microwave ovens, rice cookers, dishwashers and other kitchen &

bath appliances, so laying an innately favorable foundation for the provision of integrated solutions to consumers. After giving comprehensive consideration to regional distribution, supply support, logistics cost and other factors, the Group conducted systematic planning and rational distribution in productivity and structure while carrying out the integration of multi-product scale and flexible production, thus enabling the company to be more flexible in responding to market demands. Meanwhile, the Group has achieved a full sharing of resources and an all-round coordination in procurement, branding, technology, channels and other aspects because of the advantages of this whole industry chain and full product line.

#### 4. Sound corporate governance mechanism and effective incentive mechanism

Paying close attention to the construction of a governance framework, its corporate control, the separation of powers, the centralization and decentralization system, the Group formed a mature management system for professional managers. The divisional system has been in operation for many years, and its performance-oriented evaluation and incentive mechanism featuring full decentralization has become a training and growth platform for the Group's professional managers. The Group's senior management team consists of professional managers who have been trained and forged in the operation practice of Midea Group. They have been working for Midea for more than 15 years, so they all have rich industry and management experience, a deep understanding of the home appliance industry of both China and the world, and an accurate understanding of the industry operating environment and corporate operation management. The Company's advantages in systems and mechanisms have laid a solid foundation for the promising, stable and sustaining development of the Company in the future.

Currently, the senior core management team and the key middle-level staff hold a stake of about 10% in the Company through direct or indirect shareholdings, stock option incentive plans, "partners" shareholding plans and the like, marking the formulation of an equity architecture with convergent interests comprising the management level and all shareholders as well as an incentive mechanism featuring a combination of long and short-term incentives and disciplines.

#### 5. Industry-leading advantages of scale

The Group has a complete industrial chain from air conditioners and refrigerators to washing machines, as well as a complete group of small household electrical appliances. With 16 production bases that cover 5 regions including southern, eastern, central, southwestern and northern parts of China, the Group also has production bases in Vietnam, Belarus, Egypt, Brazil, Argentina and India. The Company ranks forefront both at home and abroad in terms of production capacity, yield and sales volume of major household appliances.

Meanwhile, Midea Group has a strong supply capacity of upstream components of household appliances, with overall production capacity for nearly 200 million motors, remaining at the forefront of the production and sales scale of main motor products. Furthermore, the strong transportation and distribution ability of the Group's logistics sector has provided a powerful guarantee for the development of the company's household appliances industry.

Midea Group has a large-scale layout in household appliances and related industries, which reinforces the Company's position at the cutting edge of the industry and protects the Company's comprehensive advantages in terms of cost control, quality control, resource integration and timeliness of delivery.

## V Analysis of investments

### 1. External equity investments

#### (1) External investments

Applicable  Inapplicable

No such cases in the Report Period.

#### (2) The Company's shareholdings in financial corporations

Applicable  Inapplicable

Company name	Type of company	Initial investment amount (RMB'000)	Number of shares held at the beginning of the period	Shareholding percentage at the beginning of the period (%)	Number of shares held at the end of the period	Shareholding percentage at the end of the period (%)	Carrying value as at the end of the period (RMB'000)	Gain or loss for the Report Period (RMB'000)	Accounting title	Source of shares
Golden Eagle Asset Management Co., Ltd.	Fund company	50,000.00	50,000,000	20.00%	50,000,000	20.00%	30,682.87	2,734.74	Long-term equity investment	Promoter shares in establishment
Bank of Jiangsu Co., Ltd.	Commercial bank	13,220.45	5,232,676	0.00%	5,232,676	0.00%	13,330.45	418.61	Long-term equity investment	Non-public issue
Hubei Bank	Commercial bank	5,000.00	5,870,266	1.29%	5,870,266	1.29%	5,000.00		Long-term equity investment	Non-public issue

Corporation Limited	al bank									m equity investment	lic issue
Foshan Shunde Rural Commercial Bank Company Limited	Commerci al bank	1,318,539.89	328,874,160	9.40%	373,085,433	9.69%	1,318,539.89	118,394.70	Long-term equity investment	Non-public issue	
Zhangshu Shunyin County Bank Company Limited	Commerci al bank	6,000.00	6,000,000	6.00%	6,000,000	6.00%	6,000.00	312.00	Long-term equity investment	Non-public issue	
Fengcheng Shunyin County Bank Company Limited	Commerci al bank	6,000.00	6,000,000	6.00%	6,000,000	6.00%	6,000.00	274.16	Long-term equity investment	Non-public issue	
Total		1,398,760.34	401,977,102.00	--	446,188,375.00	--	1,379,553.21	122,134.21	--	--	

### (3) Securities investments

Applicable  Inapplicable

No such cases in the Report Period.

### (4) Shareholdings in other listed companies

Applicable  Inapplicable

No shareholdings in other domestic listed companies in the Report Period.

## 2. Entrusted asset management, derivatives investments and entrusted loans

### (1) Entrusted asset management

Unit: RMB'0,000

Name of trustee	Related party or not	Whether it is a related-party transaction	Product type	Value of entrusted assets	Commencement date	Termination date	Method of remuneration	Actual principal amount recovered for the period	Amount provided for impairment (if any)	Projected income	Actual gain or loss amount for the period
Bank	No	No	Bank	7,272,380	2015.1.1	2015.6.30	As	7,433,708		68,295.41	68,295.41



			financial product				agreed				
Total				7,272,380	--	--	--	7,433,708		68,295.41	68,295.41
Source of entrusted assets				The Company's own funds							
Cumulative amount of principals and revenues overdue				0							
Litigations involved (if applicable)				Inapplicable							
Disclosure date of the announcement about the board's consent for the asset management entrustment (if any)				2015.03.31							
Disclosure date of the announcement about the general meeting's consent for the asset management entrustment (if any)				2015.04.22							

**(2) Derivatives investments**

√ Applicable □ Inapplicable

Unit: RMB'0,000

Operating party	Related party or not	Whether it is a related-party transaction	Type of derivative	Initial investment amount	Commencement date	Termination date	Investment amount at the beginning of the period	Amount provided for impairment (if any)	Investment amount at the end of the period	Ratio of investment amount at the end of the period to the Company's net assets at the end of the period (%)	Actual gain or loss amount for the period
Futures company	No	No	Futures contracts	-327.94	2015.01.01	2015.12.31	-327.94	0.00	0.00	0.00%	860.97
Bank	No	No	Forward forex contracts	-19,490.04	2015.01.01	2015.12.31	-19,490.04	0.00	-5,035.26	-0.11%	36,853.94
Total				-19,817.98	--	--	-19,817.98	0.00	-5,035.26	-0.11%	37,714.91
Source of derivatives investment funds				All from the Company's own funds							
Litigation involved (if applicable)				Inapplicable							
Disclosure date of the announcement about the board's consent for the derivative				2015.03.31							

investment (if any)	
Disclosure date of the announcement about the general meeting's consent for the derivative investment (if any)	2015.04.22
Risk analysis of positions held in derivatives during the Reporting Period and explanation of control measures (including but not limited to market risk, liquidity risk, credit risk, operational risk and legal risk)	<p>For the sake of eliminating the cost risk of the Company's bulk purchases of raw materials as a result of significant fluctuations in raw material prices, the Company not only carried out futures business for some of the materials, but also made use of bank financial instruments and promoted forex funds business, with the purpose of avoiding the risks of exchange and interest rate fluctuation, realizing the preservation and appreciation of forex assets, reducing forex liabilities, as well as achieving locked-in costs. The Company has performed sufficient evaluation and control against derivatives investment and position risks, details of which are described as follows:</p> <p>1. Legal risk: The Company's futures business and forex funds businesses shall be conducted in compliance with laws and regulations, with clearly covenanted responsibility and obligation relationship between the Company and the agencies.</p> <p>Control measures: The Company has designated relevant responsible departments to enhance learning of laws and regulations and market rules, conducted strict examination and verification of contracts, defined responsibility and obligation well, and strengthened compliance check, so as to ensure that the Company's derivatives investment and position operations meet the requirements of the laws and regulations and internal management system of the Company.</p> <p>2. Operational risk: Imperfect internal process, staff, systems and external issues may cause the Company to suffer from loss during the course of its futures business and forex funds business.</p> <p>Control measures: The Company has not only developed relevant management systems that clearly defined the assignment of responsibility and approval process for the futures business and forex funds business, but also established a comparatively well-developed monitoring mechanism, aiming to effectively reduce operational risk by strengthening risk control over the business, decision-making and trading processes.</p> <p>3. Market risk Uncertainties caused by changes in the prices of bulk commodity and exchange rate fluctuations in foreign exchange market could lead to greater market risk in the futures business and forex funds business. Meanwhile, inability to timely raise sufficient funds to establish and maintain hedging positions in futures operations, or the forex funds required for performance in forex funds operations being unable to be credited into account could also result in loss and default risks.</p> <p>Control measures: The futures business and forex funds business of the Company shall always be conducted by adhering to prudent operation principles. For futures business, the futures transaction volume and application have been determined strictly according to the requirements of production &amp; operations, and the stop-loss mechanism has been implemented. Besides, to determine the prepared margin amount which may be required to be supplemented, the futures risk measuring system has been established to measure and calculate the margin amount occupied, floating gains and losses, margin amount available and margin amount required for intended positions. As for forex funds business, a hierarchical management mechanism has been implemented, whereby the operating unit which has submitted application for funds business should conduct risk analysis on the conditions and environment affecting operating profit and loss, evaluate the possible greatest revenue and loss, and report the greatest acceptable margin ratio or total margin amount, so that the Company can update</p>

	operating status of the funds business on a timely basis to ensure proper funds arrangement before the expiry dates.
Changes in market price or fair value of derivatives product invested during the Report Period; specific methods used and relevant assumption and parameter settings shall be disclosed for analysis of fair value of derivatives	<ol style="list-style-type: none"> <li>1. Gain/loss from futures hedging contracts incurred during the Report Period was RMB8,609,700;</li> <li>2. Gain/loss from forward forex contracts incurred during the Report Period was RMB368,539,400;</li> <li>3. Public quotations in futures market or forward forex quotations announced by Bank of China are used in the analysis of derivatives fair value.</li> </ol>
Explanation of significant changes in accounting policies and specific financial accounting principles in respect of the Company's derivatives for the Report Period as compared to the previous report period	No changes
Special opinions expressed by independent directors concerning the Company's derivatives investment and risk control	The Company's independent directors are of the view that the futures hedging business is an effective instrument for the Company to eliminate price volatility and implement risk prevention measures through enhanced internal control, thereby improving the operation and management of the Company; the Company's foreign exchange risk management capability can be further improved through the forex funds business, so as to maintain and increase the value of foreign exchange assets and the abovementioned investment in derivatives can help the Company to fully bring out its competitive advantages. Therefore, it is practicable for the Company to carry out derivatives investment business, and the risks are controllable.

### (3) Entrusted loans

Applicable  Inapplicable

No such cases in the Report Period.

### 3. Use of raised funds

Applicable  Inapplicable

In the Report Period, the Company made a private issue of restrictedly tradable shares of 55,000,000 to Xiaomi Technology, which were listed with the Shenzhen Stock Exchange dated 26 June 2015. With RMB22.01 for every share, this private issue has raised a total of RMB1,210,550,000 (all paid in cash). And the net raised funds stand at RMB1,203,543,228.39 after the issue expense of RMB7,006,771.61 (including the sponsoring and underwriting fees, the fees for the CPAs, law firm and other intermediary agencies as well as other direct expense).

The funds raised in this private issue have been deposited in the Company's special account for raised funds. In

compliance with the applicable laws, regulations, normative documents and the Company's rules regarding its raised funds, the Company will use all the said raised funds for working capital as detailed in its use plan. In addition, as per the applicable rules of the Shenzhen Stock Exchange, the sponsor institution, the raised funds deposit bank and the Company will sign a three-party supervision agreement to supervise the use of the raised funds together.

As at 30 June 2015, RMB523,286,398.87 in the raised funds special account had been used and the balance was RMB680,256,829.52.

#### 4. Analysis to major subsidiaries and investees

√ Applicable □ Inapplicable

Particulars about major subsidiaries and investees:

Company name	Company type	Industry	Principal products or services	Registered capital (RMB'0,000)	Total assets (RMB million)	Net assets (RMB million)	Operating revenues (RMB million)	Operating profits (RMB million)	Net profits (RMB million)
Guangdong Midea Refrigeration Equipment Co., Ltd.	Subsidiary	Manufacturing	Air conditioners	RMB85,400	32,099.52	3,190.56	18,367.65	939.27	825.68
Guangdong Midea Kitchen Appliances Manufacturing Co., Ltd.	Subsidiary	Manufacturing	Kitchen & bathroom electric appliances	USD7,200	7,177.91	2,203.20	5,991.20	693.81	598.48
Guangdong Midea Heating & Ventilation Equipment Co., Ltd.	Subsidiary	Manufacturing	Air conditioners	RMB30,000	6,046.75	1,073.14	4,947.14	646.72	569.12
Foshan Shunde Midea Electric Appliance Manufacturing Co., Ltd.	Subsidiary	Manufacturing	Small household appliances	USD4,200	4,436.24	1,537.45	3,539.82	495.01	428.74
Hefei Midea Washing Machines Co., Ltd.	Subsidiary	Manufacturing	Washing machines	USD13,552	4,428.62	2,044.26	2,889.16	196.17	163.77
Guangdong Welling Motor Co., Ltd.	Subsidiary	Manufacturing	Motors	USD4,881	2,647.00	1,289.04	1,617.82	125.31	111.62
Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.	Subsidiary	Manufacturing	Air conditioners	USD692.8	16,350.74	1,291.99	11,528.48	422.68	367.05
Wuhu Midea Kitchen &	Subsidiary	Manufacturing	Kitchen &	RMB6,000	3,146.66	420.42	2,957.01	342.13	310.82

Bathroom Electric Appliances Manufacturing Co., Ltd.	ry	turing	Bathroom Electric Appliances							
Guangdong Midea Life Electric Manufacturing Co., Ltd.	Subsidiary	Manufaturing	Small household appliances	USD6,926	2,422.07	744.68	847.14	34.58	23.47	
Foshan Shunde Midea Washing Appliance Manufacturing Co., Ltd.	Subsidiary	Manufaturing	Dish washers	USD4,600	2,578.99	726.62	1,492.30	150.53	133.09	

### 5. Major investments not financed by raised funds

Applicable  Inapplicable

No such cases in the Report Period.

### VI Forecast of business performance from January to September in 2015

Warning about an estimated major change in the aggregate net profit from the beginning of the year to the end of the next report period compared with the same period in the previous year and explanation for the change:

Applicable  Inapplicable

### VII Explanations by the Board of Directors and the Supervisory Committee regarding the "non-standard auditor's report" issued by the CPAs firm for the Report Period

Applicable  Inapplicable

### VIII Explanations by the Board of Directors regarding the "non-standard auditor's report" issued by the CPAs firm for last year

Applicable  Inapplicable

### IX Profit distribution plan carried out during the Report Period

Profit distribution plan carried out during the Report Period, especially the execution of or the adjustments to the parts in the plan about cash dividends and turning capital reserves into share capital:

Applicable  Inapplicable

The 2014 Annual Profit Distribution Plan was carried out during the Report Period, which is detailed as follows:

Based on its total of 4,215,808,472 shares as at 31 December 2014, the Company would distribute a cash dividend

of RMB10.00 (taxes included) for every 10 shares of all shareholders. The said plan was reviewed and approved at the 2014 Annual General Meeting held on 21 April 2015. The book closure date for this profit distribution was 29 April 2015, and the ex-right and ex-dividend date was 30 April 2015. The said plan has been smoothly carried out.

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

## X Pre-plan for profit distribution and turning capital reserves into share capital for the Report Period

Applicable  Inapplicable

The Company plans not to distribute cash dividends or bonus shares or turn capital reserves into share capital for the first half of 2015.

## XI Visitors in the Report Period

Applicable  Inapplicable

Date	Place	Occasion	Type of visitor	Visitor
2015-01-08	Hong Kong	Strategy meeting	Institution	China Universal Asset Management, Zeal Asset Management, CICC, Value Partners, Matthews International, Och-Ziff, Xijing, Lighthorse Asset Management, Indus, TPG-AXON Capital, Farallon, Marshall Wace, Rays Capital, LBN, BAM, Pine River, Full Vision Capital, Primero
2015-01-12	Shanghai	Strategy meeting	Institution	Changli Capital, Goldman Sachs, Blackrock, Henderson Global Investors, Fidelity, Invesco, Cathay Life Insurance, J.P. Morgan Asset Management, Shanghai Baoyin, Value Partners, Harvest Fund, Temasek, Yiheng Capital, Protek (HK), Prudence Investment Management, Nomura, The New Idea of Investment, UBS Asset Management, APS Asset Management, REYHER Investment, Springs Capital, Baring Assets, BOSVALEN, Panah Fund, Kingsmead, Tiger Pacific, Highbridge,

				Wellington Management, Sparx, Carrhae Capital, Stone Forest Capital, Bestinver, Turiyacapital, Comgest, Bernstein, PIMCO, Matthews, Truck, Broad Peak
2015-01-16	The Company	On-Site survey	Institution	Jingyuan Capital, Trivest Investment, Matthews International, SMC China Fund, Pacific Eagle, BlueCrest, UG, Acorn Capital
2015-01-21	The Company	On-Site survey	Institution	Stock Department of China Life Insurance Asset
2015-01-23	The Company	On-Site survey	Institution	GLG
2015-01-23	The Company	On-Site survey	Institution	Carmignac Gestion
2015-01-27	The Company	On-Site survey	Institution	Tiger Fund
2015-01-28	The Company	Teleconference	Institution	Government of Singapore Investment Corp
2015-01-28	The Company	On-Site survey	Institution	Fidelity
2015-01-29	The Company	Teleconference	Institution	Taiwan SinoPac Securities, Fuh Hwa Securities Investment Trust, Mega International Investment Trust, Taishin Securities Investment Trust, Fubon Securities Investment Trust, Nan Shan Life Insurance, MassMutual Mercuries Life, CTBC Life Insurance, Fubon Life Insurance, Central Reinsurance Corporation, Ruiteng Investment
2015-01-29	The Company	On-Site survey	Institution	China Merchants Securities
2015-01-29	The Company	On-Site survey	Institution	Nikko Asset
2015-01-30	Hong Kong	On-Site survey	Institution	Shenyin & Wanguo Investment Management, Princeton Capital Management, Value Partners, Blue Pool Capital, Janchor, The Bank of Tokyo-Mitsubishi UFJ Ltd., The Bank of China Life Insurance, Oberweis, Daiwa Asset Investment, VL Asset Investment, Taiping Assets, Xinsheng Assets, Hong Kong Huguang International Investment, BOSVALEN, Morgan Stanley, Karst Peak, Primero
2015-02-02	The Company	On-Site survey	Institution	Putnam Investment Management
2015-02-04	The Company	Teleconference	Institution	Yuanta Securities Investment Trust, KGI Securities
2015-02-05	The Company	On-Site survey	Institution	Capital World Investors
2015-2-6	The Company	On-Site survey	Institution	Singapore Jin Rong Assets
2015-02-11	The Company	Teleconference	Institution	Falcon Edge

2015-02-11	The Company	On-Site survey	Institution	Merrill Lynch
2015-02-12	The Company	Teleconference	Institution	Broad Peak
2015-03-05	The Company	On-Site survey	Institution	Merrill Lynch
2015-03-10	The Company	On-Site survey	Institution	Kora Capital
2015-03-10	The Company	On-Site survey	Institution	Excel Investment, Trilogy Partners, Farallon Capital, Myriad Asset, Azentus Capital
2015-03-12	The Company	On-Site survey	Institution	Investec
2015-03-16	The Company	On-Site survey	Institution	Broad Peak
2015-03-18	The Company	On-Site survey	Institution	Mercuries Life Insurance
2015-03-31	Shenzhen	Performance seminar	Institution	Bank of China Investment Management, CITIC Asset Management Corporation Ltd, CITICS, CICC, Zheng Xiang Investment, China Merchants investment Management, Great Wall Fund, Yuan Xin, Golden Trust Sinopac Fund Management, Galaxy Securities, E Fund, Aegon-industrial Fund Management, New China Assets, Co-power Capital, Century Securities, Rongtong Fund, Invesco Great Wall, Greenwoods Asset, Jin Niu Investment, Harvest Fund, Huili Assets, ChinaAMC, Huaqiang investment, Citibank, Hanxi Fund, Korea Investment Trust, Haitong Securities, Guosen Securities, Guotai Junan Security Assets Management, GuoDu Securities Institute, Guangzhou Long Term Investment, GF Securities, Everbright Prudential Fund, GUANJUN Asset, ICBC Credit Suisse, ICBCI - Circulation Capital, Gaoyi Capital, Goldman Sachs Gao Hua, ChinaVenture Investment, Fengling Capital, Soochow Fund, Orient Securities, Daoning Investment, Springs Capital, Da Hong Assets, Bosera Fund, Essence Securities, Yiheng Capital, Ward Ferry, Value partners, Trilogy Partners, Sumeru Capital, Senrigan Capital Group Limited, RCM Asia Pacific Limited, Ozcap, Overlook capital, Norges, First State, Eton Park Asia Limited, Comgest, Cloud Ridge Capital, Central Asset, Bosvalen Asset Management, Black Rock, Axis Capital, APS Asset, etc. (over 120 institutions)
2015-04-21	The Company	On-Site survey	Institution	Yale Fund
2015-04-22	The Company	Teleconference	Institution	Tengyue Fund
2015-04-23	The Company	Teleconference	Institution	PCC Asset
2015-04-23	The Company	Teleconference	Institution	Acion Partners



2015-04-24	The Company	On-Site survey	Institution	Ginkgo Investment
2015-04-29	The Company	Teleconference	Institution	Matthews International
2015-04-29	The Company	Performance seminar	Institution	IKON Asset, Anbang Asset, Essence Securities, Och-Ziff, Baishan Investment, Baoyin Investment, Homeo Capital, Broad Capital, Ivy Capital, Springs Capital, Allianz Global Investors, Deutsche Bank, Dongjin, Fidelity, Hillhouse Capital, GF Securities, Guotai Junan Securities, HFT Investment Management, South Korea Investment, Xingzhi Venture Capital, Honghu Investment, Houde Asset Management, Value Partners, Greenwoods Asset, Neuberger-Berman, Merrill Lynch, Qianzhan Investment, Capital Securities, Rongtong Fund, Credit Suisse, UBS, Ruihui Investment, Shanghai River Fund, Shenyn & Wanguo, Tengyue Fund, Tianqi Investment, Western Securities, Citibank Hong Kong, E Fund, Galaxy Securities, Ginkgo Investment, Yuanta Securities, Yunsong Capital, Changsheng Fund, Chang Xin Asset Management, CITIC Securities, BOC International, Broad Peak, Diam, East Capital, EIFINi, Eton Park , HCC , Point72, TRILOJY
2015-04-29	The Company	Teleconference	Institution	T. Rowe Price Global
2015-04-30	The Company	Teleconference	Institution	Tiger Global
2015-05-07	The Company	On-Site survey	Institution	Shanghai Baoyin, Credit Suisse, SAIF Partners, Goldman Sachs Asia, Taiping Shengshi Investment, SMAM, GE Asset, Pacific Eagle Asset, Flowering Tree, GIC, TPG-AXON, Taconic Capital, Neuberger Berman, Azentus Capital, Noonday, Generation, Indus
2015-05-08	Hong Kong	Strategy meeting	Institution	Morgan Stanley Asset, Mirae Asset, Eastspring Investments, BOC International, Och-Ziff, Value Partners, Nezu Asia Captial Management, Citibank, Baring Asset, UBS, Marshall Wace, Allianz, Turiya Capital, Fidelity
2015-05-11	The Company	Teleconference	Institution	Kiara Advisors
2015-05-12	The Company	On-Site survey	Institution	Harding Loevner
2015-05-15	Shanghai	Strategy meeting	Institution	Owl Creek Hong Kong Limited, Yulan Capital, Libra Capital, Pacific Eagle Asset, Pinpoint, Value Partners, Xingtai Capital, Mirae Asset, Neuberger Berman, Artisan Partners, AXA, Chang Xin Asset, Munsun Asset, Truston Asset, Fidelity, Pictet
2015-05-19	The Company	On-Site survey	Institution	Puxin Asset
2015-05-20	Singapore	Strategy meeting	Institution	Columbia Threadneedle, Millennium Management, Fidelite Worldwide Investment, JP.Morgan, Flowing Tree, Henderson Global Investors, Broad

				Peak Investment, Lazard AM, CDP Capital, Carmignac Gestion, Pictet AM, Pacific Eagle AM, DCG Capital, Indus Capital Partners, Ellis Munro AM, Henderson Global Investors, Credit Suisse AM, Brandes Investment Partners, New Silk Road Investment, Truston AM, Eastspring, Truston AM, Adapa CM
2015-05-22	Singapore	Road show	Institution	State Investments, Eastspring Investments, Morgan Stanley Investment Management, GIC Private Limited, UBS Global AM, GMO LLC, Capital World Investors, Aberdeen AM, Seatown Holdings International Pte Ltd
2015-06-01	The Company	On-Site survey	Institution	Taiwan Yuanta Securities
2015-06-04	The Company	On-Site survey	Institution	Cederberg Capital (UK)
2015-06-04	The Company	On-Site survey	Institution	Gaoguan Investment
2015-06-05	Nanjing	Strategy meeting	Institution	Changsheng Fund, CICC Asset Management, APS Asset, Yinhua Fund, Ping An Asset, Value Partners, China International Fund Management, Broad Peak
2015-06-05	The Company	On-Site survey	Institution	Dodge & Cox
2015-06-10	Hong Kong	Strategy meeting	Institution	New Vision AM, Overlook Investment, Primero, Och-Ziff, VL Asset, Foundation AM, Barings, China Asset Management, Springboard, Rongying Capital, Hamon, Harvest Global, Samsung Asset, Cathay Life, Trueland Investment, Norges Bank
2015-06-16	Taiwan	Strategy meeting	Institution	Cathay, Fuh Hwa, Taiwan Life, Fubon Financial, Shin Kong Life, Taishin Holdings, Rellance Securities Investment Trust
2015-06-17	Hong Kong	Strategy meeting	Institution	Nezu Asia Capital, Indus Capital, Eton Park, Wellington, Tiger Pacific, Viking Global, Marshall Wace, Balyasny AM
2015-06-23	The Company	On-Site survey	Institution	Somerset Capital Management
2015-06-26	The Company	Teleconference	Institution	SAIF Partners
Main contents and materials			<p>Main talking points with investors included: (1) industry and development status; (2) condition of business and development strategies; (3) periodic report released by other companies and other contents involved.</p> <p>Materials: periodical report, announcement and other information disclosure.</p> <p>Except institutional investors, the Company pays great attention to communications with individuals and other minority investors by phone, email and interactive platform in replying to all questions and suggestions that need special attention.</p>	

## Section V Significant Events

### I Corporate governance

The governance of the Company complied with the Company Law and the CSRC requirements in the Report Period.

### II Lawsuits

Material lawsuits and arbitrations

Applicable  Inapplicable

No such cases in the Report Period.

Other lawsuits

Applicable  Inapplicable

### III Media criticism

Applicable  Inapplicable

No such cases in the Report Period.

### IV Bankruptcy and reorganization

Applicable  Inapplicable

No such cases in the Report Period.

### V Asset transactions

#### 1. Acquisition of assets

Applicable  Inapplicable

#### 2. Sale of assets

Applicable  Inapplicable

No such cases in the Report Period.

**3. Business combination**

Applicable  Inapplicable

No such cases in the Report Period.

**VI Implementation of any equity incentive plan and its effects**

Applicable  Inapplicable

**Overview of the First Phase of the Stock Option Incentive Plan:**

1. As authorized at the First Special General Meeting for 2014, the Company convened the 26<sup>th</sup> Meeting of the First Board of Directors on 27 March 2015, at which the Proposal for the Adjustments to the Incentive Receivers and Their Exercisable Stock Options of the Stock Option Incentive Plan was reviewed and approved. As such, it was agreed to adjust the incentive receivers and their exercisable stock options of the Stock Option Incentive Plan due to the outgo, position changes and failure in the performance appraisal of some incentive receivers. Upon the adjustments, the incentive receivers decreased from 681 to 626, and their exercisable stock options (entitled but not yet exercised) were also reduced from 99,862,500 to 90,660,000.

2. On 21 April 2015, the 2014 Annual Profit Distribution Pre-Plan was reviewed and approved at the 2014 Annual General Meeting, deciding to distribute a cash dividend of RMB10.00 for every 10 shares of all the shareholders based on the total of 4,215,808,472 shares of the Company. The book closure date was 29 April and the ex-right and ex-dividend date was 30 April 2015.

As authorized at the First Special General Meeting for 2014, the Company convened the 27<sup>th</sup> Meeting of the First Board of Directors on 27 April 2015, at which the Proposal for the Adjustment to the Exercise Price for the First Phase of the Stock Option Incentive Plan was reviewed and approved. As the said profit distribution pre-plan had been carried out, the exercise price for the First Phase of the Stock Option Incentive Plan was revised from RMB18.72 to RMB17.72 per share.

3. On 31 March 2015, the exercise conditions grew mature for the first exercise period of the First Phase of the Stock Option Incentive Plan. Upon the examination by the Shenzhen Stock Exchange and the Shenzhen branch of China Securities Depository and Clearing Co., Ltd., the incentive receivers for the First Phase have started to exercise their stock options since 18 May 2015. Up to the end of the Report Period, 19,314,125 stock options have been exercised.

**Overview of the Second Phase of the Stock Option Incentive Plan:**

1. On 27 March 2015, the Second Phase of the Stock Option Incentive Plan (Draft) and its Abstract of Midea

Group Co., Ltd. was reviewed and approved at the 26<sup>th</sup> Meeting of the First Board of Directors, and the incentive receiver list for the Second Phase of the Stock Option Incentive Plan (Draft) was examined at the 18<sup>th</sup> Meeting of the First Supervisory Committee.

2. The Company filed the materials of the Second Phase of the Stock Option Incentive Plan to the CSRC and the CSRC raised no objection against the materials. On 27 April 2015, the Second Phase of the Stock Option Incentive Plan (Draft) and its Abstract (Revised) and the Proposal for the Formulation of the Implementation and Appraisal Measures for the Second Phase of the Stock Option Incentive Plan (Revised) were reviewed and approved at the 27<sup>th</sup> Meeting of the First Board of Directors.

3. On 25 May 2015, the Company convened the First Special General Meeting for 2015, at which the Second Phase of the Stock Option Incentive Plan (Draft) and its Abstract (Revised) of Midea Group Co., Ltd. (the “Second Phase of the Stock Option Incentive Plan”), the Implementation and Appraisal Measures for the Second Phase of the Stock Option Incentive Plan (Revised) of Midea Group Co., Ltd., the Proposal for Asking the General Meeting to Authorize the Board to Handle Matters Related to the Second Phase of the Stock Option Incentive Plan and other relevant proposals were reviewed and approved.

4. In light of the authorization by the First Special General Meeting for 2015 and the completion of the aforesaid 2014 Annual Profit Distribution Plan, the Company convened the 28<sup>th</sup> Meeting of the First Board of Directors on 27 May 2015, at which the Proposal for the Adjustments to the Exercise Price, the Incentive Receiver List and the Number of Granted Stock Options for the Second Phase of the Stock Option Incentive Plan, the Proposal for the Determination of the Grant Date for the Second Phase of the Stock Option Incentive Plan and the Proposal for the Grant-Related Matters for the Second Phase of the Stock Option Incentive Plan were reviewed and approved. As such, the Company was agreed to grant 83,790,000 stock options to 733 receivers on 27 May 2015 and the exercise price was adjusted from RMB31.54 to RMB30.54 per share.

## VII Significant related-party transactions

### 1. Related-party transactions arising from routine operation

Applicable  Inapplicable

Related transaction party	Relationship	Type of the transaction	Contents of the transaction	Pricing principle	Transaction price	Transaction amount (RMB'0,000)	Proportion in the total amount of transaction	Approved transaction line	Over the approved line	Way of settlement	Obtainable market price	Disclosure date	Index to the disclosed
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							of the same kind (%)	(RMB'0,000)			for a transaction of the same kind		information
Zhejiang Shangfen Industrial Holdings Co., Ltd.	Company controlled by family members of the actual controller	Procurement	Procurement of goods	Market price	-	55,805.58	1.08%	200,000	No	Payment after delivery		2015-03-31	www.cninfo.com.cn
		Services	Customs clearance and logistics services	Market price	-	0	0	350	No	As per the agreement			
Total				--	--	55,805.58	--	200,350		--	--	--	--
Details of any sales return of a large amount				Inapplicable									
Give the actual situation in the Report Period (if any) where a forecast had been made for the total amounts of routine related-party transactions by type to occur in the current period				The associated amount limit between the Company and the related parties and the subsidiaries did not exceed the estimated total amounts of routine related-party transactions by type.									
Reason for any significant difference between the transaction price and the market reference price (if applicable)				Inapplicable									

## 2. Related-party transactions regarding purchase and sales of assets

Applicable  Inapplicable

No such cases in the Report Period.

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

Applicable  Inapplicable

No such cases in the Report Period.

## 4. Credits and liabilities with related parties

Applicable  Inapplicable

No such cases in the Report Period.

## 5. Other related-party transactions

Applicable  Inapplicable

The Proposal for Related-party Transactions Regarding Making Deposits in and Securing Loans from Shunde Rural Commercial Bank and the Proposal for the Related-Party Transaction Regarding Note Discounting for Shangfeng Industrial were reviewed and approved at the 2014 Annual General Meeting held on 21 April 2015. According to the Proposals, in 2015, the deposit balance of the Company in Shunde Rural Commercial Bank shall not exceed RMB3 billion and neither shall the credit balance provided by the bank to the Company exceed RMB3 billion; and a subsidiary of the Company intends to provide note discounting services for Shangfeng Industrial and its subsidiaries, with the total amount of discounted notes expected not to exceed RMB1.4 billion and the interest charged not exceeding RMB30 million.

Index to the announcements about the said related-party transactions disclosed

Announcement title	Disclosure date	Disclosure website
Proposal for Related-party Transactions Regarding Making Deposits in and Securing Loans from Shunde Rural Commercial Bank	2015-03-31	www.cninfo.com.cn
Proposal for the Related-party Transaction Regarding Note Discounting for Shangfeng Industrial	2015-03-31	www.cninfo.com.cn

## VIII Occupation of the Company's funds for non-operating purposes by the controlling shareholder and its related parties

Applicable  Inapplicable

## IX Significant contracts and their execution

### 1. Trusteeship, contracting and leasing

#### (1) Trusteeship

Applicable  Inapplicable

#### (2) Contracting

Applicable  Inapplicable

**(3) Leasing**

□ Applicable √ Inapplicable

**2. Guarantees provided by the Company**

√ Applicable □ Inapplicable

Unit: RMB'0,000

Guarantees provided by the Company for external parties (excluding those for subsidiaries)								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a related party or not
Shanxi Huaxiang Group Co., Ltd.	2015-3-31	38,200	2015-1-1	38,200	Warranty	2015-12-31	No	No
Total external guarantee line approved during the Report Period (A1)		2,800		Total actual external guarantee amount during the Report Period (A2)		2,800		
Total approved external guarantee line at the end of the Report Period (A3)		38,200		Total actual external guarantee balance at the end of the Report Period (A4)		38,200		
Guarantees provided by the Company for its subsidiaries								
Guaranteed party	Disclosure date of the guarantee line announcement	Line of guarantee	Actual occurrence date (date of agreement signing)	Actual guarantee amount	Type of guarantee	Term of guarantee	Due or not	Guarantee for a related party or not
Midea Group Finance Co., Ltd.	2015-3-31	950,000	2015-1-1	63,939	Warranty	2015-12-31	No	No
Guangdong Midea Refrigeration Equipment Co., Ltd.	2015-3-31	770,000	2015-1-1	220,403	Warranty	2015-12-31	No	No
Guangdong Midea Kitchen Appliances Manufacturing Co., Ltd.	2015-3-31	500,000	2015-1-1	121,350	Warranty	2015-12-31	No	No
Guangdong Witt Vacuum Electronics Manufacturing Co., Ltd.	2015-3-31	43,600	2015-1-1	660	Warranty	2015-12-31	No	No
Guangdong Midea Heating & Ventilation Equipment Co., Ltd.	2015-3-31	65,000	2015-1-1	5,458	Warranty	2015-12-31	No	No
Midea Commercial Air Conditioning	2015-3-31	14,500	2015-1-1	0	Warranty	2015-12-31	No	No



Equipment Co., Ltd., Guangdong Province								
Guangdong Midea Consumer Electric Manufacturing Co., Ltd.	2015-3-31	27,500	2015-1-1	306	Warranty	2015-12-31	No	No
Foshan Shunde Midea Electric Appliance Manufacturing Co., Ltd.	2015-3-31	109,500	2015-1-1	636	Warranty	2015-12-31	No	No
Guangdong Midea Kitchen & Bathroom Appliances Manufacturing Co., Ltd.	2015-3-31	10,000	2015-1-1	0	Warranty	2015-12-31	No	No
Foshan Shunde Midea Drinking Manufacturing Co., Ltd.	2015-3-31	19,300	2015-1-1	0	Warranty	2015-12-31	No	No
Foshan Midea Clear Lake Water Purification Equipment Manufacturing Co., Ltd.	2015-3-31	10,000	2015-1-1	0	Warranty	2015-12-31	No	No
Guangdong Midea Environment Appliances Manufacturing Co., Ltd.	2015-3-31	176,500	2015-1-1	20,037	Warranty	2015-12-31	No	No
Foshan Shunde Midea Washing Appliance Manufacturing Co., Ltd.	2015-3-31	274,800	2015-1-1	35,905	Warranty	2015-12-31	No	No
Guangdong GMCC Refrigeration Equipment Co., Ltd.	2015-3-31	67,800	2015-1-1	997	Warranty	2015-12-31	No	No
Guangdong GMCC Precise Manufacture Co., Ltd.	2015-3-31	34,000	2015-1-1	141	Warranty	2015-12-31	No	No
Guangdong Welling Motor Co., Ltd.	2015-3-31	65,700	2015-1-1	9,176	Warranty	2015-12-31	No	No
Foshan Welling Electronic and Electric Appliances Co., Ltd.	2015-3-31	10,000	2015-1-1	55	Warranty	2015-12-31	No	No
Foshan Welling Washer Motor Manufacturing Co., Ltd.	2015-3-31	92,400	2015-1-1	0	Warranty	2015-12-31	No	No
Ningbo Midea Joint Materials Supply Co. Ltd.	2015-3-31	66,000	2015-1-1	9,483	Warranty	2015-12-31	No	No
Foshan Welling Material Co., Ltd.	2015-3-31	21,000	2015-1-1	2,495	Warranty	2015-12-31	No	No
Guangzhou Kaizhao Trading Co., Ltd.	2015-3-31	18,000	2015-1-1	0	Warranty	2015-12-31	No	No
Foshan Midea Carrier Refrigeration Equipment Co., Ltd.	2015-3-31	46,000	2015-1-1	0	Warranty	2015-12-31	No	No
Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.	2015-3-31	30,000	2015-1-1	0	Warranty	2015-12-31	No	No
Wuhu GMCC Air Conditioning Equipment Co., Ltd.	2015-3-31	123,000	2015-1-1	1,296	Warranty	2015-12-31	No	No
Hefei Midea Refrigerator Co., Ltd.	2015-3-31	38,000	2015-1-1	2,500	Warranty	2015-12-31	No	No
Hubei Midea Refrigerator Co., Ltd.	2015-3-31	10,000	2015-1-1	5	Warranty	2015-12-31	No	No
Hefei Hualing Co., Ltd.	2015-3-31	63,000	2015-1-1	235	Warranty	2015-12-31	No	No
Guangzhou Midea Hualing Refrigerator	2015-3-31	20,000	2015-1-1	192	Warranty	2015-12-31	No	No

Equipment Co., Ltd.								
Hefei Midea Heating & Ventilation Equipment Co., Ltd.	2015-3-31	7,000	2015-1-1	0	Warranty	2015-12-31	No	No
Wuhu Midea Kitchen & Bathroom Electric Manufacturing Co., Ltd.	2015-3-31	5,000	2015-1-1	1,119	Warranty	2015-12-31	No	No
Wuhu Midea Washing Appliance Manufacturing Co., Ltd.	2015-3-31	12,500	2015-1-1	202	Warranty	2015-12-31	No	No
Anhui GMCC Refrigeration Equipment Co., Ltd.	2015-3-31	10,000	2015-1-1	635	Warranty	2015-12-31	No	No
Anhui GMCC Precise Manufacture Co., Ltd.	2015-3-31	20,000	2015-1-1	9,190	Warranty	2015-12-31	No	No
Welling (Wuhu) Motor Manufacturing Co., Ltd.	2015-3-31	10,000	2015-1-1	49	Warranty	2015-12-31	No	No
Hefei Midea Washing Machine Co., Ltd.	2015-3-31	40,000	2015-1-1	0	Warranty	2015-12-31	No	No
Annto Logistics Co., Ltd.	2015-3-31	20,000	2015-1-1	0	Warranty	2015-12-31	No	No
Jiangsu Midea Chunhua Electric Co., Ltd.	2015-3-31	14,000	2015-1-1	0	Warranty	2015-12-31	No	No
Jiangxi Midea Guiya Lighting Co., Ltd.	2015-3-31	5,000	2015-1-1	0	Warranty	2015-12-31	No	No
Chongqing Midea General Refrigeration Equipment Co., Ltd.	2015-3-31	12,000	2015-1-1	0	Warranty	2015-12-31	No	No
Zhejiang GMCC Compressor Co., Ltd.	2015-3-31	50,000	2015-1-1	-	Warranty	2015-12-31	No	No
Changzhou Welling Motor Manufacturing Co., Ltd.	2015-3-31	12,500	2015-1-1	-	Warranty	2015-12-31	No	No
Midea International Holdings Ltd.	2015-3-31	750,000	2015-1-1	282,529	Warranty	2015-12-31	No	No
Midea International Trading Co., Ltd	2015-3-31	70,000	2015-1-1	0	Warranty	2015-12-31	No	No
Midea Electric Investment (BVI) Limited	2015-3-31	50,000	2015-1-1	37,904	Warranty	2015-12-31	No	No
Calpore Macao Commercial Offshore Ltd.	2015-3-31	30,000	2015-1-1	0	Warranty	2015-12-31	No	No
Century Carrier Residential Air-Conditioning Equipment Co., Ltd.	2015-3-31	6,300	2015-1-1	0	Warranty	2015-12-31	No	No
Welling International Hong Kong Limited	2015-3-31	30,500	2015-1-1	0	Warranty	2015-12-31	No	No
Welling Macao Commercial Offshore Ltd.	2015-3-31	7,000	2015-1-1	0	Warranty	2015-12-31	No	No
Midea Electric Trading (Singapore) Co. Pte. Ltd.	2015-3-31	300,000	2015-1-1	146,726	Warranty	2015-12-31	No	No
Midea Consumer Electric (Vietnam) Co., Ltd.	2015-3-31	30,500	2015-1-1	0	Warranty	2015-12-31	No	No
Midea Electrics Netherlands B.V.	2015-3-31	6,300	2015-1-1	0	Warranty	2015-12-31	No	No
Midea America Corp.	2015-3-31	6,300	2015-1-1	0	Warranty	2015-12-31	No	No
PT Midea Heating and Ventilating Air Conditioner Indonesia	2015-3-31	12,600	2015-1-1	3,057	Warranty	2015-12-31	No	No

Midea Malaysia Joint Venture	2015-3-31	3,150	2015-1-1	583	Warranty	2015-12-31	No	No
Total guarantee line for subsidiaries approved during the Report Period (B1)			1,109,357		Total actual guarantee amount for subsidiaries during the Report Period (B2)			1,109,357
Total approved guarantee line for subsidiaries at the end of the Report Period (B3)			977,260		Total actual guarantee balance for subsidiaries at the end of the Report Period (B4)			977,260
Total guarantee amount provided by the Company (total of the above-mentioned two kinds of guarantees)								
Total guarantee line approved during the Report Period (A1+B1)			1,112,157		Total actual guarantee amount during the Report Period (A2+B2)			1,112,157
Total approved guarantee line at the end of the Report Period (A3+B3)			1,015,460		Total actual guarantee balance at the end of the Report Period (A4+B4)			1,015,460
Proportion of the total actual guarantee amount (A4+B4) in net assets of the Company					22%			
Of which:								
Amount of guarantees provided for shareholders, the actual controller and their related parties (C)					0.00			
Amount of debt guarantees provided directly or indirectly for entities with a liability-to-asset ratio over 70% (D)					509,085			
Portion of the total guarantee amount in excess of 50% of net assets (E)					0.00			
Total amount of the three kinds of guarantees above (C+D+E)					509,085			
Joint responsibilities possibly borne for undue guarantees					Inapplicable			
Provision of external guarantees in breach of the prescribed procedures					Inapplicable			

### 3. Other significant contracts

Applicable  Inapplicable

### 4. Other significant transactions

Applicable  Inapplicable

## X Undertakings made by the Company and its shareholders interested in 5% or more of the shares of the Company made in the Report Period or subsisting to the Report Period

√ Applicable □ Inapplicable

Undertaking	Undertaking giver	Details of undertaking	Undertaking date	Term	Particulars on the performance
Undertakings given in offering documents or shareholding alternation documents	Controlling shareholder, actual controller	<p><b>1. Undertaking of Midea Holding Ltd. (hereinafter referred to as "Midea Holding"), and He Xiangjian, respectively the controlling shareholder and actual controller of Midea Group Co., Ltd., towards the lock-up period of shares.</b></p> <p>He Xiangjian and Midea Holding have undertaken as follows: Within 36 months from the listing date of Midea Group's stocks, they will neither transfer or entrust others to manage their directly and indirectly held shares of Midea Group issued prior to this issuance, nor sell them to Midea Group. If they break the above undertaking, they will assume all liabilities arising therefrom.</p> <p><b>2. Undertaking of Midea Holding and the actual controller He Xiangjian towards the maintenance of the independence of Midea Group.</b></p> <p>He Xiangjian and Midea Holding have undertaken as follows: He Xiangjian, Midea Holding and their controlled enterprises will remain independent from Midea Group in respect of personnel, finance, assets, business and institutions, etc. in accordance with relevant laws and regulations and regulatory documents. They will faithfully fulfill the</p>	2013-3-28	<p>Apart from the first item of undertakings, its duration validity spans 36 months from the day of Midea Group's listing which is 18 September 2013 to 18 September 2016, all other items are</p>	<p><b>1. There has been no violation of this undertaking.</b></p> <p><b>2. There is no violation of this undertaking.</b></p>

	<p>above undertaking, and assume the corresponding legal liability. If they fail to fulfill their obligations and responsibilities conferred by the undertaking, they will bear the corresponding legal liabilities according to relevant laws, rules, regulations and regulatory documents.</p> <p><b>3. Undertaking of Midea Holding and the actual controller He Xiangjian towards avoiding competition within the industry.</b></p> <p>In order to avoid possible competition within the industry between Midea Group and Midea Holding and its controlled enterprises as well as He Xiangjian, his immediate family and his controlled companies, He Xiangjian and Midea Holding have undertaken as follows:</p> <p>(1) None of the entities or individuals mentioned above is or will be engaged in the same or similar business as the existing main business of Midea Group and its controlled companies. They are not or will not engage or participate in such business that is competitive to the existing main business of Midea Group and its controlled companies by controlling other economic entities, institutions or economic organizations;</p> <p>(2) If Midea Group and its controlled companies expand their business on the basis of the existing ones to those where the above mentioned related entities or individuals are already performing production and operation, as long as He Xiangjian is still the actual controller of Midea Group, and Midea Holding the controlling shareholder, they will agree on solving the problem of competition within the industry arising therefrom, within</p>	indefinite.	<p><b>3. There has been no violation of this undertaking.</b></p>
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	<p>a reasonable period;</p> <p>(3) If Midea Group and its controlled companies expand their business scope on the basis of the existing ones to those where the above mentioned related subjects have not gone into production or operation, as long as He Xiangjian is still the actual controller of Midea Group, and Midea Holding the controlling shareholder, they would undertake as not to engage in any business competing with the new ones of Midea Group and its controlled companies;</p> <p>(4) In accordance with effective laws, regulations or other regulatory documents of People's Republic of China, as long as He Xiangjian is identified as the actual controller of Midea Group, and Midea Holding the controlling shareholder, they will not change or terminate this undertaking.</p> <p>(5) He Xiangjian and Midea Holding shall faithfully fulfill the above undertaking, and assume the corresponding legal responsibilities. If they fail to fulfill their obligations and responsibilities conferred by the undertaking, they would bear the corresponding legal responsibilities according to relevant laws, rules, regulations and regulatory documents.</p> <p><b>4. Undertaking of Midea Holding and the actual controller He Xiangjian towards the regulation of related transactions.</b></p> <p>In order to regulate matters of related transactions that may occur in the future between Midea Group and Midea Holding and its controlled companies as well as He Xiangjian, his immediate family and his controlled companies, He Xiangjian and Midea Holding</p>			<p><b>4. There has been no violation of this undertaking.</b></p>
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	<p>have undertaken as follows:</p> <p>(1) They will regulate any related transactions with Midea Group and its controlled companies using their utmost efforts to reduce them. For unavoidable related transactions with Midea Group and its controlled companies, including but not limited to commodity trading, providing services to each other or as agent, they will sign legal normative agreements with Midea Group, and go through approval procedures in accordance with related laws, regulations, rules, other regulatory documents, and relevant provisions of the Articles of Association of Midea Group. They guarantee to offer fair prices for related transactions, and fulfill the information disclosure obligations in respect of the related transactions according to related laws, regulations, rules, other regulatory documents, and relevant provisions of the Articles of Association of Midea Group. They also guarantee not to illegally transfer funds or profits from Midea Group, or damage the interests of its shareholders at their advantages during the related transactions.</p> <p>(2) They shall fulfill the obligation of withdrawing from voting that involves the above mentioned related transactions at the general meeting of Midea Group;</p> <p>(3) The related subject mentioned above shall not require Midea Group to offer more favorable conditions than those to any independent third party in any fair market transactions.</p> <p>(4) In accordance with effective laws, regulations or other regulatory documents of People's Republic of China, as long as He Xiangjian is identified as the actual controller</p>			
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	<p>of Midea Group, and Midea Holding the controlling shareholder, they shall not change or terminate this undertaking.</p> <p>(5) He Xiangjian and Midea Holding will faithfully fulfill the above undertaking and assume the corresponding legal liabilities. If they fail to fulfill their obligations and responsibilities conferred by the undertaking, they will bear the corresponding legal responsibilities according to relevant laws, rules, regulations and regulatory documents.</p> <p><b>5. Related undertaking by He Xiangjian, the actual controller of Midea Group, on Midea Trade Union Committee transferring its limited equity of Midea Group.</b></p> <p>On 4 January , 2001, the Midea Trade Union Committee signed the "Equity Transfer Contract" with five people, i.e. He Xiangjian, Chen Dajiang, Feng Jingmei, Chen Kangning and Liang Jieyin, where it transferred all limited equity of Midea Group (22.85%) respectively to those five people. According to the confirmation letter issued by members of the Midea Trade Union Committee at that time, the equity transfer price was determined after mutual discussion on the basis of their true opinions, therefore there was no dispute or potential dispute.</p> <p>On 28 June, 2013, Foshan Shunde Beijiao General Union, superior department of Midea Trade Union Committee, issued a confirmation letter to the fact that Midea Trade Union Committee funded the establishment of Midea Group Co., Ltd. In addition, the letter also confirmed that the council of Midea Trade Union Committee is entitled to dispose any property of the committee, and such property disposal does not need agreement from all</p>			<p><b>5. So far, this shareholding transfer has not brought about any loss caused by any dispute or potential disputes. There has been no violation of this undertaking.</b></p>
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	<p>staff committee members.</p> <p>Midea Holding and He Xiangjian, respectively the controlling shareholder and actual controller of Midea Group Co., Ltd. have undertaken as follows: For any loss of Midea Group caused by any dispute or potential dispute arising from the matters of equity transfer mentioned above, they are willing to assume full liability for such loss.</p> <p><b>6. Undertakings on Issues about Payment of the Staff Social Insurance and the Housing Provident Fund involved in Midea Group's Overall Listing</b></p> <p>Midea Holding and He Xiangjian: Midea Holding have undertaken to be liable for (1) paying such expenses and related expenses on time based on the requirements of relevant state departments, if Midea Group is required to be liable for the payment of staff social insurance and the housing provident fund and the payment required by relevant state authorities prior to this merger, (2) paying corresponding compensation for all direct and indirect losses incurred by Midea Group and its subsidiaries due to this merger, (3) indemnifying and holding harmless Midea Group and its subsidiaries in time from such expenses where Midea Group and its subsidiaries are required to pay them in advance.</p> <p><b>7. Undertakings on issues about asset alteration, asset flaw and house leasing of Midea Group and its subsidiaries</b></p> <p>Midea Holding and He Xiangjian have undertaken as follows:</p> <p>(1) Midea Holding will do its utmost to assist and urge Midea Group (including its subsidiaries) to complete renaming procedures of related assets, such as land, houses,</p>			<p><b>6. So far, the payment of the staff social insurance and the housing provident fund has not brought about any controversy or potential disputes. There has been no violation of this undertaking.</b></p> <p><b>7.1 The Process of Property Ownership Certificate:</b></p> <p>The Report discloses that the Company is trying to get the Property Ownership Certificate for 177 of its properties, which cover an area of 2,148,485.65 square</p>
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	<p>trademarks, patents and stock rights, declared in the related files of this merger. Midea Holding will be liable for all compensations of losses caused by issues about renaming procedures of related assets mentioned above to Midea Group.</p> <p>(2) Midea Holding shall do its utmost to assist Midea Group (including its subsidiaries) to apply for ownership certificates of land and property declared in related files of this merger.</p> <p>(3) For those houses without ownership certificates due to incomplete formalities in the past, Midea Holding shall assist Midea Group (including its controlled subsidiaries) in going through relevant construction-related formalities again and obtaining the corresponding house ownership certificates. If the competent authorities require Midea Group to dismantle buildings that can not acquire the real estate registration procedures re-application, Midea Holding shall do its utmost to provide assistance and be liable for any related expenses used in dismantling such buildings by Midea Group (including its subsidiaries).</p> <p>(4) Under any circumstances that Midea Group suffers from losses incurred through no longer using those properties or failing to obtain or collect in time, the ownership certificates of those properties currently being used or any losses caused by other reasons, Midea Holding shall compensate any loss for these reasons in time and in full. Midea Holding shall compensate the actual loss Midea Group suffers, from any circumstances above resulting from penalties subjected to by competent authorities or</p>		<p>meters. So far, 51 applications have been approved, the total area covers 1,638,892.27 square meters, which accounts for 76.28% of total area; 11 applications are under process, covering an area of 447,465.15 square meters, accounting for 20.83% of the total area. These 11 properties are in possession of ownership certificates have not brought about any controversy or dispute. Another property with an area of 1,966.69 square meters (0.09% of the total area) has been disposed. The remaining 114 properties, spanning an area of 60,161.54 square meters account for 2.8% of the total area. These properties are all small unit size auxiliary facilities such as security booth, transformer room, power room, pump room, gas station and so on, for which property ownership certificates cannot be granted or applied for. So far these 114 properties have not been required to be dismantled by competent departments so that these buildings are still in regular use, which has not brought about any controversy or any company loss caused by disputes. There is no violation of</p>
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	<p>through claims by any third party.</p> <p>(5) Based on issues of defective house leasing declared in related files of this merger, Midea Holding shall provide sufficient compensations for all economic losses incurred by Midea Group (including its subsidiaries) where the leasehold relations above become invalid or other disputes occur, which are caused by rights claims from a third party or by means of an administrative authority exercising a right and therefore results in any economic losses due to eviction from rental houses, or any penalties subjected to by competent government departments or any recourse from related parties.</p> <p>(6) Based on the issues of defective land leasing declared in related files of this merger, when leasehold relations become invalid caused by defects of land leasing or when other disputes occur, resulting in any economic losses to Midea Group (including its subsidiaries) or through any penalties administered by competent government departments. Likewise if the lessor can't compensate for losses caused by such defective leasing, Midea Holding shall compensate Midea Group for losses caused by such defective land leasing</p> <p>Midea Holding will compensate any losses of Midea Group where a violation of guarantees and undertakings referred to previously occurs or such guarantees and undertakings are not consistent with the reality.</p>		<p>undertakings.</p> <p><b>7.2 The Use of Rental Houses of This Company</b></p> <p>The Report discloses that as of 31 December, 2012 , our company used 113 leasing houses in total, of which our company can't get the property certificate of 100 leasing houses from the leasing party. So far the contracts of 81 out of the 113 rental houses haven't been signed to extend the leasehold. The property certificates of 2 of the remaining 32 houses have been obtained while the other 30 certificates haven't been obtained. These 30 rental houses haven't rendered our company any economic loss or penalty caused by defective property rights, which result in removing to other rental houses.</p> <p><b>7.3 Land Use Rights of Leasing Use</b></p> <p>The "Report" discloses that as of 31 December, 2012, our company has had one case of using rental houses, covering a total area of 57,506.95 square meters for which the lessor of the rental land mentioned above did not provide any legal ownership files showing or detailing ownership of this land. So far this rental land</p>
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				<p>has not rendered our company any controversy or any loss caused by disputes. There has been no violation of undertakings.</p> <p><b>7.4 The Procedures of Renaming Land Owner Under Process Caused by the Alteration of the Company's Name</b></p> <p>The Report discloses that there are still 10 cases in the process of registering a new land owner caused by changing the company's name of our company and its subsidiaries. So far, five cases have been approved and the other five cases are still under review, which have not rendered any loss to the company. There has been no violation of undertakings.</p> <p><b>7.5 Processing the Renaming Procedures of Some Trademarks</b></p> <p>So far, 8 of the 62 trademarks cases involved in the Report have applied for cancellation of the subjects through their owners and these trademarks shall no longer be in use. The company will not apply for the renaming procedures for those trademarks. The</p>
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					renaming procedures of the remaining 54 cases have been processed and this undertaking has been fulfilled. There has been no violation of this undertaking.
	Other shareholders	Shareholders of Midea Group, Ningbo Maysun, Fang Hongbo, Huang Jian, Cai Qiwu, Yuan Liqun, Huang Xiaoming, Li Jianwei, Zheng Weikang, promise that since Midea Group is listed on the Shenzhen Stock Exchange Center, the transferal or delegation of others to manage these issued shares who have direct or indirect ownership of Midea Group, has been forbidden for a period of 36 months. Midea Group is not allowed to buy back those shares either.	2013-3-28	36 months from 18 September 2013, the date of Midea Group's listing, to 18 September 2016	<b>There has been no violation of this undertaking.</b>
Undertakings given in time of IPO or refinancing	The Company	1. In strict accordance with the rules of the CSRC, the Shenzhen Stock Exchange and the Company regarding the use of raised funds, the Company shall have a special account for its raised funds and use the funds only for the previously set purposes. 2. The funds raised in this private issue (after the issue expenses) shall all be used as working capital. 3. The Company shall not use the funds raised in this private issue to make any financial investment such as purchasing held-for-trading financial assets and available-for-sale financial assets, lending the funds to others and entrusted investments or to directly or indirectly invest in marketable securities.	2015-6-15	The undertakings shall expire when the raised funds have been used up.	<b>There has been no violation of this undertaking.</b>
	Xiaomi Technolog	Xiaomi Technology has given an undertaking that it shall not transfer the shares that it had subscribed for in this private offering of Midea Group within 36 months from the	2015-6-26	36 months from	<b>There has been no violation of this undertaking.</b>

	y	completion date of this offering (26 June 2015, the listing date for this offering).		the listing date of this private offering, i.e. to 26 June 2018	
Whether the undertaking is fulfilled in time	Yes				
Specific reasons for failing to fulfill any undertaking and plan for the next step (if any)	Inapplicable				

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

Has the semi-annual financial report been audited by a CPAs firm?

Yes  No

**XII Punishments and rectifications**

Applicable  Inapplicable

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

Applicable  Inapplicable

**XIV Other significant events**

Applicable  Inapplicable

The Pre-Plan for the First Repo of Some Public Shares was reviewed and approved at the 30<sup>th</sup> Meeting of the First Board of Directors on 26 June 2015 and later at the Second Special General Meeting for 2015 on 13 July 2015. According to the Pre-Plan, the Company would repurchase some of its shares under the price of RMB48.54/share and the total price for the repo should not exceed RMB1 billion. 29,591,644 shares were bought back during the period from 21 July 2015 to 31 July 2015, accounting for 0.69% of the Company's total shares. With the highest price at RMB35.74/share and the lowest at RMB30.69/share, the total repo price stood at RMB999,997,670.86, reaching the limit. As such, this repo plan has been carried out. And the Company cancelled the repo shares of 29,591,644 with the Shenzhen branch of China Securities Depository and Clearing Co., Ltd. on 6 August 2015.

## Section VI Changes in Shares and Particulars about Shareholders

### I Changes in shares

Unit: share

	Before the change		Increase/decrease in the change (+, -)					After the change	
	Number	Proportion (%)	New issue	Bonus shares	Capitalization of capital reserves	Other	Subtotal	Number	Proportion (%)
I Restricted shares	1,973,072,529	46.80%	55,093,750	0	0	-1,822,529	53,271,221	2,026,343,750	47.23%
1. Shares held by the state	0	0	0	0	0	0	0	0	0.00%
2. Shares held by state-owned corporations	0	0	0	0	0	0	0	0	0.00%
3. Shares held by other domestic investors	1,973,072,529	46.80%	55,093,750	0	0	-1,822,529	53,271,221	2,026,343,750	47.23%
Among which: Shares held by domestic corporations	1,571,250,000	37.27%	55,000,000	0	0		55,000,000	1,626,250,000	37.91%
Shares held by domestic individuals	401,822,529	9.53%	93,750	0	0	-1,822,529	-1,728,779	400,093,750	9.33%
4. Shares held by foreign investors	0	0	0	0	0	0	0	0	0.00%
Among which: Shares held by foreign corporations	0	0	0	0	0	0	0	0	0.00%
Shares held by foreign individuals	0	0	0	0	0	0	0	0	0.00%
II Non-restricted shares	2,242,735,943	53.20%	19,220,375	0	0	1,822,529	21,042,904	2,263,778,847	52.77%
1. RMB ordinary shares	2,242,735,943	53.20%	19,220,375	0	0	1,822,529	21,042,904	2,263,778,847	52.77%
2. Domestically listed foreign shares	0	0	0	0	0	0	0	0	0.00%
3. Overseas listed foreign shares	0	0	0	0	0	0	0	0	0.00%
4. Other	0	0	0	0	0	0	0	0	0.00%
III Total shares	4,215,808,472	100.00%	74,314,125	0	0	0	74,314,125	4,290,122,597	100.00%

Reasons for the changes in the shares:

√ Applicable □ Inapplicable



1. In the Report Period, the Company made a private offering of 55,000,000 restrictedly tradable shares to Xiaomi Technology, which were listed on the Shenzhen Stock Exchange on 26 June 2015.
2. On 15 May 2015, the Company disclosed the Indicative Announcement on the Commence of the Self-Decided Exercise by the Eligible Incentive Receivers for the First Exercise Period for the First Phase of the Stock Option Incentive Plan. And the exercise of stock options started on 18 May 2015. Up to the end of the Report Period, the incentive receivers have exercised 19,314,125 stock options in the First Phase of the Stock Option Incentive Plan, of which 125,000 stock options have been exercised by Company Secretary Jiang Peng on his own decision (93,750 shares locked up due to the 75% lock-up ratio requirement for the senior executives).
3. In June 2014, with confidence in the Company's long-term solid growth, Fang Hongbo, Yuan Liqun and Li Jianwei in the top management of the Company increased their shareholdings in the Company by approximately 2,430,037 shares in total from the secondary market (1,822,529 shares locked up due to the 75% lock-up ratio requirement for the senior executives). According to the applicable rules, the annual transferable shares for the senior executives shall be calculated [**the transferable shares=(restrictedly tradable shares+non-restrictedly tradable shares) × 25%**] at the first trading day of every year. As such, the aforesaid locked-up shares have been unlocked for trading at the beginning of 2015.

Approval of changes in the shares:

Applicable  Inapplicable

1. On 20 May 2015, the Issue Review Committee of the CSRC reviewed and approved the Company's application for a private offering to Xiaomi Technology.
2. On 11 June 2015, the Company received from the CSRC the Reply Regarding the Approval for the Private Offering of Midea Group Co., Ltd. (CSRC Permit [2015] No. 1169), approving a private offering of no more than 55,000,000 new shares by the Company to Xiaomi Technology.

Transfer of share ownership:

Applicable  Inapplicable

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

Applicable  Inapplicable

In the Report Period, the total shares of the Company increased from 4,215,808,472 to 4,290,122,597 due to the 19,314,125 stock options exercised by the incentive receivers on their own decision according to the First Phase of the Stock Option Incentive Plan and the 55,000,000 new shares in the private offering to Xiaomi Technology. And the effects of these changes in the shares on the basic EPS, diluted EPS, net assets per share attributable to the common shareholders of the Company and other financial indexes for the last year and the last report period are as follows:

Index	2014		First half of 2015
	Calculated on the previous total shares	Calculated on the new total shares	Calculated on the new total shares
Basic EPS	2.49	2.45	1.97
Diluted EPS	2.49	2.45	1.96
Net assets per share	9.36	9.20	10.76

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

Applicable  Inapplicable

Changes in the total shares, the shareholder structure and the asset and liability structure:

Applicable  Inapplicable

In the Report Period, the total shares of the Company increased from 4,215,808,472 to 4,290,122,597 due to the 19,314,125 stock options exercised by the incentive receivers on their own decision according to the First Phase of the Stock Option Incentive Plan and the 55,000,000 new shares in the private offering to Xiaomi Technology.

## II Total number of shareholders and their shareholdings

Unit: share

Total number of common shareholders at the end of the Report Period	86,731	Total number of preference shareholders with resumed voting rights at the period-end (if any)	0
Shareholdings of the common shareholders with a stake of over 5% or the top 10 common shareholders			

Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Total shares held at the period-end	Increase/decrease during the Report Period	Number of restricted shares held	Number of non-restricted shares held	Pledged or frozen shares	
							Status of shares	Number of shares
Midea Holding Co., Ltd.	Domestic non-state-owned corporation	34.88	1,496,250,000		1,496,250,000	0	Pledged	238,500,100
Rongrui Equity Investment (Zhuhai) Partnership (limited partnership)	Domestic non-state-owned corporation	7.10	304,500,000		0	304,500,000		
Fang Hongbo	Domestic individual	2.13	91,326,995		90,000,000	1,326,995		
Tianjin CDH Jiatai Equity Investment Partnership (limited partnership)	Domestic non-state-owned corporation	1.82	78,000,000		0	78,000,000		
Huang Jian	Domestic individual	1.75	75,181,900		75,000,000	181,900		
Ningbo Maysun Equity Investment Partnership (limited partnership)	Domestic non-state-owned corporation	1.75	75,000,000		75,000,000	0		
Yuan Liqun	Domestic individual	1.41	60,500,000		60,000,000	500,000		
CDH M-Tech (HK) Co., Ltd.	Overseas corporation	1.40	60,000,000		0	60,000,000		
CDH Spark (HK) Co., Ltd.	Overseas corporation	1.34	57,500,000		0	57,500,000		
Xiaomi Technology Co., Ltd.	Domestic non-state-owned corporation	1.28	55,000,000	55,000,000	50,000,000	0		
Strategic investors or common corporations becoming top-10 shareholders due to placing of new shares (if any)	The Company made a private offering of 55,000,000 restrictedly tradable shares to Xiaomi Technology, which were listed on the Shenzhen Stock Exchange on 26 June 2015.							
Related-parties or acting-in-concert parties among the shareholders above	Two individual shareholders Mr. Fang Hongbo and Ms. Yuan Liqun, serve as director and senior executive in Midea Group. CDH Jiatai, CDH M-Tech and CDH Spark, which hold a total of 4.56% shares in Midea Group, are related parties.							
Shareholdings of the top 10 non-restricted common shareholders								
Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares						
		Type	Number					
Rongrui Equity Investment (Zhuhai) Partnership (limited partnership)	304,500,000	RMB ordinary	304,500,000					

		share	
Tianjin CDH Jiatai Equity Investment Partnership (limited partnership)	78,000,000	RMB ordinary share	78,000,000
CDH M-Tech (HK) Co., Ltd.	60,000,000	RMB ordinary share	60,000,000
CDH Spark (HK) Co., Ltd.	57,500,000	RMB ordinary share	57,500,000
Merrill Lynch International	53,849,234	RMB ordinary share	53,849,234
UBS AG	51,289,194	RMB ordinary share	51,289,194
Deutsche Bank Aktiengesellschaft	41,953,094	RMB ordinary share	41,953,094
Carmignac Gestion—Carmignac Patrimoine (ETF)	36,974,378	RMB ordinary share	36,974,378
National Social Security Fund Portfolio 104	33,388,888	RMB ordinary share	33,388,888
Fidelity Investments Management (HK) Ltd.—Clients' Funds	31,786,204	RMB ordinary share	31,786,204
Related-parties or acting-in-concert parties among the top ten non-restricted shareholders and between the top ten non-restricted shareholders and the top ten shareholders	CDH Jiatai, CDH M-Tech and CDH Spark are related parties. Apart from that, the Company does not know whether there are other related parties among other shareholders of tradable shares and whether other shareholders of tradable shares belong to parties acting in concert as prescribed in the Administrative Measures for Information Disclosure for Shareholding Alteration in a Listed Company.		
Explanation on the top 10 common shareholders participating in securities margin trading (if any)	Inapplicable		

Note: Up to 14 August 2015, according to the register of shareholders of the Company (the top 100 shareholders) provided by the Shenzhen branch of China Securities Depository and Clearing Co., Ltd., China Securities Finance Co., Ltd. (CSF) directly holds 76,113,783 shares in the Company, representing a stake of 1.78%, which makes it the Company's third majority shareholder with tradable shares. Meanwhile, dozens of funds hold a total of 79,999,000 shares (a stake of 1.90%) in the Company through an asset management plan of CSF. In addition, Central Huijin Investment Ltd. directly holds 52,316,600 shares in the Company, representing a stake of 1.23%, which makes it the Company's sixth majority shareholder with tradable shares. The aforesaid 12 shareholders hold a total of 208,429,383 shares in the Company, accounting for 4.91% of the Company's total shares.

Whether any of the top 10 common shareholders or the top 10 non-restricted common shareholders of the Company conducted any promissory repo during the Report Period:

Yes  No

No such cases in the Report Period.

### **III Change of the controlling shareholder and the actual controller**

Change of the controlling shareholder in the Report Period

Applicable  Inapplicable

Change of the actual controller in the Report Period

Applicable  Inapplicable

### **IV Shareholding increase schemes proposed or implemented by the shareholders and their acting-in-concert parties during the Report Period**

Applicable  Inapplicable

No such cases in the Report Period to the best knowledge of the Company.

## Section VII Preference Shares

Applicable  Inapplicable

No preference shares in the Report Period.

## Section VIII Information about Directors, Supervisors and Senior Management

### I Changes in the shareholdings of the directors, supervisors and senior management

Applicable  Inapplicable

Name	Office title	Incumbent/ Former	Shares held at the period-beginning (share)	Shares increased in the Report Period (share)	Shares decreased in the Report Period (share)	Shares held at the period-end (share)	Restricted shares held at the period-beginning (share)	Restricted shares granted in the Report Period (share)	Restricted shares held at the period-end (share)
Li Jianwei	Director	Incumbent	50,603,042	0	203,042	50,400,000	0	0	0
Jiang Peng	Company Secretary	Incumbent	0	125,000	0	125,000	0	0	0
Total	--	--	50,603,042	125,000	203,042	50,525,000	0	0	0

Note: Company Secretary Jiang Peng increased his shareholdings in the Company during the Report Period for he exercised on his own decision the stock options granted to him according to the First Phase of the Stock Option Incentive Plan.

### II Changes in the directors, supervisors and senior management

Applicable  Inapplicable

## Section IX Financial Report

(The 2015 Semi-annual Financial Report of the Company has not been audited by a CPAs firm.)

### Consolidated Balance Sheet

Prepared by: Midea Group Co., Ltd.

30 June 2015

Unit: RMB'000

Asset	Note	Closing balance	Opening balance
<b>Current Assets:</b>			
Monetary funds	1	14,619,199.45	6,203,282.81
Deposit in Central Bank	2	1,827,040.08	1,279,592.47
Deposit in other banks	3	2,024,431.24	2,126,444.99
Derivative financial assets	4	14,339.10	162,513.84
Notes receivable	5	26,229,378.71	17,097,233.37
Accounts receivable	6	13,617,075.57	9,362,102.75
Accounts paid in advance	7	1,813,795.05	1,414,470.45
Loans and advances to customers	8	8,864,168.57	5,940,800.47
Interest receivable			
Dividends receivable	9	53,512.81	45,943.22
Other accounts receivable	10	1,227,915.83	1,180,767.53
Inventories	11		
Non-current assets due within 1 year		10,209,853.18	15,020,030.26
Other current assets	12		
<b>Total current assets</b>			
<b>Non-current assets:</b>			
Available-for-sale financial assets	13	2,257,721.98	1,655,494.72
Held-to-maturity investments			
Long-term accounts receivable			

Long-term equity investments	14	906,155.83	951,874.39
Investing properties	15	146,845.84	171,634.90
Fixed assets	16	18,857,466.98	19,521,814.06
Construction in progress	17	673,746.74	661,882.29
Engineering materials			
Disposal of fixed assets			
Intangible assets	18	3,265,368.09	3,431,958.12
R&D expense			
Goodwill	19	2,957,619.51	2,931,791.41
Long-term deferred expenses	20	803,688.22	758,576.10
Deferred income tax assets	21	4,181,374.55	3,779,987.55
Other non-current assets		122,852.23	
Total non-current assets		34,172,839.97	33,865,013.54
Total assets		141,782,687.12	120,292,088.16

**Legal representative:**  
**Fang Hongbo**

**Person-in-charge of  
the accounting work:**  
**Yuan Liqun**

**Chief of the accounting  
division: Chen Jianwu**

### Consolidated Balance Sheet (Continued)

Prepared by: Midea Group Co., Ltd.

30 June 2015

Unit: RMB'000

Liabilities and shareholders' equity	Note	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings	22	10,346,605.38	6,070,879.03
Borrowings from the Central Bank			
Customer bank deposits and due to banks and other financial institutions	23	21,200.85	7,493.81
Intra-group borrowings			
Derivative financial liabilities	24	155,571.85	74,960.70



Financial assets sold and repurchased		131,807.66	
Notes payable	25	22,787,992.23	12,648,496.99
Accounts payable	26	19,270,838.33	20,137,454.46
Accounts received in advance	27	2,868,186.11	3,992,540.46
Payroll payable	28	1,486,339.67	2,199,776.95
Taxes and fares payable	29	4,124,942.46	3,280,150.71
Interest payable	30	39,693.38	22,912.17
Dividends payable	31	292,795.58	93,799.03
Other accounts payable	32	1,120,799.95	1,223,548.76
Non-current liabilities due within 1 year	33		
Other current liabilities	34	25,978,102.27	22,778,936.05
Total current liabilities		88,624,875.72	73,142,849.12
Non-current liabilities:			
Long-term borrowings	35	10,575.18	19,205.03
Bonds payable	36	158,501.30	153,026.30
Long-term payables			
Specific payables	37	116,311.16	851,825.49
Projected liabilities	38	25,980.02	25,573.83
Deferred revenues	39	371,492.54	342,235.91
Deferred income tax liabilities	21	25,525.79	25,917.24
Other non-current liabilities			
Total non-current liabilities		708,385.99	1,417,783.80
Total liabilities		89,333,261.71	74,560,632.92
Shareholders' equity			
Share capital	40	4,290,122.60	4,215,808.47
Capital reserves	41	15,311,738.38	13,024,883.19
Less: Treasury stock			
Other comprehensive income	42	-559,540.66	-774,298.83

Surplus reserves	43	1,189,791.32	1,189,791.32
Provisions for general risks	44	40,516.92	
Retained profits	45	25,882,112.91	21,814,315.69
Total equity attributable to owners of the Company		46,154,741.47	39,470,499.84
Minority interests		6,294,683.94	6,260,955.40
Total shareholders' equity		52,449,425.41	45,731,455.24
Total liabilities and shareholders' equity		141,782,687.12	120,292,088.16

**Legal representative:**  
**Fang Hongbo**

**Person-in-charge of  
the accounting work:**  
**Yuan Liqun**

**Chief of the accounting  
division: Chen Jianwu**

### Consolidated Income Statement

Prepared by: Midea Group Co., Ltd.

January-June 2015

Unit: RMB'000

Item	Note	Current period	Same period of last year
I. Operating revenues		82,875,070.41	77,708,218.36
Including: Sales income	1	82,509,143.78	77,330,851.84
Interest income	2	363,832.38	376,858.22
Handling charge and commission income		2,094.25	508.30
II. Operating costs		73,632,412.38	69,018,279.27
Including: Cost of sales	1	59,878,905.74	57,343,283.31
Interest expenses	2	317,071.49	191,553.43
Handling charge and commission expenses	3	888.28	727.61
Business tax and surtaxes	4	568,635.77	446,827.77
Selling expenses	5	8,986,099.39	7,623,680.06
Administrative expenses	6	3,604,757.13	3,349,324.40
Financial expenses	7	-777.60	-288,553.70
Asset impairment loss	8	276,832.18	351,436.39
Add: Gain/(loss) from change in fair value ("-" for loss)	9	-217,464.01	-788,353.68
Investment gains	10	1,181,204.85	426,447.09

Including: share of profits in associates and joint ventures		43,126.51	34,977.39
III. Operating profits		10,206,398.87	8,328,032.50
Add: non-operating income	11	650,591.41	553,423.06
Including: gains from non-current asset disposal		38,172.48	40,031.43
Less: non-operating expense	12	100,416.37	133,112.02
Including: loss from non-current asset disposal		77,444.62	99,791.39
IV. Total profits		10,756,573.91	8,748,343.54
Less: Income tax expense	13	1,808,006.29	1,530,715.47
V. Net profit		8,948,567.62	7,217,628.07
Including: Net profit achieved by combined parties before the combinations			
Attributable to owners of the Company		8,324,122.61	6,610,132.76
Minority shareholders' income		624,445.01	607,495.31
VI. After-tax net amount of other comprehensive incomes	14	123,525.49	-391,206.22
After-tax net amount of other comprehensive incomes attributable to owners of the Company		214,758.17	-424,263.31
(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		214,758.17	-424,263.31
1. Enjoyable shares in other comprehensive incomes in investees		-5,421.14	2,917.31

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		10,918.32	-20.83
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		360,415.30	-397,294.30
5. Foreign-currency financial statement translation difference		-151,154.31	-29,865.49
6. Other			
After-tax net amount of other comprehensive incomes attributable to minority shareholders		-91,232.68	33,057.09
VII. Total comprehensive incomes		9,072,093.110	6,826,421.85
Attributable to owners of the Company		8,538,880.78	6,185,869.45
Attributable to minority shareholders		533,212.33	640,552.40
VIII. Earnings per share			
(I) Basic earnings per share	XVI	1.97	1.57
(II) Diluted earnings per share	XVI	1.96	1.57

Legal representative:  
Fang Hongbo

Person-in-charge of the  
accounting work:  
Yuan Liqun

Chief of the accounting division:  
Chen Jianwu

### Consolidated Cash Flow Statement

Prepared by: Midea Group Co., Ltd.

January-June 2015

Unit: RMB'000

Item	Note	Current period	Same period of last year
I. Cash flows from operating activities:			
Cash received from sale of commodities and rendering of service		60,039,034.87	50,376,575.36

Net increase of deposits from customers and dues from banks		13,707.04	216.14
Net increase of loans from the central bank			
Cash received from interest, handling charges and commissions		365,926.63	377,366.52
Tax refunds received		2,127,729.60	1,916,846.95
Other cash received relating to operating activities	1	1,746,301.16	1,235,894.43
Subtotal of cash inflows from operating activities		64,292,699.30	53,847,189.77
Cash paid for goods and services		32,721,673.09	23,640,077.67
Net increase of customer lendings and advances		2,923,618.32	-140,373.38
Net increase of funds deposited in the central bank and amount due from banks		349,941.04	-74,239.40
Cash for paying interest, handling charges and commissions		317,959.77	193,074.20
Cash paid to and for employees		6,130,766.11	5,562,772.47
Various taxes paid		5,135,145.75	4,432,638.16
Other cash payment relating to operating activities	2	7,897,923.33	7,061,777.20
Subtotal of cash outflows from operating activities		55,477,027.41	40,675,726.92
Net cash flows from operating activities		8,815,671.89	13,171,462.85
II. Cash flows from investing activities:			
Cash received from retraction of investments		6,736.94	4,001,000.00
Cash received from return on investments		1,042,100.46	288,626.73
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		205,285.26	1,116,283.31
Net cash received from disposal of			

subsidiaries or other business units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		1,254,122.66	5,405,910.04
Cash paid to acquire fixed assets, intangible assets and other long-term assets		1,166,630.67	1,388,961.92
Cash paid for investment		8,915,487.43	26,488,790.03
Net cash paid to acquire subsidiaries and other business units		-2,895.34	14,878.11
Other cash payments relating to investing activities			
Subtotal of cash outflows from investing activities		10,079,222.76	27,892,630.06
Net cash flows from investing activities		-8,825,100.10	-22,486,720.02
III. Cash flows from financing activities:			
Cash received from capital contributions		1,493,431.29	
Including: Cash received from minority shareholder investments by subsidiaries		13,459.97	
Cash received from borrowings		12,782,285.41	24,804,161.79
Cash received from issuance of medium term notes			
Cash received from issuance of short-term financing bonds			
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		14,275,716.70	24,804,161.79
Cash repayment of borrowings		9,388,064.09	15,368,031.10
Cash for repaying medium term notes			1,000,000.00
Cash for repaying short-term			

financing bonds			
Cash paid for interest expenses and distribution of dividends or profit		4,614,943.74	3,644,368.15
Including: dividends or profit paid by subsidiaries to minority shareholders		378,347.40	268,328.09
Other cash payments relating to financing activities			
Sub-total of cash outflows from financing activities		14,003,007.83	20,012,399.25
Net cash flows from financing activities		272,708.87	4,791,762.54
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-28,372.78	-11,048.22
V. Net increase in cash and cash equivalents		234,907.88	-4,534,542.85
Add: Opening balance of cash and cash equivalents		5,272,238.35	16,763,873.80
VI. Closing balance of cash and cash equivalents		5,507,146.23	12,229,330.95

**Legal representative:**  
**Fang Hongbo**

**Person-in-charge of  
the accounting work:**  
**Yuan Liqun**

**Chief of the accounting division:**  
**Chen Jianwu**

## Consolidated Statement of Changes in Shareholders' Equity

Prepared by: Midea Group Co., Ltd.

January-June 2015

Unit: RMB'000

Item	Current period									
	Equity attributable to shareholders of the Company								Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Less: treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Preparation for general risks	Retained profit		
I. Balance at the end of the previous year	4,215,808.47	13,024,883.19		-774,298.83		1,189,791.32		21,814,315.69	6,260,955.40	45,731,455.24
Add: change of accounting policy										
Correction of errors in previous periods										0
Enterprise merger under the same control										
Other										
II. Balance at the beginning of the year	4,215,808.47	13,024,883.19		-774,298.83		1,189,791.32		21,814,315.69	6,260,955.40	45,731,455.24
III. Increase/	74,314.13	2,286,855.19		214,758.17			40,516.92	4,067,797.22	33,728.54	6,717,970.17



decrease in the period (“-” means decrease)										
(I) Total amount of the comprehensive income				214,758.17				8,324,122.61	533,212.33	9,072,093.11
(II) Capital paid in and reduced by owners	74,314.13	1,571,763.72							28,635.93	1,674,713.78
1. Capital paid by owners	74,314.13	1,541,545.15							13,464.34	1,629,323.62
2. Capital increased by holders of other equity instruments										
3. Amounts of share-based payments recognized in owners' equity		30,218.57							15,171.59	45,390.16
4. Other										
(III) Profit distribution							40,516.92	-4,256,325.39	-534,219.99	-4,750,028.46
1. Appropriations to surplus reserves										

2. Appropriations to general risk provisions							40,516.92	-40,516.92		
3. Appropriations to owners								-4,215,808.47	-534,219.99	-4,750,028.46
4. Other										
(IV) Internal carry-forward of owners' equity										
1. New increase of capital from capital public reserves										
2. New increase of 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		715,091.47							6,100.27	721,191.74
IV. Closing balance	4,290,122.60	15,311,738.38		-559,540.66		1,189,791.32	40,516.92	25,882,112.91	6,294,683.94	52,449,425.41

Legal representative: Fang Hongbo      Person-in-charge of the accounting work: Yuan Liqun      Chief of the accounting division: Chen Jianwu

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

Prepared by: Midea Group Co., Ltd.

January-June 2015

Unit: RMB'000

Item	Same period of last year									
	Equity attributable to shareholders of the Company								Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Less: treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Preparation for general risks	Retained profit		
I. Balance at the end of the previous year	1,686,323.39	15,620,790.78		-334,216.66		569,544.32		15,304,989.21	6,233,131.24	39,080,562.28
Add: change of accounting policy		-54,486.84		54,486.84						
Correction of errors in previous periods										
Enterprise										

merger under the same control										
Other										
II. Balance at the beginning of the year	1,686,323.39	15,566,303.94		-279,729.82		569,544.32		15,304,989.21	6,233,131.24	39,080,562.28
III. Increase/decrease in the period (“-” means decrease)	2,529,485.08	-2,541,420.75		-494,569.01		620,247.00		6,509,326.48	27,824.16	6,650,892.96
(I) Total amount of the comprehensive income				-494,569.01				10,502,220.26	1,042,212.60	11,049,863.85
(II) Capital paid in and reduced by owners		152,799.76							33,285.23	186,084.99
1. Capital paid by owners									7,927.91	7,927.91
2. Capital increased by holders of other equity instruments										
3. Amounts of share-based payments		150,991.31							25,357.32	176,348.63

recognized in owners' equity										
4. Other		1,808.45								1,808.45
(III) Profit distribution						620,247.00		-3,992,893.78	-535,379.84	-3,908,026.62
1. Appropriations to surplus reserves						620,247.00		-620,247.00		
2. Appropriations to general risk provisions										
3. Appropriations to owners								-3,372,646.78	-535,379.84	-3,908,026.62
4. Other										
(IV) Internal carry-forward of owners' equity	2,529,485.08	-2,529,485.08								
1. New increase of capital from capital public reserves	2,529,485.08	-2,529,485.08								
2. New increase of 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		-164,735.43							-512,293.83	-677,029.26
IV. Closing balance	4,215,808.47	13,024,883.19		-774,298.83		1,189,791.32		21,814,315.69	6,260,955.40	45,731,455.24

Legal representative: Fang Hongbo

Person-in-charge of the accounting work: Yuan Liqun

Chief of the accounting division: Chen Jianwu

## Balance Sheet of the Company

Prepared by: Midea Group Co., Ltd.

30 June 2015

Unit: RMB'000

Asset	Note	Closing balance	Opening balance
Current Assets:			
Monetary funds		22,997,109.64	8,452,623.95
Derivative financial assets		6,571.22	
Notes receivable		4,040,598.01	693,828.61
Accounts receivable			
Accounts paid in advance		7,360.97	1,102.42
Interest receivable			
Dividends receivable		967,484.80	280,771.02
Other accounts receivable	1	3,925,952.78	2,418,306.21
Inventories			
Non-current assets due within 1 year			
Other current assets		20,709,941.05	22,892,049.61
Total current assets		52,655,018.47	34,738,681.82
Non-current assets:			
Available-for-sale financial assets		1,218,277.80	1,230,277.80
Held-to-maturity investments			
Long-term accounts receivable			
Long-term equity investments	2	16,945,396.09	16,548,882.73
Investing properties		287,025.23	323,355.75
Fixed assets		1,347,841.97	1,653,024.17
Construction in progress		94,389.83	42,386.34
Engineering materials			
Disposal of fixed assets			
Intangible assets		261,404.65	280,656.35
R&D expenses			

Goodwill			
Long-term deferred expenses		59,731.03	68,787.68
Deferred income tax assets		302.04	4,483.56
Other non-current assets			
Total non-current assets		20,214,368.64	20,151,854.38
Total assets		72,869,387.11	54,890,536.20

**Legal representative:** Fang Hongbo      **Person-in-charge of the accounting work:** Yuan Liqun      **Chief of the accounting division:** Chen Jianwu

### Balance Sheet of the Company (Continued)

Prepared by: Midea Group Co., Ltd.

30 June 2015

Unit: RMB'000

Liabilities and shareholders' equity	Note	Closing balance	Opening balance
Current liabilities:			
Short-term borrowings			
Derivative financial liabilities			
Notes payable			
Accounts payable		3,469.28	2,671.39
Accounts received in advance			
Payroll payable		3,691.69	16,865.00
Taxes and fares payable		116,856.80	51,951.23
Interest payable		171,502.27	217,050.96
Dividends payable			
Other accounts payable		52,649,761.67	36,057,338.71
Non-current liabilities due within 1 year			
Other current liabilities			
Total current liabilities		52,945,281.71	36,845,932.07
Non-current liabilities:			
Long-term borrowings			
Bonds payable			



Long-term payables			
Specific payables			
Projected liabilities			
Deferred income tax liabilities		1,642.81	
Other non-current liabilities			
Total non-current liabilities		1,642.81	
Total liabilities		52,946,924.52	36,845,932.07
Shareholders' equity			
Share capital		4,290,122.60	4,215,808.47
Capital reserves		6,831,090.74	5,356,080.10
Less: Treasury stock			
Other comprehensive income			
Surplus reserves		1,189,791.32	1,189,791.32
Retained profits		7,611,457.93	7,282,924.24
Shareholders' equity		19,922,462.59	18,044,604.13
Total liabilities and shareholders' equity		72,869,387.11	54,890,536.20

**Legal representative:**  
Fang Hongbo

**Person-in-charge of the accounting work:**  
Yuan Liqun

**Chief of the accounting division:** Chen Jianwu

### Income Statement of the Company

Prepared by: Midea Group Co., Ltd.

January-June 2015

Unit: RMB'000

Item	Note	Current period	Same period of last year
I. Sales income	1	469,983.10	365,575.75
Less: cost of sales	1	14,341.34	8,067.65
Business tax and surtaxes		937.58	4,834.15
Selling expenses			
Administrative expenses		265,620.33	173,013.55
Financial costs		388,212.87	17,137.16
Asset impairment loss		193.72	-4,436.52

Add: gain from change in fair value		6,626.00	-8,329.12
Investment gains	2	4,808,389.03	3,499,071.54
Including: income from investment on associates and joint ventures		6,062.32	44.77
II. Operating profits		4,615,692.29	3,657,702.18
Add: non-operating income		50,143.78	8,477.51
Less: non-operating expense		4,459.28	8,870.09
Including: loss from non-current asset disposal		3,734.46	8,769.43
III. Total profits		4,661,376.79	3,657,309.60
Less: income tax expense		117,034.63	3,841.65
IV. Net profit		4,544,342.16	3,653,467.95
V. After-tax net amount of other comprehensive incomes			
(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			
1. Enjoyable shares in other comprehensive incomes in investees that will be reclassified into gains and losses under the equity method			
2. Gains and losses on fair			

value changes of available-for-sale financial assets			
3. Gains and losses on reclassifying held-to-maturity investments into available-for-sale financial assets			
4. Effective hedging gains and losses on cash flows			
5. Foreign-currency financial statement translation difference			
6. Other			
VI. Total comprehensive income		4,544,342.16	3,653,467.95

**Legal representative:** Fang Hongbo      **Person-in-charge of the accounting work:** Yuan Liquan      **Chief of the accounting division:** Chen Jianwu

### Cash Flow Statement of the Company

Prepared by: Midea Group Co., Ltd.

January-June 2015

Unit: RMB'000

Item	Note	Current period	Same period of last year
I. Cash flows from operating activities:			
Cash received from sale of commodities and rendering of service			
Tax refunds received			
Other cash received relating to operating activities		14,694,988.17	19,341,190.68
Subtotal of cash inflows from operating activities		14,694,988.17	19,341,190.68
Cash paid for goods and services			
Cash paid to and for employees		145,199.43	27,900.87
Various taxes paid		12,464.53	4,309.27
Other cash payment relating to operating activities		1,786,332.95	59,580.27
Subtotal of cash outflows from operating activities		1,943,996.91	91,790.41
Net cash flows from operating activities		12,750,991.26	19,249,400.27

II. Cash flows from investing activities:			
Cash received from retraction of investments		12,000.00	24,901.98
Cash received from return on investments		4,004,819.44	2,705,700.46
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		354.15	36,984.39
Net cash received from disposal of subsidiaries or other business units			
Other cash received relating to investing activities			
Subtotal of cash inflows from investing activities		4,017,173.59	2,767,586.83
Cash paid to acquire fixed assets, intangible assets and other long-term assets		239,058.60	172,426.07
Cash paid for investment		6,049,973.45	20,875,420.03
Net cash paid to acquire subsidiaries and other business units			
Other cash payments relating to investing activities			
Subtotal of cash outflows from investing activities		6,289,032.05	21,047,846.10
Net cash flows from investing activities		-2,271,858.46	-18,280,259.27
III. Cash flows from financing activities:			
Cash received from capital contributions		1,479,971.31	
Of which: Cash received by subsidiaries as minority shareholder investments			
Cash received from borrowings			1,100,000.00
Cash received from issuance of medium term notes			
Cash received from issuance of			

short-term financing bonds			
Other cash received relating to financing activities			
Subtotal of cash inflows from financing activities		1,479,971.31	1,100,000.00
Cash repayment of borrowings		500,000.00	740,000.00
Cash for repaying medium term notes			1,000,000.00
Cash for repaying short-term financing bonds			
Cash paid for interest expenses and distribution of dividends or profit		4,965,193.24	3,670,757.28
Of which: Dividends and shares of profit paid by subsidiaries to minority shareholders			
Other cash payments relating to financing activities			
Sub-total of cash outflows from financing activities		5,465,193.24	5,41,757.28
Net cash flows from financing activities		-3,985,221.93	-4,310,757.28
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-	
V. Net increase in cash and cash equivalents		6,493,910.87	-3,341,616.28
Add: Opening balance of cash and cash equivalents		6,879,717.05	13,809,135.41
VI. Closing balance of cash and cash equivalents		13,373,627.92	10,467,519.13

**Legal representative:**  
**Fang Hongbo**

**Person-in-charge of the accounting work:** Yuan Liquan

**Chief of the accounting division:** Chen Jianwu

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

Prepared by: Midea Group Co., Ltd.

January-June 2015

Unit: RMB'000

Item	Current period							Total shareholders' equity
	Share capital	Capital reserve	Less: treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Retained profit	
I. Balance at the end of the previous year	4,215,808.47	5,356,080.10				1,189,791.32	7,282,924.24	18,044,604.13
Add: change of accounting policy								
Correction of errors in previous periods								
Other								
II. Balance at the beginning of the year	4,215,808.47	5,356,080.10				1,189,791.32	7,282,924.24	18,044,604.13
III. Increase/ decrease in the period	74,314.13	1,475,010.64					328,533.69	1,877,858.46
(I) Total comprehensive incomes							4,544,342.16	4,544,342.16
(II) Capital increased and reduced by owners	74,314.13	1,475,010.64						1,549,324.77

1. Common shares increased by shareholders	74,314.13	1,541,545.15						1,615,859.28
2. Capital increased by holders of other equity instruments								
3. Amounts of share-based payments recognized in owners' equity		-66,534.51						-66,534.51
4. Other								
(III) Profit distribution							-4,215,808.47	-4,215,808.47
1. Appropriations to surplus reserves								
2. Appropriations to owners (or shareholders)							-4,215,808.47	-4,215,808.47
3. 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	4,290,122.60	6,831,090.74				1,189,791.32	7,611,457.93	19,922,462.59

Legal representative: Fang Hongbo  
accounting division: Chen Jianwu

Person-in-charge of the accounting work: Yuan Liquan

Chief of the

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

Prepared by: Midea Group Co., Ltd.

January-June 2015

Unit: RMB'000

Item	Same period of last year							
	Share capital	Capital reserve	Less: treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Retained profit	Total shareholders' equity
I. Balance at the end of the previous year	1,686,323.39	7,880,598.46				569,544.32	5,073,348.03	15,209,814.20
Add: change of accounting policy								
Correction of errors in previous periods								
Other								



II. Balance at the beginning of the year	1,686,323.39	7,880,598.46				569,544.32	5,073,348.03	15,209,814.20
III. Increase/ decrease in the period	2,529,485.08	-2,524,518.36				620,247.00	2,209,576.21	2,834,789.93
(I) Total comprehensive incomes							6,202,469.99	6,202,469.99
(II) Capital increased and reduced by owners		4,966.72						4,966.72
1. Common shares increased by shareholders								
2. Capital increased by holders of other equity instruments								
3. Amounts of share-based payments recognized in owners' equity		3,105.73						3,105.73
4. Other		1,860.99						1,860.99
(III) Profit distribution						620,247.00	-3,992,893.78	-3,372,646.78
1. Appropriations to surplus reserves						620,247.00	-620,247.00	
2. Appropriations to owners (or shareholders)							-3,372,646.78	-3,372,646.78
3. Other								
(IV) Internal carry-forward	2,529,485.08	-2,529,485.08						

of owners' equity								
1. New increase of capital (or share capital) from capital public reserves	2,529,485.08	-2,529,485.08						
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	4,215,808.47	5,356,080.10				1,189,791.32	7,282,924.24	18,044,604.13

**Legal representative: Fang Hongbo**  
**accounting division: Chen Jianwu**

**Person-in-charge of the accounting work: Yuan Liquan**

**Chief of the**

# Midea Group Co., Ltd.

## Notes to the Financial Statements

Currency unit: RMB'000

### 1. Basic Information of Our Company

Midea Group Co. Ltd. (hereinafter referred to as “the Company”) was promoted and set up by the Council of Trade Unions of GD Midea Group Co. Ltd., and had registered in Foshan Shunde Market Safety Supervision Bureau on 7 April 2000, of which the headquarter located in Foshan, Guangdong Province. On 29 July 2013, CSRC issued the “Reply on Approval of Merger of GD Midea Electric Appliance Co. Ltd. by Midea Group Co. Ltd.”, approving the Company’s issuance of 686,323,389 shares to merge GD Midea Electric Appliance Co. Ltd. The shares of the Company had been listed for trading in SZSE on 18 September 2013.

On 30 June 2015, the total amount of the shares was of 4,290,122,597 shares (with the book value of RMB1 per share). Of which, the A share of the circulating shares with restricted conditions was of 2,026,343,750 shares while the non-restricted was of 2,263,778,847 shares.

The Company belongs to the household appliance industry. And the business scope: Production and business of home appliances, motors and their parts; import and export of home appliances, home appliances raw materials and parts (application is handled in accordance with relevant government regulations as products not involved in state-owned trade management, but involved in quota and license management); IT services; investment consultancy and management services for companies; development of computer software and hardware; installation, maintenance and after-sales service of home appliances; design of industrial products; management of hotels; agency of advertisements; property management; research, development, marketing and promotion of projects and technologies needed by companies. (Items of business scope covering administrative license should be run with valid license or certificate of approval). The major products or the labor provided: household electrical appliances, motor and its components.

The Company included more than one hundred subsidiaries such as Guangdong Midea Refrigeration Equipment Co., Ltd., Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd., and Midea Group Wuhan Refrigeration Equipment Co., Ltd. into the current consolidated financial statement scope, of which the details,

please refer to the notes of the changes of the notes of the consolidated scope of the financial statement as well as the equities of other entities.

## **II. Preparation basis of the financial statements**

### **(I) Preparation basis**

The financial statement prepared according to the ASBE - Basic Standards, each regulation of the specific accounting standards and the relevant regulations (hereinafter referred to as "ASBE") issued by Ministry of Finance on 15 February 2006 and the periods afterwards. The financial statement executed the presentation and the disclosure according to the requirements of No. 32 of ASBE – Medium-term Financial Report issued by Ministry of Finance and the financial statement should be read accompanied with the Y2014 financial statement of the Group. The accounting policies adopted by the financial statement were the same as that adopted by the Group when preparing the Y2014 financial statement.

The Company's preparation of the financial statements is based on continuing operations.

### **(II) Assessment on the constant operating ability**

There was no any event or situation which led the assumption of the constant operating within 12 months since the period-end cause any significant misgiving.

## **III. Significant accounting policies and accounting estimates**

Important reminders: the Company formulated the specific accounting policies and accounting estimates aimed at the transactions or events such as the bad debt provisions of the receivable accounts, depreciation of the fixed assets, amortization of intangible assets and the confirm of the revenues according to the actual production and operating characteristics.

### **(I) Declaration on compliance with the Accounting Standards for Enterprises**

The Company's financial statements meet the requirements of the Accounting Standards for Enterprises, truthfully and completely reflecting information on its financial condition, results of operations and cash flows.

### **(II) Accounting period**

The accounting year starts on 1 January and ends on 31 December of Gregorian calendar.

### **(III) Operating cycle**

The operating cycle of the operating business of the Company is fairly short and regards 12 months as the dividend standard of the mobility of the assets and liabilities.

## (IV) Reporting currency

RMB is adopted as the reporting currency.

## (V) Accounting treatment of business combination under common control and not under common control

## 1. Accounting treatment of business combination under common control

The assets and liabilities that the Company obtains in a business combination are measured on the basis of their carrying amount of the combined party among the consolidated financial statement of the final control party on the combining date. As for the balance between the book value amount of the owners' equities of the combined party among the consolidated financial statement of the final control party and the book value of paid consolidated consideration and the total amount of the book value of the shares issued, the additional paid-in capital has been adjusted. If the additional paid-in capital is insufficient to be offset, the retained earnings are adjusted.

## 2. Accounting treatment of business combination not under common control

The Company recognizes the positive balance between the combination costs and the fair value of the identifiable net assets it obtains from the acquiree as business reputation. For the balance between the combination costs and the fair value of the identifiable net assets the Company obtains from the acquiree, it first reexamines the measurement of the fair values of the identifiable assets, liabilities and contingent liabilities it obtains from the acquiree as well as the combination costs; if, after the reexamination, the combination costs are still less than the fair value of the identifiable net assets it obtains from the acquiree, it records the balance into the profits and losses of the current period.

## (VI) Preparation method of the financial statements

The consolidated financial statements of the parent company involve all its subsidiaries. The consolidated financial statements is prepared by parent enterprise in accordance with the "Accounting Standard for Business Enterprises No 33-Consolidated Financial Statements" based on the financial statement of parent enterprise and subsidiaries, in accordance with other relevant materials, as adjusted long term share investment by equity method.

## (VII) Category of the joint venture arrangement and the accounting treatment of the joint operation

## 1. Joint venture arrangement classified into joint operation and joint venture enterprises.

2. When the Company is the joint venture party of the joint operating, the following items related to the interests shares of the joint operation should be confirmed:

- (1) Confirms the assets individually held and confirms the assets jointly held according to the holding portion;
- (2) Confirms the liabilities individually undertook and confirms the liabilities jointly undertook according to the holding portion;
- (3) Confirms the revenues occurred from the selling of the output shares of the joint operation enjoyed by the Company;
- (4) Confirms the revenues occurred from the selling of the assets of the joint operation according to the holding portion of the Company;
- (5) Confirms the expenses individually occurred and confirms the expenses occurred from the joint operation according to the holding portion of the Company.

#### (VIII) Recognition criteria of cash and cash equivalents

The term "cash" listed in the cash flow statement refers to cash on hand and deposits that are readily available for payment. The term "cash equivalents" refers to short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

#### (IX) Translation of foreign currency transactions and statements

##### 1. Translation of foreign currency transactions

At the time of initial recognition of a foreign currency transaction, the amount in the foreign currency is translated into RMB amount at the spot exchange rate of the transaction date. On the balance sheet date, the foreign currency monetary items are translated at the spot exchange rate of that day. The balance of exchange arising from the exchange rate difference, except the exchange balance of principal and interest of foreign currency borrowings used in acquisition and construction of assets eligible for capitalization, is recorded into the profits and losses at the current period or other comprehensive income.

##### 2. Translation of foreign currency statements

The asset and liability items in the balance sheets are translated at a spot exchange rate on the balance sheet date. Among the owner's equity items, except the ones as "undistributed profits", others are translated at the spot exchange rate at the time when they are incurred. The income and expense items in the profit statements are translated at the spot exchange rate of the transaction date. The balance arisen from the translation of foreign currency financial statements in compliance with the aforesaid translation methods is presented separately under the owner's equity item of the balance sheets.

## (X) Financial instruments

### 1. Classification of financial assets and liabilities

Financial assets are classified into the following four categories when they are initially recognized: Financial assets which are measured at their fair values and the variation of which is recorded into the profits and losses of the current period (including transactional financial assets and the financial assets which are measured at their fair values and of which the variation is included in the current profits and losses), the investments which will be held to their maturity, loans and the account receivables, and financial assets available for sale.

Financial liabilities are classified into the following two categories when they are initially recognized: Financial liabilities measured by fair value and their change is recorded in current profit and loss (including transactional financial liabilities and the financial liabilities which are measured at their fair values and of which the variation is included in the current profits and losses), and other financial liabilities.

### 2. Recognition, measurement and derecognizing conditions of financial assets and liabilities

When the Company becomes a party to a financial instrument, it recognizes a financial asset or financial liability. Financial assets and liabilities are measured by fair value when they are initially recorded. For financial assets and liabilities measured by fair value and their change is recorded in current profit and loss, their related transaction expenses are directly recorded in current profit and loss. For financial assets and liabilities of other categories, their related transaction expenses are recorded in the initially recognized amount.

The Company makes subsequent measurement on its financial assets according to their fair values, and may not deduct the transaction expenses that may occur when it disposes of the said financial asset in the future. However, those under the following circumstances are excluded: (1) The investments held until their maturity, loans and accounts receivable are measured on the basis of the post-amortization costs by adopting the actual interest rate method; (2) The equity instrument investments for which there is no quotation in the active market and whose fair value cannot be measured reliably, and the derivative financial assets which are connected with the said equity instrument and must be settled by delivering the said equity instrument are measured on the basis of their costs.

The Company makes subsequent measurement on its financial liabilities on the basis of the post-amortization costs by adopting the actual interest rate method, with the exception of those under the following circumstances:

(1) For the financial liabilities measured at their fair values and of which the variation is recorded into the profits and losses of the current period, they are measured at their fair values, and none of the transaction expenses may be deducted, which may occur when the financial liabilities are settled in the future; (2) For the derivative

financial liabilities, which are connected to the equity instrument for which there is no quotation in the active market and whose fair value cannot be reliably measured, and which must be settled by delivering the equity instrument, they are measured on the basis of their costs; (3) For the financial guarantee contracts which are not designated as a financial liability measured at its fair value and the variation thereof is recorded into the profits and losses of the current period, and for the commitments to grant loans which are not designated to be measured at the fair value and of which the variation is recorded into the profits and losses of the current period and which will enjoy an interest rate lower than that of the market, a subsequent measurement is made after they are initially recognized according to the higher one of the following: i. the amount as determined according to the Accounting Standards for Enterprises No 13 - Contingencies.; ii. the surplus after accumulative amortization as determined according to the principles of the Accounting Standards for Enterprises No 14 - Revenues is subtracted from the initially recognized amount.

The profits and losses arising from the change in the fair value of a financial asset or financial liability are dealt with according to the following provisions, unless it is related to hedging: (1) The profits and losses, arising from the change in the fair value of the financial asset or financial liability which is measured at its fair value and of which the variation is recorded into the profits and losses of the current period, are recorded into the profits and losses on the changes in fair value. The interests or cash dividends obtained during the holding of assets are recognized as investment income. Upon disposal, the differences between actual amount received and the amount initially recorded are recognized as investment income, and the profits and losses on the changes in fair value account are adjusted into investment income. (2) The change in the fair value of a sellable financial asset is included in capital reserve. The interest calculated according to the actual interest rate method is recorded into investment income. The cash dividends of the sellable equity instrument investments are recorded into investment income when the investee announces the distribution of dividends. Upon disposal, the differences between actual amount received and the carrying amount deducted of the accumulated amount of changes in the fair value that has been originally recorded in capital reserve are recognized as investment income.

Financial assets are derecognized as the rights to receive cash flows from the investments have expired, or all substantial risks and rewards to the ownership have been transferred. When all or part of the current obligation of the financial liability is discharged, the financial asset or part of it is derecognized subsequently.

### 3. Recognition and measurement methods of transfer of financial assets

Financial assets are derecognized when the Company has transferred all risks and rewards to the ownership to the



transferee. When the Company still retains nearly all of the risks and rewards related to the ownership of the transferred financial asset, it continues to recognize the entire financial asset to be transferred and recognizes the consideration it receives as a financial liability. If the Company does not transfer or retain nearly all of the risks and rewards related to the ownership of the financial assets, it deals with them under the following circumstances: (1) Financial assets are derecognized when the Company has waived its control; (2) If the Company does not waive its control over the financial asset, the relevant asset and liability are recognized according to the degree where it is continuously involved in the financial asset to be transferred.

If the transfer of an entire financial asset satisfies the conditions of derecognition, the difference between the amounts of the following 2 items is recorded in the profits and losses of the current period: (1) The carrying amount of the financial asset to be transferred; (2) The sum of consideration received from the transfer of financial assets and accumulated amount of changes in the fair value that has been originally recorded in owner's equity. If the transfer of partial financial asset satisfies the conditions of derecognition, the entire carrying amount of the financial asset to be transferred, between the portion who has been derecognized and the portion who has not been derecognized, is apportioned according to their respective relative fair value, and the difference between the amounts of the following 2 items is included into the profits and losses of the current period: (1) The carrying amount of the financial asset to be transferred; (2) The sum of consideration received from the derecognition of partial financial assets and accumulated amount of changes in the fair value that has been originally recorded in owner's equity which corresponds to the portion who has been derecognized.

#### 4. Methods for determining fair value of financial assets and liabilities

The Company shall determine fair value of financial assets and liabilities applicable to current circumstance with sufficient data available and valuation techniques for other information. The Company shall divide the input values used by valuation techniques into following levels.

(1) First-level input value refers to unadjusted price in active market obtaining same assets or liabilities on measurement date.

(2) Second-level input value refers to direct or indirect observable input value related to relevant assets or liabilities except the first-level input value, including quotation of similar assets or liabilities in active market; quotation of same or similar assets or liabilities in inactive market; and other observable input value besides quotation, such as observable interest rate and yield curve in normal quotation interval and market verified input value.

(3) Third-level input value refers to unobservable input value of relevant assets or liabilities, including unobservable interest rate or interest rate not verified by observable market data, stock volatility, future cash flow undertaken by enterprises in the merger and financial forecasting from own data, etc.

#### 5. Impairment test and impairment provision methods of financial assets

(1) The Company carries out an inspection, on the balance sheet day, on the carrying amount of the financial assets other than those measured at their fair values and of which the variation is recorded into the profits and losses of the current period. Where there is any objective evidence proving that such financial asset has been impaired, an impairment provision is made.

(2) As for the held-to-maturity investment, the loans and the account receivables, should tell apart the financial assets with significant single amounts and individually execute the impairment test; with regard to the financial assets with insignificant single amounts, an independent impairment test may be carried out, or they may be included in a combination of financial assets with similar credit risk features so as to carry out an impairment-related test; where, upon independent test, the financial asset (including those financial assets with significant single amounts and those with insignificant amounts) has not been impaired, it shall be included in a combination of financial assets with similar risk features so as to conduct another impairment test. If the test results indicate there is impairment, should confirm the impairment losses according to the difference of which the book value higher than the current value of the expected future cash flow.

#### (3) Available-for-sale financial assets

1) The subjective evidences indicate there is impairment of the available-for-sale debt instruments investment including:

- ① A serious financial difficulty occurs to the debtor;
- ② The debtor breaches any of the contractual stipulations, for example, fails to pay or delays the payment of interests or the principal;
- ③ The Company makes any concession to the debtor who is in financial difficulties due to economic or legal factors etc.;
- ④ The debtor will probably become bankrupt or carry out other financial reorganizations;
- ⑤ The debt instruments can no longer continue to be traded in the active market due to serious financial difficulties of the debtor;

⑥ Other conditions showing the impairment of the sellable debt instruments.

2) Objective evidences that can prove the impairment of sellable equity instrument investment include that the fair value of the equity instrument investment drops significantly or not contemporarily.

The Company shall inspect all available-for-sale equity instrument investment individually on balance sheet date. For equity instrument investment measured by fair value, if the fair value on balance sheet date is lower than 50% (including 50%) of costs for more than 12 months (including 12 months), it indicates that the impairment has occurred. If the fair value is lower than 20% (including 20%) no more than 50% on balance sheet date or for more than 6 months (including 6 months) but no more than 12 months, the Company shall consider other relevant factors, such as fluctuations in prices, to determine whether impairment occurs for equity instrument investment. For the equity instrument investment measured by costs, the Company shall consider whether material adverse change occurs for the technologies, market, economics or legal environment to determine whether impairment occurs.

When the available-for-sale financial assets measured by fair value are impaired, original accumulating losses caused by decrease of fair value and directly included in other comprehensive income should be transferred out and included in impairment loss. When investing the available-for-sale debt instrument with determined impairment loss, if fair value rebounds related to events after original impairment losses after date, original impairment losses should be transferred out and included in current profits and losses. For available-for-sale equity instrument investment with determined impairment loss, the fair value rebounds and includes in other comprehensive income directly.

When there is impairment of the available-for-sale equity instruments which measured by cost, should confirm the difference between the book value of the equity instruments investment and the current value confirmed by the discount of the future cash flow according to the market earnings rate at that moment of the similar financial assets as the impairment losses and included in the current gains and losses, and once the occurred impairment losses be confirmed, should not be reserved.

(XI) Accounts receivable

1. Receivables single bad debt provision in significant single amount

Recognition criteria or amount standard of provision for bad debt in receivables of significant single amount	The Company recognizes accounts receivable of single amount, which is no less than RMB500,000,000, and other receivables of single amount, which is no less than RMB50,000,000 as receivables of significant single amount.
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Method of provision for single bad debt in significant single amount	The Company takes individual impairment test for those significant receivable accounts to determine the impairment loss and makes provision for bad debts based on the difference between their future cash flow value and carrying amount.
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## 2. Accounts receivable with provision for bad debts based on the business characteristics

### (1) Specific groups and the withdrawal methods of the bad debt provision

#### Withdrawal method with provision for bad debts based on the business characteristics

Aging group	Aging analysis method
Related come-and-go group within the consolidated scope	The Company takes individual impairment test for those significant receivable accounts to determine the impairment loss and makes provision for bad debts based on the difference between their future cash flow value and carrying amount.

### (2) Aging analysis method

For those receivable portfolios, the Company classifies them as several groups of different credit risk levels by their age, and determines the proportional provision for bad debts based on the business characteristics:

Age \ Business characteristics	Within six months	Six months to one year	1-2 years	2-3 years	3-5 years	Over five years
Air conditioning and the parts	5%	5%	10%	30%	50%	100%
Refrigerator and the parts	5%	5%	10%	30%	50%	100%
Washing machine and the parts	5%	5%	10%	30%	50%	100%
Small home appliances	5%	5%	10%	30%	50%	100%
Logistics and transport	5%	5%	10%	30%	50%	100%
Motor		5%	10%	30%	50%	100%
Others	5%	5%	10%	30%	50%	100%

Midea Carrier Co. Of Latin America, subsidiary of the Company, takes no proportional provision for bad debts in accounts receivable of within 1 year, but for those of over 1 year as 100.00%, and no for other receivables.

### 3. Receivables without significant single amount but with single bad debt provision

Reason for single bad debt provision	There significant differences between the future cash flow value of receivables and that of receivables grouped by credit risk feature of age as well as of receivables grouped by specific identification method.
Method of bad debt provision	The Company takes individual impairment test for those significant receivable accounts to determine the impairment loss and makes provision for bad debts based on the

	difference between their future cash flow value and carrying amount.
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Provision for bad debt is taken for notes receivable, prepayments, interest receivable, long-term receivables, etc. based on the difference between their future cash flow value and carrying amount.

## (XII) Inventories

### 1. Classification of inventories

Inventories refer to the finished products or merchandise held by the company for sale in ordinary life, products in process or the materials to be consumed in the process of production or during rendering of labor services.

### 2. Valuation method of dispatched inventories

The dispatched inventories adopt the first-in first-out method.

### 3. The recognition basis of the inventories discountable net value

On the balance sheet date, inventories are measured on the basis of the lower one of cost and net realizable value. The excess of the cost over the net realizable value of each item of inventories or inventory categories is recognized as the basis for counting and drawing inventory falling price reserves. For inventories directly for sale, net realizable value is measured on the basis of the estimated selling price less the estimated costs and the relevant taxes in the ordinary course of business production and operation. For inventories that need processing, net realizable value is measured on the basis of the estimated selling price of the finished goods less the estimated costs during processing and the relevant taxes in the ordinary course of business production and operation. On the balance sheet date, net realizable values are determined by different condition of each item of inventories, where some portions have the contractual price agreement while the others have not. Net realizable values are then compared with their corresponding costs to determine the basis for counting and drawing inventory falling price reserves or the amount of reversal respectively for different proportions.

### 4. Inventory system

The Company adopts the perpetual inventory system.

### 5. Amortization methods of low-value consumables and packaging materials

#### (1) Low-value consumables

Low-value consumables are amortized at a time.

#### (2) Packaging materials

Low-value consumables are amortized at a time.

(XIII) Divided as assets held for sale

The Company divided the non-current assets (excluding the financial assets) which meet with the following conditions as the held-for-sale assets: 1. the component part could be immediately sold merely according to the general and idiomatic clauses of selling the component part under its current condition; 2. had made resolution on disposing the component part; 3. had signed the irrevocable transfer agreement with the transferees; 4. the transfer could be finished probably within 1 year.

(XIV) Long-term equity investment

1. The judgment of the jointly control and significant influence

The term “jointly control” refers to the control jointly owned by the relevant agreements on certain arrangement and the relevant activities of the arrangement must be decided only after the consensus of the participated party which had shared control right. The term “significant influence” means having the power to participate in the formulation of financial and operating policies of the investees, but not the power to control or jointly control the formulation of these policies together with other parties.

2. Determination of investment cost

The initial investment cost is the obtained share of carrying amounts of shareholders' equity of the party combined at the combination date, on the condition that a business combination involves entities under common control, and that the consideration for combination is settled in cash, by way of transfer of non-cash assets, assumption of liabilities or issuance of equity securities. Capital reserve is adjusted based on the difference between the initial investment cost of the long-term equity investment and the carrying amounts of the consideration paid for the total nominal value of shares issued. If the balance of the capital reserve is insufficient, any excess is adjusted to retained profits.

As for the long-term equity investment formed by the enterprise combination under the same control which realized by step by step multiple transactions, the Company judges which whether belongs to the “package deal”.

As for those belongs to the “package deal”, should regard each transaction as a transaction which gains the control right for accounting treatment. As for those not belongs to the “package deal”, should be confirmed as the initial investment cost according to the shares of the book value of the net assets enjoyed from the combined party after the combination among the consolidated financial statement of the final control party on the merger date. As for

the difference between the initial investment cost of the long-term equity investment on the merger date and the sum of the book value of the long-term equity investment before reaching the combination and the book value of the newly paid consideration of the further gained shares on the merger date, should adjust the capital reserve; if the capital reserve is insufficient to dilute, the retained earnings shall be adjusted.

(2) If the long-term equity investment is obtained through a business combination involving entities under different control, the initial investment cost is the fair value of the consideration paid for combination at the acquisition date.

Accounting respectively to individual financial statements and consolidated financial statements when the company obtained the long-term equity investment through a business combination involving entities under different control:

1) In the individual financial statements, the initial investment cost is determined by the combination of the equity carrying amount of the combining party before the combination date and the new investment cost at the combination date.

2) Judge whether belongs to the “package deal” among the consolidated financial statement.

As for those belongs to “package deal”, should regard each transaction as a transaction which gains the control right for accounting treatment. As for those not belongs to the “package deal”, for the equities held by the acquirees before the purchase date, should execute the remeasurement according to the fair value of the equity on the purchase date and the difference between the fair value and the book value should be included into the current investment income; if the equities held by the acquirees before the purchase date involve with the other comprehensive income and so on under the measurement of the equity method, the other comprehensive income and so on related with which should be transferred as the current revenues belongs to the purchase date. But except for the other comprehensive income occurs from the remeasurement of the net liabilities of the defined benefit a plan of the investees or the changes of the net assets.

(3) If the long-term equity investment is obtained through means other than a business combination, the initial investment cost is the actual consideration paid if the investment is obtained by cash, the fair value of the equity securities issued if the investment is obtained by issuing equity securities, the No. 12 of ABSE-Debt Restructuring restricted if the investment is obtained by debt restructuring and the No. 7 of ASBE-Exchange of Non-monetary assets exchanged if the investment is obtained by exchanging the non-monetary assets.

3. Subsequent measurement and the profit and loss determination

When the Company controls the investment, a long-term equity investment is calculated using the cost method and adjusted using equity method during consolidated financial statement compilation. As for the long-term equity investment of the associated enterprises and joint ventures, should adopt the equity method for measurement.

#### 4. Method of using multiple transactions to deal with loss of control over the subsidiary investment

##### (1) Individual financial statement

As for the disposed equity, should include the difference between the book value and the actual gained cost in the current gains and losses. As for the residual equity, for those still possess significant influences or execute the jointly control with other parties on the investees, should be transferred for measured by equity method; for those no longer could execute the control, jointly control or the significant influences on the investees, should be confirmed as financial assets and be measured according to the relevant regulations of the No. 22 of ASBE-Recognition and Measurement of the Financial Instruments.

##### (2) Consolidated financial statement

1) Step by step disposes the investment of the subsidiaries until lost the control right through multiple transactions and not belongs to the “package deal”

Before losing the control right, the difference between the disposed cost and the portion of the net assets be constantly calculated since the purchase date or the merger date correspondingly enjoyed by the subsidiaries of disposing the long-term equity investment should be adjusted the capital reserve (capital premium), if the capital premium insufficient to dilute, the retained earnings shall be written down.

When losing the control right on the original subsidiaries, the remaining equity should be re-measured according to the fair value at the date of losing control. The difference should be included into the investment income in the period of losing control and the goodwill should be written down at the same time, which is defined as the value of equity disposal consideration plus the remaining equity fair value and less the share of assets of the original subsidiary calculated by the original ownership share since the acquisition day. Other comprehensive income related to the equity investment of the original subsidiary should transfer into the current investment income when the control power is lost.

2) Step by step disposes the investment of the subsidiaries until lost the control right through multiple transactions and belongs to the “package deal”

Each transaction should be regarded as a transaction conducted to deal with a subsidiary out of control power.



However, the balance of shared net assets of the subsidiary corresponding to each disposal cost and investment before control power loss should be defined as other comprehensive income in the consolidated financial statements, and should be transferred into the current investment income when the control power is lost.

#### (XV) Investment property

1. Investment property includes land use rights let out, land use rights held for sale, and buildings let out.
2. Investment property is measured initially based on cost and subsequently based on the cost pattern, and depreciated or amortized using the same methods for depreciating or amortizing fixed assets and intangible assets.

#### (XVI) Fixed assets

##### 1. Recognition, measurement and depreciation of fixed assets

Fixed assets represent the tangible assets held for production or supply of goods or services, rental or for administrative purposes with useful life of over one accounting year. Recognizes the fixed assets when the economic interests probably inflow and the cost could be reliable measured.

##### 2. Depreciation methods for different types of fixed assets

(1) The Company and subsidiaries (excluding Wuxi Little Swan Company Limited and Midea-Carrier Latin American Company Limited)

Fixed Asset Type	Depreciation method	Useful Life (Years)	Residual Value Rate (%)	Annual Depreciation Rate (%)
Plant and buildings	Straight-line method	20-40	0.00, 5.00	5.00-2.38
Machinery and equipment	Straight-line method	10-18	0.00, 5.00	10.00-5.28
Motor vehicles	Straight-line method	4-12	0.00, 5.00	25.00-7.92
Electronics and other equipment	Straight-line method	3-8	0.00, 5.00	33.33-11.88

(2) Wuxi Little Swan Co., Ltd., a holding subsidiary of the Company

Fixed Asset Type	Depreciation method	Estimated Useful Life (Years)	Estimated Residual Value Rate (%)	Annual Depreciation Rate (%)
Plant and buildings	Straight-line method	20-35	5.00	2.71-4.75
Machinery and equipment	Straight-line method	10-15	5.00	6.33-9.50
Electronics equipment	Straight-line method	3-5	5.00	19-31.67
Motor vehicles	Straight-line method	5	5.00	19

Other equipment	Straight-line method	5	5.00	19
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## (3) Midea-Carrier Latin American Company Limited

Fixed Asset Type	Depreciation method	Estimated Useful Life (Years)	Estimated Residual Value Rate (%)	Annual depreciation Rate (%)
Plant and buildings	Straight-line method	25		4.00
Machinery and other equipment	Straight-line method	8		12.50

## (XVII) Construction-in-progress

1. Construction-in-progress is recognized when the inflow of economic benefits is probable and the cost can be reliably measured, and is measured by the actual cost incurred before it is ready for intended use.

2. Construction-in-progress is transferred into fixed assets when it is ready for intended use based on the actual cost. For a completed project ready for intended use but with final account unsettled, the asset is transferred into fixed assets based on estimated value. After the final account of the project has been settled, the Company shall make adjustment on the previous estimated value based on actual cost, but do not need to adjust the depreciation retrospectively.

## (XVIII) Borrowing costs

## 1. Capitalization of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or origination of assets qualified for capitalization are capitalized as part of the cost of those assets. Other borrowing costs are expensed and charged to current profit or loss when incurred.

## 2. Timing of borrowing costs capitalization

(1) Borrowing costs shall be capitalized if the following conditions are met at the same time: 1) Capital expenditures and borrowing costs have been incurred. 2) Construction or production activities that are necessary to prepare the asset for intended use or sale have commenced.

(2) Capitalization of borrowing costs should be suspended during periods in which abnormal interruption has lasted for more than three months during the process of construction or production of assets qualified for capitalization. The borrowing cost incurred during interruption is recognized as current expenses until the construction or production activities resume.

(3) The capitalization of borrowing costs ceases when the assets qualified for capitalization are constructed or

produced and ready for intended use or sale.

### 3. Capitalization rate and capitalized amount of borrowing costs

For specific borrowings used to acquire, construct or produce assets qualified for capitalization, the amount of interest costs (including amortization of discount or premium determined using the effective interest method) actually incurred on such borrowings for the period shall be capitalized after deducting any interest earned from depositing the unused borrowings in the bank or any investment income arising from the temporary investment of those borrowings during the capitalization period. For general borrowings used to construct or produce assets qualified for capitalization, the capitalized amount of interests on general borrowings shall be determined on the basis that the weighted average (of the excess of cumulative assets expenditures over the specific borrowings) times capitalization rate (of used general borrowings).

#### (XIX) Intangible asset

1. Intangible assets, including land use rights, non-patented technologies etc., are initially measured based on cost.
2. Intangible assets with definite useful lives are reasonably amortized over their useful lives based on the anticipated realization pattern of related economic benefits. Intangible assets whose economic benefits realization pattern cannot be reliably anticipated are amortized using the straight-line method over the useful life specified in the following table:

Intangible Asset Type	Useful Life (Year)
Land use right	Beneficial period
Non-patent technologies	Period specified in the contract or beneficial period

3. The research expenditures for internal research and development projects are recorded into the profits and losses of the current period in which they are incurred; the development expenditures for internal research and development projects can be recognized as intangible assets when they satisfy all the following conditions: (1) It is feasible technically to finish intangible assets for use or sale; (2) It is intended to finish and use or sell the intangible assets; (3) Methods for intangible assets to generate economic benefits is proved useful, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or for the intangible assets itself, or that the intangible assets will be used internally; (4) With the support of sufficient technology, financial resources and other resources, intangible assets can be developed and used or sold; (5) Expenditures attributable to intangible asset development can be reliably measured.

#### (XX) Part long-term assets impairment

If long-term equity investment, investment real estate measured by cost model, fixed assets, construction in progress, intangible assets with limited service life and other long-term assets are impaired on balance sheet with obvious evidence, it should estimate the recoverable amount. For business goodwill from business merger and intangible assets with uncertain service life, no matter there is obvious evidence indicating impairment, impairment test should be conducted every year. The business goodwill shall, together with the related asset group or combination of asset group, be subject to the impairment test.

If recoverable amount of above long-term assets is lower than book value of assets, preparation for the impairment of assets shall be determined by the difference and included in current profits and losses.

#### (XXI) Long-term unamortized expenses

The expenses for more than 1 year (excluding one year) in amortization period are accounted for in the long-term prepaid expenses. Long-term unamortized expenses shall be accounted for according to actual amount and amortized averagely during benefit period or defined period. If the long-term prepaid expenses do not benefit future accounting period, amortized mortgage value shall be included in current profits and losses.

#### (XXII) Employee compensation

1. Employee compensation including the short-term compensation, departure welfare, dismissal welfare and other long-term employee compensation

2. Accounting treatment of the short-term compensation

During the accounting period of the employees providing the services for the Company, the actual occurred short-term compensation should be recognized as liabilities and be included in the current gains and losses or the relevant capital cost.

3. Accounting treatment of the departure welfare

The departure welfare is divided as defined contribution plans and defined benefit plans

(1) During the accounting period of the employees providing the services for the Company, the payable amount calculated according to the defined contribution plans should be recognized as liabilities and is included in the current gains and losses or the relevant capital cost.

(2) Accounting treatment process of defined benefit plans include:

1) According to expected accumulative welfare unit method, unbiased and consistent actuarial assumption are adopted to estimate demographic variables and financial variables, measure obligations for defined benefit plans

and determine the obligation period. Meanwhile, obligations for defined benefit plans should be discounted to determine the present value for defined benefit plans and current service costs.

2) If assets exist for defined benefit plans, the deficit or surplus from obligation present value deducting asset fair value is determined as net liabilities or net assets. If surplus exists for defined benefit plan, the lower of surplus of defined benefit plans or asset top limit is measured as net assets of defined benefit plans.

3) At the end of term, payroll cost generated from defined benefit plans is determined as service cost, net liabilities of defined benefit plans or net interest amount of assets and net liabilities of remeasured defined benefit plans or changes in net assets. The service cost and net interest of net liabilities or assets of defined benefit plan is included in current profits and losses or relevant capital cost. Changes in net liabilities or net assets of remeasured defined benefit plans are included in other comprehensive income and not allowed to be transferred to profits and losses in subsequent accounting period, but the determined amount of other comprehensive income could be transferred within the scope of interest.

#### 4. Accounting treatment methods of dismissal welfare

Dismissal welfare provided to employees adopts the early one that could determine the compensation liabilities for dismissal welfare in following items to be included in current profits and losses: (1) the company could not unilaterally withdraw the dismissal welfare due to termination of labor relations or personnel cutback; (2) the Company confirms costs or expenses related to reorganization of dismissal welfare.

#### 5. Accounting treatment methods of other long-term employee benefits

Other long-term benefits provided to employees meeting the defined contribution plans should be used in accounting treatment according to defined contribution plans. Besides the long-term benefits, it should be treated in accounting according to regulations of defined benefit plans. In order to simplify other accounting treatment, the payroll cost is determined as service cost, net liabilities of other long-term employee benefits or net interest of net assets and changes from other remeasured net liabilities or net assets of long-term employee benefits. The net amount is included in current profits and losses or related asset cost.

### (XXIII) Estimated liabilities

1. Estimated liabilities are recognized when the Company has a present obligation as a result of contingencies such as provision of external guarantee, litigation, quality warranty, or onerous contract, and it is probable that an outflow of economic benefits will be required to settle the obligation and the amount of the obligation expenditure

can be reliably measured.

2. Estimated liabilities are initially measured at the best estimate of the expenditure required to settle the present obligation. Carrying amounts of all estimated liabilities are reviewed at each balance sheet date.

#### (XXIV) Share-based payment

##### 1. Types of share-based payments

It includes equity-settled share-based payment and cash-settled share-based payment.

##### 2. Accounting for implementation, amendment and termination of share-based payments

###### (1) Equity-settled share-based payment

For equity-settled share-based payment made in return for the rendering of employee services that may be exercised immediately after the grant, the fair value of such instrument shall, on the date of the grant, be recognized in relevant costs or expenses with the adjustment in the capital reserve accordingly. For equity-settled share-based payment made in return for the rendering of employee services that cannot be exercised until the services are fully rendered during vesting period or specified performance targets are met, on each balance sheet date within the vesting period, the services acquired in the current period shall, based on the best estimate of the number of exercisable instruments, be recognized in relevant costs or expenses and the capital reserves shall be adjusted accordingly at the fair value of such instruments on the date of the grant.

For equity-settled share-based payment made in return of other parties' services and the fair value of the other parties' services can be reliably measured, it will be measured based on the fair value of the other parties' services on the date of grant; if the fair value of the other parties' services cannot be reliably measured but the fair value of equity instruments can be reliably measured, it will be recognized in relevant costs or expenses and the capital reserves shall be adjusted accordingly at the fair value of such instruments on the date of the grant.

###### (2) Cash-settled share-based payment

For the cash-settled share-based payment made in return for the rendering of employee services that may be exercised immediately after the grant, the fair value of the liability incurred by the Company shall, on the date of the grant, be recognized in relevant costs or expenses and the liabilities shall be increased accordingly. For cash-settled share-based payment made in return for the rendering of employee services that cannot be exercised until the services are fully provided during the vesting period or specified performance targets are met, on each balance sheet date within the vesting period, the services acquired in the current period shall, based on the best

estimate of the number of exercisable instruments, be recognized in relevant costs or expenses and the corresponding liabilities at the fair value of the liability incurred by the Company.

### (3) Revision and termination of share-based payment plans

If the revision results in an increase in the fair value of the equity instruments granted, the Company shall recognize the increase in the services rendered accordingly at the increased fair value of the equity instruments. If the revision results in an increase in the number of equity instruments granted, the Company will recognize the increase in the services rendered accordingly at the fair value of the increased number of equity instruments. If the Company revises the vesting conditions on terms favorable to the employees, the Company will take into consideration of the revised vesting conditions when dealing with the vesting conditions.

If the revision results in a decrease in the fair value of the equity instruments granted, the Company shall continue recognize the amount of services rendered accordingly at the fair value of the equity instruments on the date of grant without considering the decrease in the fair value of the equity instruments. If the revision results in a decrease in the number of equity instruments granted, the Company will account for such decrease by reducing part of the cancellation of equity instruments granted. If the Company revises the vesting conditions on terms not favorable to the employees, the Company will not take into consideration of the revised vesting conditions when dealing with the vesting conditions.

If the Company cancels the equity instruments granted or settles the equity instruments granted during the vesting period (other than cancellation as a result of failure to satisfy the vesting conditions), such cancellation or settlement will be treated as accelerated exercisable rights and the original amount in the remaining vesting period will be recognized immediately.

## (XXV) Revenue

### 1. Revenue recognition principles

#### (1) Sales of goods

Revenue from sales of goods is recognized when all the following conditions are satisfied: 1) The significant risks and rewards of product ownership have been transferred to the buyer; 2) The Company maintains neither managerial right usually associated with ownership nor effective control over products sold; 3) The amount of revenue can be measured reliably; 4) It is probable that the economic benefits will flow to the Company; 5) Relevant costs incurred or to be incurred can be measured reliably.

## (2) Rendering of services

For the revenue of rendering of services that may be measured reliably on the balance sheet date (at the same time, the amount of revenue can be measured reliably; it is probable that related economic benefits will flow to the Company; the completion schedule may be identified reliably; and related costs incurred or to be incurred can be measured reliably), it will be recognized upon completion of service. For the revenue of rendering of services that may not be measured On the balance sheet date, if related service costs incurred are estimated to be compensated, it will be confirmed as the service costs incurred and be transferred to service costs based on the same amounts; if related service costs incurred are estimated to be uncompensated, it will be recorded into the profit and loss of the current period and cannot be recognized.

## (3) Transfer of asset use rights

Revenue from transfer of asset use rights is recognized when the relevant economic benefits will probably flow to the Company, and the amount of revenue can be measured reliably. Interest income is recognized based on the length of time for which the Company's monetary funds are used by others and the effective interest rate. Income from usage fee is recognized based on timing and method agreed under relevant contracts or agreements.

## 2. Revenue recognition methods

### (1) Sales of goods

The Company mainly sells household appliances and mechanical productions. The recognition of products for domestic sale shall meet the following requirements: the Company has transferred the goods to buyers according to agreed contracts; the revenue of sales of goods has been confirmed; the Company has received payments or receipt vouchers; and the associated economic benefits may flow in and costs related to the product can be measured in a reliable way. The recognition of products for export shall meet the following requirements: the Company has complete customs declaration, transportation and receipt of bill of lading, and determined the sales revenues of the product; and the Company has received the payment or receipt vouchers, and the associated economic benefits may flow in and costs related to the product can be measured in a reliable way.

### (2) Rendering of services

The Company provides the costumers with various services and the revenue is received after the services have been finished. The revenue includes repairing revenue, installment revenue, transportation service revenue, warehousing services revenue and distribution revenue.



- 1) The revenue of repairing and installment services is received after being finished.
- 2) Transportation services mean that the Company provides customers with long-distance road transportation of goods and arranges for the transportation teams to carry goods based on customer requirements. The revenue is counted according to contracts and received after the Company reconciles with the customers at the end of each month.
- 3) Warehousing services include warehousing services for general goods, capital and goods circulation and spare parts. In addition, the company also provides value-added services such as inventory and warehouse age analysis, bar code and returns management and so on. The revenue is counted according to contracts and received after the Company reconciles with the customers at the end of each month.
- 4) Distribution services mean that the Company provides the customers with goods loading and unloading, short-distance distribution. The revenue is counted according to contracts and received after the Company reconciles with the customers at the end of each month.

#### (XXVI) Government grants

##### 1. Judgment basis of the asset-related government grants and the accounting treatment

Long-term assets used for construction and production or formed in other ways are recognized as asset-related government grants. The asset-related government grants should be recognized as deferred income and be average distributed within the useful life of the relevant assets as well as be included in the current gains and losses. However, as for the government grants measured according to the nominal amount, should be directly included in the current gains and losses.

##### 2. Judgment basis of the income-related government grants and the accounting treatment

The government grants other than the asset-related ones are divided as income-related government grants. Income-related government grants are applied to reimbursement of related costs or losses in subsequent periods are recognized as deferred income and taken to current profit or loss for the period when the related costs are recognized. Government grants applied to reimbursement of related costs or losses already incurred are directly recognized in current profit or loss.

#### (XXVII) Deferred tax assets or deferred tax liabilities

1. Deferred tax assets or deferred tax liabilities are calculated based on the difference between the carrying amounts of the assets or liabilities and their tax bases (or the difference between the tax base and the carrying

amount for items which cannot be recognized as assets or liabilities but whose tax base can be determined under tax laws), and are calculated at the tax rates expected to apply to the period when assets are recovered or liabilities are settled.

2. Deferred tax assets are recognized for all deductible temporary differences if it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. On the balance sheet date, deferred tax assets unrecognized in prior periods are recognized if there is obvious evidence that it has become probable that sufficient taxable profit will be available in subsequent periods against which the deductible temporary differences can be utilized.

3. The carrying amount of deferred tax assets is reviewed On the balance sheet date and written down if it is no longer probable that sufficient taxable profit will be available against which the deferred tax asset can be utilized. Such amount is written back if it has become probable that sufficient taxable profit will be available.

4. The Company's current and deferred income taxes are recognized in current profit or loss as tax expense or profit, excluding income tax arising from business combination or transactions or items directly recognized in equity.

#### (XXVIII) Operating leases

When the company acts as the lessee, rental expenses under operating leases are recognized as relevant asset costs or in current profit or loss using the straight-line method over the lease term, with any initial direct cost incurred directly recognized to current profit or loss. Contingent rental is charged to current profit or loss when incurred.

When the company acts as the lessor, rental under operating leases are recognized in current profit or loss using the straight-line method over the lease term, with any initial direct cost incurred directly charged to current profit or loss, excepting for significant amount which will be capitalized and included in profit or loss in installments. Contingent rental is charged to current profit or loss when incurred.

#### (XXIX) Other significant accounting policies and accounting estimates

##### 1. Recognition criteria and accounting treatment methods of discontinuing operation

Any part disposed by the Company or classified as available-for-sale, operating and individual identified meeting following conditions is regarded as discontinuing operation.

(1) Representing the primary service or a main operating region;

(2) Part of an independent service or disposition plan in a main operating region;

(3) The part is the subsidiary obtained only for resale.

## 2. Basis and accounting treatment of the hedge accounting adopted

(1) The hedge business of the Company is cash flow hedges.

2. Hedge accounting is applied to hedges that meet the following conditions: (1) At the beginning of a hedge, the Company formally designates the hedge relationship (the relationship between the hedging instrument and the hedged project) and documents regarding the hedge relationship, risk management objectives and its hedging strategy; (2) Such hedges are expected to be highly effective and comply with the initial risk management strategy set by the Company for the hedge relationship; (3) For cash flow hedges for expected transactions, such expected transactions will probably take place and must expose the Company to risks of movement in cash flows that will eventually affect the profit or loss; (4) The hedge effectiveness can be reliably measured; (5) The hedge effectiveness is evaluated on an ongoing basis, ensuring the hedge is highly effective in the period in which the hedge relationship is designated.

A hedge is deemed highly effective if it meets the following conditions at the same time: (1) It is expected at the inception or for subsequent periods to effectively offset movement in fair value or cash flows arising from the hedged risks in the period in which the hedge is designated; (2) The actual offset result of the hedge ranges from 80% to 125%.

## (3) Hedge accounting treatment

(1) The effective portion of the gain or loss on the hedging instrument is recognized directly in equity, while the ineffective portion is recognized in current profit or loss.

(2) If the hedged item is an expected transaction for which the Company subsequently recognizes a financial asset or financial liability, the gain or loss directly recognized in equity is transferred to current profit or loss in the same period in which the financial asset or financial liability affects the profit or loss. If the Company subsequently recognizes a non-financial asset or non-financial liability due to the expected transaction, the gain or loss directly recognized in equity is transferred to the amount initially recognized on the non-financial asset or non-financial liability. If the Company subsequently recognizes an asset or liability due to the expected transaction, the gain or loss directly recognized in equity is transferred to current profit or loss in the same period in which the asset or liability affects the profit or loss.

For other cash flow hedges, the gain or loss on the hedging instrument directly recognized in equity is transferred

to current profit or loss in the same period in which the hedged, expected transaction affects the profit or loss.

(XXX) Significant accounting policies and accounting estimates changes

#### 1. Significant accounting policies changes

##### (1) Content and reasons of the changes of accounting policies

The Company and the subsidiary Annto Logistics Co., Ltd. and the subordinate subsidiary, for better indicate the financial conditions of the Company, had alternated the accounting estimates of the withdrawal proportion of the bad debt provision of the accounts receivable since the date of the review and approval from the Board of Directors according to the relevant regulations of the ASBE and the market environment attributed to.

##### (2) Report projects and amount affected by significant influences

Report projects affected by significant influences	Influenced amount	Notes
Projects of the balance sheet on 30 June 2015		
Accounts receivable	169,359.99	
Other accounts receivable	14,718.05	
Projects of the income statement of the semi-annual of Y2015		
Losses of the assets impairment	9,203.90	
Total amount of the profits	-9,203.90	
Net profits	-7,778.54	

#### IV. Taxation

##### (I) Main tax types and tax rates

Tax type	Basis of taxation	Tax rate
Value added tax	Sales of goods or provision of services	17%, 6%, 11%, 3%
Business tax	Taxation turnover	3%, 5%
Property tax	Price-based property is subject to 1.2% tax rate after a 30% cut in original price. Rent-based is subject to 12% tax rate for the rental income.	1.2%, 12%
Urban maintenance and construction tax	Turnover tax payables	5%, 7%
Educational surcharges	Turnover tax payables	3%
Local educational surcharges	Turnover tax payables	1%, 2%
Enterprise income tax	Taxable income	12.5%, 15%, 25%

Notes of the corporate tax rate of the significant taxpaying bodies with different tax rate

Name of the taxpaying bodies	Tax rate of income tax
Guangdong GMCC Refrigeration Equipment Co., Ltd.	15%
Midea Group Wuhan Refrigeration Equipment Co., Ltd.	15%
Guangdong Midea Heating & Ventilation Equipment Co., Ltd.	15%
Anhui GMCC Refrigeration Equipment Co., Ltd.	15%
Anhui GMCC Precision Manufacturing Co., Ltd.	15%
Guangdong Midea Refrigeration Equipment Co., Ltd.	15%
Hefei Midea Refrigerator Co., Ltd.	15%
Chongqing Midea General Refrigeration Equipment Co., Ltd.	15%
Hefei Hualing Co., Ltd.	15%
Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.	15%
Hubei Midea Refrigerator Co., Ltd.	15%
Wuxi Little Swan Holding Co., Ltd.	15%
Foshan Shunde Midea Washing Appliance Manufacturing Co., Ltd.	15%
Guangdong Witt Vacuum Electronics Manufacturing Co., Ltd.	15%
Jiangxi Midea Guiya Lighting Co., Ltd.	15%
Wuhu Midea Kitchen & Bathroom Electric Manufacturing Co., Ltd.	15%
Wuhu Midea Washing Appliance Manufacturing Co., Ltd.	15%
Annto Logistics Co., Ltd.	15%
Foshan Shunde Midea Electric Appliance Manufacturing Co., Ltd.	15%
Foshan Welling Washer Motor Manufacturing Co., Ltd.	15%
Guangdong Welling Motor Co., Ltd.	15%
Huaian Welling Motor Co., Ltd.	15%
Welling (Wuhu) Motor Co., Ltd.	15%

Jiangsu Midea Chunhua Electric Co., Ltd.	15%
Hefei Midea Washing Machine Co., Ltd.	15%
Wuxi Feiling Electronics Co., Ltd.	15%
Wuxi Little Swan Electric Appliance Co., Ltd.	15%
Guangdong Midea Kitchen Appliances Manufacturing Co., Ltd.	15%
Chongqing Midea Refrigeration Equipment Co., Ltd.	15%
Hefei Midea Heating & Ventilation Equipment Co., Ltd.	15%
Foshan Shunde Midea Electronic and Science & Technology Co., Ltd.	12.5%
Wuhu Maty Air-Conditioning Equipment Co., Ltd.	15%
Handan Midea Refrigeration Equipment Co., Ltd.	15%
Guangzhou Hualing Refrigeration Equipment Co., Ltd.	15%

## (II) Tax preferential treatments

1. On 10 October 2014, Guangdong GMCC Refrigeration Equipment Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201444000397. The subsidiary was subject to 15% corporate income tax rate in 2015.
2. On 14 October 2014, Midea Group Wuhan Refrigeration Equipment Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201442000091. The subsidiary was subject to 15% corporate income tax rate in 2015.
3. On 26 November 2012, Guangdong Midea Heating & Ventilation Equipment Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201244000708. The subsidiary was subject to 15% corporate income tax rate in 2015.
4. On 14 October 2013, Anhui GMCC Refrigeration Equipment Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GF201334000093. The subsidiary was

subject to 15% corporate income tax rate in 2015.

5. On 3 July 2012, Anhui GMCC Precision Manufacturing Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR2012234000097. The certificate had due in Y2015, and the Company had applied again for the Hi-tech Technology Enterprise of 2015, while during the process of the approval, each index was met with the application standards with the corporate income tax rate in 2015 was 15%.

6. On 10 October 2014, Guangdong Midea Refrigeration Equipment Co., Ltd. a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201444000965. The subsidiary was subject to 15% corporate income tax rate in 2015.

7. On 21 October 2014, Hefei Midea Refrigerator Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201434001001. The subsidiary was subject to 15% corporate income tax rate in 2015.

8. On 14 October 2014, Chongqing Midea General Refrigeration Equipment Co, Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GF201451100044. The subsidiary was subject to 15% corporate income tax rate in 2015.

9. On 21 October 2014, Hefei Hualing Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201434000715. The subsidiary was subject to 15% corporate income tax rate in 2015.

10. On 21 October 2014, Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201434001130. The subsidiary was subject to 15% corporate income tax rate in 2015.

11. On 14 October 2014, Hubei Midea Refrigerator Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High

Technology Enterprise Certificate. The certificate number was GF201442000015. The subsidiary was subject to 15% corporate income tax rate in 2015.

12. On 21 May 2012, Wuxi Little Swan Holding Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GF201232000096. The certificate had due in Y2015, and the Company had applied again for the Hi-tech Technology Enterprise of 2015, while during the process of the approval, each index was met with the application standards with the corporate income tax rate in 2015 was 15%.

13. On 10 October 2014, Foshan Shunde Midea Washing Appliance Manufacturing Co., Ltd. a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201444001324. The subsidiary was subject to 15% corporate income tax rate in 2015.

14. On 10 October 2014, Guangdong Witt Vacuum Electronics Manufacturing Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201444000159. The subsidiary was subject to 15% corporate income tax rate in 2015.

15. On 9 April 2014, Jiangxi Midea Guiya Lighting Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201436000009. The subsidiary was subject to 15% corporate income tax rate in 2015.

16. On 16 October 2014, Wuhu Midea Kitchen & Bathroom Electric Manufacturing Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GF201434000129. The subsidiary was subject to 15% corporate income tax rate in 2015.

17. On 15 November 2012, Wuhu Midea Washing Appliance Manufacturing Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201234000405. The certificate had due in Y2015, and the Company had applied again for the Hi-tech Technology Enterprise of 2015, while during the process of the approval, each index was met with the application standards with the corporate



income tax rate in 2015 was 15%.

18. On 29 June 2014, Annto Logistics, a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GF201234000055. The certificate had due in Y2015, and the Company had applied again for the Hi-tech Technology Enterprise of 2015 which had passed the reexamination with the corporate income tax rate in 2015 was 15%.

19. On 26 November 2012, Foshan Shunde Midea Electric Appliance Manufacturing Co., Ltd., a wholly owned subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GF201244000587. The certificate had due in Y2015, and the Company had applied again for the Hi-tech Technology Enterprise of 2015, while during the process of the approval, each index was met with the application standards with the corporate income tax rate in 2015 was 15%.

20. On 10 October 2014, Foshan Welling Washer Motor Manufacturing Co., Ltd., a wholly owned subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201444000608. The subsidiary was subject to 15% corporate income tax rate in 2015.

21. On 10 October 2014, Guangdong Welling Motor Co., Ltd., a wholly owned subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201444000268. The subsidiary was subject to 15% corporate income tax rate in 2015.

22. On 25 September 2013, Huaian Welling Motor Co., Ltd., a wholly owned subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GF201332000124. The subsidiary was subject to 15% corporate income tax rate in 2015.

23. On 2 July 2014, Welling (Wuhu) Motor Co., Ltd., a wholly owned subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201434000371. The subsidiary was subject to 15% corporate income tax rate in 2015.

24. On 5 August 2014, Jiangsu Midea Chunhua Electric Co., Ltd., a wholly owned subsidiary of the Company,

was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GF201432000806. The subsidiary was subject to 15% corporate income tax rate in 2015.

25. On 2 July 2014, Hefei Midea Washing Machine Co., Ltd. , a wholly owned subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201434000147. The subsidiary was subject to 15% corporate income tax rate in 2015.

26. On 6 August 2012, Wuxi Feiling Electronics Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201232000673. The certificate had due in Y2015, and the Company had applied again for the Hi-tech Technology Enterprise of 2015 which had passed the reexamination with the corporate income tax rate in 2015 was 15%.

27. On 21 May 2012, Wuxi Little Swan Electric Appliance Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201232000077. The certificate number was GR201232000673. The certificate had due in Y2015, and the Company had applied again for the Hi-tech Technology Enterprise of 2015 which had passed the reexamination with the corporate income tax rate in 2015 was 15%.

28. On 12 September 2012, Guangdong Midea Kitchen Appliances Manufacturing Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GF201244000221. The certificate number was GR201232000673. The certificate had due in Y2015, and the Company had applied again for the Hi-tech Technology Enterprise of 2015 which had passed the reexamination with the corporate income tax rate in 2015 was 15%.

29. On 3 June 2014, the application of the remission of the corporate income tax of the west development which put forward by Chongqing Midea Refrigeration Equipment Co., Ltd., had approved by the National Taxation Bureau of Chongqing Economic and Technological Development Zone. The subsidiary was subject to 15% corporate income tax rate in 2015.

30. On 16 July 2013, Hefei Midea Heating & Ventilation Equipment Co., Ltd, a controlled subsidiary of the

Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201334000033. The subsidiary was subject to 15% corporate income tax rate in 2015.

31. Certified by No. (2012) 27 document from Foshan Shunde State Administration of Taxation, the holding subsidiary, Foshan Shunde Midea Electronic Technology Co., Ltd enjoys the benefits of corporate income tax reduction and exemption for software enterprise. Before December 31, 2017, the grace period starts from profit-making year; corporate income tax is exempted in the first and second year and levied half of 25% statutory tax rate until expiration. The year of 2015 is the fifth profit-making year when corporate income tax is levied by the tax rate of 12.5%.

32. On 21 October 2014, Wuhu Maty Air-Conditioning Equipment Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201434001064. The subsidiary was subject to 15% corporate income tax rate in 2015.

33. On 19 September 2014, Handan Midea Refrigeration Equipment Co., Ltd., a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201413000242. The subsidiary was subject to 15% corporate income tax rate in 2015.

34. On 10 October 2014, Guangzhou Hualing Refrigeration Equipment Co., Ltd. , a controlled subsidiary of the Company, was recognized as an enterprise of new and high technology for a valid term of 3 years and granted the New and High Technology Enterprise Certificate. The certificate number was GR201444000463. The subsidiary was subject to 15% corporate income tax rate in 2015.。

## V. Notes to the Items in the Consolidated Financial Statements

### (I) Notes to the Consolidated Balance Sheet

#### 1. Cash on hand and in bank

##### (1) Detailed Information

Items	Closing balance	Opening balance
Cash in Stock	933.79	1,037.93
Cash in Bank	11,336,729.87	5,505,459.73
Other Currency Fund	3,281,535.79	696,785.15

Total	14,619,199.45	6,203,282.81
Of which: total amount deposited in overseas	1,282,969.73	1,177,384.39

(2) Notes on the funds with restriction on use due to mortgage, pledge or freezing, or deposited overseas, or with potential risk of capital recovery.

Ending balance of other monetary fund mainly refers to bank acceptance deposits.

## 2. Deposit in Central Bank

### (1) Detailed Information

Items	Closing balance	Opening balance
Statutory reserves deposited in the central bank	1,627,504.64	1,277,563.60
Excess deposit reserve deposited in the central bank	199,535.44	2,028.87
Total	1,827,040.08	1,279,592.47

(2) Notes on the funds with restriction on use, deposited overseas, or with potential risk of capital recovery

Statutory reserves deposited in the central bank refer to the statutory reserves deposited in the People's Bank of China in accordance with relevant regulations, which shall not be used for daily operations.

## 3. Deposit in other banks

Items	Closing balance	Opening balance
Deposited in domestic banks	2,024,431.24	2,126,444.99
Subtotal	2,024,431.24	2,126,444.99
Less: Provision for bad account		
Total	2,024,431.24	2,126,444.99

## 4. Derivative financial assets

Items	Closing balance	Opening balance
Derivative financial assets	14,339.10	162,513.84
Total	14,339.10	162,513.84

Ending balance of derivative financial assets mainly refers to the changes in fair value of forward foreign exchange contracts not yet settled.

## 5. Notes receivable

### (1) Detailed Information

Classification	Closing balance			Opening balance		
	Book balance	Provision for bad account	Book value	Book balance	Provision for bad account	Book value
Bank						

acceptance bill	26,229,378.71		26,229,378.71	17,097,233.37		17,097,233.37
Total	26,229,378.71		26,229,378.71	17,097,233.37		17,097,233.37

(2) Notes of the notes receivable which have been endorsed to others or discounted that had not due on the balance sheet date

Items	Derecognition amount at the period-end	Non-derecognition amount at the period-end
Bank acceptance bill	30,727,763.61	
Subtotal	30,727,763.61	

## 6. Account receivable

### (1) Detailed Information

#### 1) Category details

Classification	Closing balance				
	Book balance		Provision for bad account		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	
Significant single amount and individual provision for bad debts	42,200.24	0.29	42,200.24	100.00	
Withdraw the bad debt provision by credit risks characteristics	14,448,519.84	99.40	833,040.00	5.77	13,615,479.84
Non-significant single amount and individual provision for bad debts	45,249.95	0.31	43,654.22	96.47	1,595.73
Total	14,535,970.03	100.00	918,894.46	6.32	13,617,075.57

(Continued)

Classification	Closing balance				
	Book balance		Provision for bad account		Book value
	Amount	Proportion (%)	Amount	Withdrawal proportion (%)	

Significant single amount and individual provision for bad debts	70,985.01	0.71	45,112.27	63.55	25,872.74
Withdraw the bad debt provision by credit risks characteristics	9,951,637.43	98.99	615,407.42	6.18	9,336,230.01
Non-significant single amount and individual provision for bad debts	30,657.10	0.30	30,657.10	100.00	
Total	10,053,279.54	100.00	691,176.79	6.88	9,362,102.75

## 2) Accounts receivable with significant single amount but with provision for bad debts by period-end

Name of the units	Book balance	Bad debt provision	Withdrawal provision (%)	Withdrawal reason
Arcodym Home appliance	42,200.24	42,200.24	100.00	Confirmed that couldn't be recovered
Subtotal	42,200.24	42,200.24		

## 3) Accounts receivable in the combination which adopts aging analysis method to determine provision for bad debt

Age	Closing balance		
	Book balance	Bad debt provision	Withdrawal proportion (%)
Within 1 Year	14,233,807.70	647,330.45	4.55
1-2 Years	117,540.34	85,248.27	72.53
2-3 years	39,881.92	33,633.86	84.33
3-5 years	43,509.86	43,047.40	98.94
Over 5 years	23,780.02	23,780.02	100.00
Subtotal	14,448,519.84	833,040.00	5.77

## (2) Situation of the bad debt provision withdrawn, recovered or reversed

The amount of the bad debt provision of the period was of RMB293,275,350.

## (3) Accounts receivable actually written off in this period

1) The amount of the accounts receivable actually written off in this period was of RMB712,090.

2) List of the significant accounts receivable written off in this period

Name of the units	Nature	Amount	Reason	Executed write-off process	Whether due to associated transactions
Jiangyin Changyi Group Co., Ltd.	Loans	240.00	Estimated to be uncollectible	Decided by the Board of Directors	No
Hisense (Zhejiang) Air-conditioning Co., Ltd.	Loans	100.01	Estimated to be uncollectible	Decided by the Board of Directors	No
AVEST	Loans	316.18	Estimated to be uncollectible	Decided by the Board of Directors	No
Subtotal		656.19			

## (4) Top 5 of the accounts receivable

The total amount of the top 5 accounts receivable of the closing balance was of RMB1,681,766,490 that was 11.58% of the total amount of the closing balance of the accounts receivable, and the total amount of the corresponding withdrawn bad debt provision was of RMB84,088,320.

## 7. Advance payment

## (1) Aging analysis

## 1) Detailed situation

Aging	Closing balance			
	Book Balance	Proportion (%)	Provision for bad account	Book Value
Within 1 Year	1,728,602.52	95.31		1,728,602.52
1-2 Years	63,156.39	3.48		63,156.39
2-3 years	16,390.27	0.90		16,390.27
Over 3 years	5,645.87	0.31		5,645.87
Total	1,813,795.05	100.00		1,813,795.05

(Continued)

Aging	Opening balance			
	Book Balance	Proportion (%)	Provision for bad account	Book Value

Within 1 Year	1,298,444.25	91.79		1,298,444.25
1-2 Years	93,716.42	6.63		93,716.42
2-3 years	16,962.10	1.20		16,962.10
Over 3 years	5,347.68	0.38		5,347.68
Total	1,414,470.45	100.00		1,414,470.45

## 2) Reason for not timely settling advanced payments aged more than 1 year and with significant amount

Name of the unit	Closing balance	Unsettle reason
Jiangsu Gaoko Logistics Science & Technology Co., Ltd.	3,087.00	Not accepted
Subtotal	3,087.00	

## (2) Top 5 of the advanced payment

The total amount of the top 5 prepayment of the closing balance was of RMB351,933,190 that was 19.40% of the total amount of the closing balance of the prepayment.

## 8. Granting loans and advances

## (1) Classified by individual and enterprise distribution

Items	Closing balance	Opening balance
Individual loans and advances		
Company loans and advances	8,953,705.63	6,030,087.31
including: Loan	5,226,969.63	964,523.26
Notes discount	3,726,736.00	5,065,564.05
Total loans and advances	8,953,705.63	6,030,087.31
Less: Provision for loan loss	89,537.06	89,286.84
Total	8,864,168.57	5,940,800.47

## (2) Loans and advances classified by guaranty method

Items	Closing balance	Opening balance
Credit loans	1,052,600.00	110,500.00
Guaranteed loans	4,144,369.64	770,323.26
including: collateral loans		
Pledge loans	3,756,735.99	5,149,264.05
Subtotal	8,953,705.63	6,030,087.31
Less: Provision for loan loss	89,537.06	89,286.84
Total	8,864,168.57	5,940,800.47

## (3) Changes in loan loss reserves



Items	Closing balance	Opening balance
Beginning Balance	89,286.84	45,818.24
Provision in this period	250.22	43,468.60
Transfer-in in this period		
Write-off in this period		
Transfer-out in this period		
Balance at year end	89,537.06	89,286.84

## 9. Dividend receivables

Items	Closing balance	Opening balance
Misr Refrigeration and Air-conditioning Mfg. Co. S.A.E.	53,512.81	45,943.22
Total	53,512.81	45,943.22

## 10. Other receivables

## (1) Detailed Information

## 1) Category details

Classification	Closing balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Significant single amount and individual provision for bad debts	226,949.98	17.70%			226,949.98
Withdraw the bad debt provision by credit risks characteristics	1,031,771.09	80.46%	54,401.35	5.27%	977,369.74
Non-significant single amount and individual provision for bad debts	23,782.26	1.85%	186.15	0.78%	23,596.11
Total	1,282,503.33	100.01%	54,587.5	4.26%	1,227,915.83

(Continued)

Classification	Opening balance				
	Book balance		Bad debt provision		Book value
	Amount	Proportion (%)	Amount	Proportion (%)	
Significant single amount and individual provision for bad debts	154,562.5	12.62%			154,562.5
Withdraw the bad debt provision by	1,069,799.51	87.37%	43,594.48	4.08%	1,026,205.03

credit risks characteristics					
Non-significant single amount and individual provision for bad debts	101.15	0.01%	101.15	100.00%	
Total	1,224,463.16	100.00%	43,695.63	3.57%	1,180,767.53

## 2) Other accounts receivable with significant single amount and provision for bad debt

Other Accounts Receivable	Book balance	Bad debt provision	Withdrawal provision (%)	Provision reason
Come-and-go money	67,824.98			
Come-and-go money	159,125			
Subtotal	226,949.98			

## 3) Other accounts receivable in the combination which use aging analysis method to determine provisions for bad debts

Aging	Closing balance		
	Book balance	Bad debt provision	Withdrawal provision (%)
Within 1 Year	933,283.81	39,379.59	4.22
1-2 Years	79,555.51	5,287.94	6.65
2-3 years	1,244.47	330.65	26.57
3-5 years	16,519.34	8,235.20	49.85
Over 5 years	1,167.95	1,167.97	100.00
Subtotal	1,031,771.09	54,401.35	5.27

## (2) Situation of the bad debt provision withdrawn, recovered or reversed in this period

The amount of the bad debt provision of the period was of RMB24,606,990.

## (3) Accounts receivable actually written off in this period

1) The amount of the other accounts receivable actually written off in this period was of RMB403,650.

## (4) Top 5 of the other accounts receivable

Name of the units	Nature	Book balance	Aging	Proportion of the balance of the other accounts receivable	Bad debt provision
No. 1	Land funds	347,472.00	Within 1 year	27.09	17,373.60
No. 2	Cash deposit	159,125.00	2-3 years	12.41	

No. 3	Exercise accounts of share option	67,824.98	Within 1 year	5.29	
No. 4	Subsidy payments	33,916.56	1-2 years	2.64	3,391.66
No. 5	Land funds	27,430.80	Within 1 year	2.14	1,371.54
Total	--	635,769.34	--	49.57	22,136.80

## 11. Inventories

## (1) Detailed Information

Items	Closing balance		
	Book balance	Price fall preparation	Book value
Raw materials	1,765,151.19	25,136.18	1,740,015.01
Materials under consigned processing	190,016.88		190,016.88
Low-value consumables	12,763.34		12,763.34
Work in process	415,017.35		415,017.35
Goods in stock	7,953,637.11	101,596.51	7,852,040.60
Total	10,336,585.87	126,732.69	10,209,853.18

(Continued)

Items	Opening balance		
	Book balance	Price fall preparation	Book value
Raw materials	2,453,511.83	18,436.81	2,435,075.02
Materials under consigned processing	376,930.37		376,930.37
Low-value consumables	843.51		843.51
Work in process	392,333.54		392,333.54
Goods in stock	11,934,496.06	119,648.24	11,814,847.82
Total	15,158,115.31	138,085.05	15,020,030.26

## (2) Inventory Falling Price Reserves

## 1) Detailed information

Items	Opening balance	Increase		Decrease		Closing balance
		Withdrawal	Other	Reversed or written off	Other	
Raw materials	18,436.81	27,270.12		20,570.75		25,136.18
Goods in stock	119,648.24	13,970.21		32,021.94		101,596.51

Total	138,085.05	41,240.33		52,592.69		126,732.69
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2) Specific basis of recognizing the net realizable value and the notes of the reasons of the inventory falling price reserves reserved or written off in this period

Items	Basis of provision for inventory falling price reserves	Reason for carrying back inventory falling price reserves	Proportion of carried back amount in period-end inventory balance
Raw Materials	Lower of Cost or Net Realizable Value Method	Production consuming	0.14
Goods in Stock	Lower of Cost or Net Realizable Value Method	sales	0.05

## 12. Other current assets

Items	Closing balance	Opening balance
Fees to be Apportioned	681,642.51	493,138.51
Hedging instrument	108,415.34	
Margins	374,692.96	4,498.4
Taxes	969,580.14	1,303,175.55
Bank financing*	24,974,806.61	24,793,080
Total	27,109,137.56	26,593,892.46

\*The closing balance of the bank financing was the bank financial products purchased by the self-owned funds.

## 13. Financial assets available for sale

### (1) Detailed information

Items	Closing balance		
	Book balance	Impairment provision	Book value
Available-for-sale debt instruments			
Available-for-sale equity instruments	2,257,822.28	100.30	2,257,721.98
Of which: measured by fair value	539,001.94	100.30	538,901.64
measured by cost	1,718,820.34		1,718,820.34
Total	2,257,822.28	100.30	2,257,721.98

(Continued)

Items	Opening balance		
	Book balance	Impairment provision	Book value
Available-for-sale debt instruments			

Available-for-sale equity instruments	1,655,595.02	100.30	1,655,494.72
Of which: measured by fair value	1,290.97	100.30	1,190.67
measured by cost	1,654,304.05		1,654,304.05
Total	1,655,595.02	100.30	1,655,494.72

## (2) Available-for-sale financial assets measured by fair value at the period-end

Category of available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments	Subtotal
Cost of the equity instruments	527,263.45		527,263.45
Fair value	538,901.64	538,901.64	1,190.67
Changed amount of the fair value accumulatively included in the other comprehensive income	11,738.49		11,738.49
Depreciation reserve amount	100.30		100.30

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

Investees	Book balance			
	Opening balance	Increase	Decrease	Closing balance
Bank of Jiangsu Co., Ltd.	13,330.45			13,330.45
Hubei Bank Co., Ltd.	5,000.00			5,000.00
Inner Mongolia Baotou Department Store Co., Ltd.	50.00			50.00
Suzhou People's Shopping Centre Co., Ltd.	150.00			150.00
Foshan Shunde Rural Commercial Bank Company Limited	1,263,773.60	54,766.29		1,318,539.89
Zhangshu City Shunyin Rural Bank Co., Ltd.	6,000.00			6,000.00
Fengcheng Shunyin Rural Bank Co., Ltd.	6,000.00			6,000.00
Wanjiang Financial Leasing Co., Ltd.	360,000.00			360,000.00
Yunding Network Technology Co., Ltd.		9,750.00		9,750.00
Subtotal	1,654,304.05	64,516.29		1,718,820.34

(Continued)

Investees	Depreciation reserve				Shareholding proportion of the investees (%)	Cash bonus of the period
	Opening balance	Increase	Decrease	Closing balance		

Bank of Jiangsu Co., Ltd.						418.61
Hubei Bank Co., Ltd.					1.29	
Inner Mongolia Baotou Department Store Co., Ltd.					0.04	
Suzhou People's Shopping Centre Co., Ltd.					0.25	
Foshan Shunde Rural Commercial Bank Company Limited					9.40	118,394.70
Zhangshu City Shunyin Rural Bank Co., Ltd.					6.00	312.00
Fengcheng Shunyin Rural Bank Co., Ltd.					6.00	274.16
Wanjiang Financial Leasing Co., Ltd.					12.00	28,800.00
Yunding Network Technology Co., Ltd.					13.00	
Subtotal					--	148,199.47

## (4) Changes of the depreciation reserve of the available-for-sale financial assets

Category of available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments	Subtotal
Amount of the withdrawn impairment at the period-begin			
Withdrawn amount of the period	100.30		100.30
Of which: transferred from other comprehensive income			
Decreased of the period			
Of which: recovered and reserved of the fair value after the period			
Amount of the withdrawn impairment at the period-end	100.30		100.30

## 14. Long-term equity investment

## (1) Classification situation

Items	Closing balance		
	Book balance	Depreciation reserve	Book value
Investment in the associated enterprises	906,155.83		906,155.83
Total	906,155.83		906,155.83

(Continued)

Items	Opening balance
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	Book balance	Depreciation reserve	Book value
Investment in the associated enterprises	951,874.39		951,874.39
Total	951,874.39		951,874.39

## (2) Detailed situation

Investees	Opening balance	Increase/decrease		
		Additional investment	Decreased investment	Gains and losses of the investment confirmed by the equity method
Associated enterprises				
Golden Eagle Asset Management Co., Ltd.	27,948.13			2,734.74
Guangzhou Antaida Logistics Co. Ltd.	2,850.04			-123.44
Misr Refrigeration And Air Conditioning Manufacturing Co.	309,822.44			11,563.36
Shanxi Huaxiang Group Co., Ltd.	248,344.27			24,586.16
Linkgo-HK Limited	24,138.73			-664.69
Foshan Micro Midea Filter Co., Ltd.	25,495.16			3,000.75
(Philippines) CONCEPCION MIDEA INC	18,797.82			-2,202.05
Hefei Royalstar Motor Co., Ltd.	99,957.63			-153.17
Foshan City Shunde District Midea Micro-Credit Inc.	72,298.05			4,458.12
Midea Micro-Credit Inc.	109,311.06			-2,445.42
PT.MIDEA PLANET INDONESIA				2,372.15
Zhuhai Lidewan Electronics Co., Ltd.	12,911.06		-12,911.06	
Total	951,874.39		-12,911.06	43,126.51

(Continued)

Investees	Increase/decrease			
	Adjustment of other comprehensive income	Changes of other equities	Cash bonus or profits declared to issue	Withdrawal of depreciation reserve
Associated enterprises				

Golden Eagle Asset Management Co., Ltd.				
Guangzhou Antaida Logistics Co. Ltd.				
Misr Refrigeration And Air Conditioning Manufacturing Co.	-5,998.60	-	16,993.04	
Shanxi Huaxiang Group Co., Ltd.				
Linkgo-HK Limited				
Foshan Micro Midea Filter Co., Ltd.			2,000.00	
(Philippines) CONCEPCION MIDEA INC	-168.52			
Hefei Royalstar Motor Co., Ltd.				
Foshan City Shunde District Midea Micro-Credit Inc.			9,601.40	
Midea Micro-Credit Inc.			14,444.56	
PT.MIDEA PLANET INDONESIA	745.98			
Zhuhai Lidewan Electronics Co., Ltd.				
Total	-5,421.14		43,039.00	

(Continued)

Investees	Increase/decrease Other	Closing balance	Closing balance of depreciation reserve
Associated enterprises			
Golden Eagle Asset Management Co., Ltd.		30,682.87	
Guangzhou Antaida Logistics Co. Ltd.		2,726.60	
Misr Refrigeration And Air Conditioning Manufacturing Co.	-24,339.15	274,055.01	
Shanxi Huaxiang Group Co., Ltd.		272,930.43	
Linkgo-HK Limited		23,474.04	
Foshan Micro Midea Filter Co., Ltd.		26,495.91	
(Philippines) CONCEPCION MIDEA INC	-16.59	16,410.66	
Hefei Royalstar Motor Co., Ltd.		99,804.46	
Foshan City Shunde District Midea Micro-Credit Inc.		67,154.77	
Midea Micro-Credit Inc.		92,421.08	
PT.MIDEA PLANET INDONESIA	-3,118.13		
Zhuhai Lidewan Electronics Co., Ltd.			



Total	-27,473.87	906,155.83
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## 15. Investment properties

Items	Houses and buildings	Land use right	Total
Original book value			
Opening balance	225,279.11	47,569.90	272,849.01
Increased amount of the period	2,515.80		2,515.80
1) Outsourcing	175.80		175.80
2) Transferred from fixed assets/intangible assets			
3) Increased from enterprise merger			
4) Other	2,340		2,340.00
Decreased amount of the period	45,600.31	11,096.31	56,696.62
1) Disposal			
2) Transferred into fixed assets/intangible assets	45,600.31	11,096.31	56,696.62
Closing balance	182,194.60	36,473.59	218,668.19

(Continued)

Item	Houses and buildings	Land use right	Total
Accumulative depreciation and accumulative amortization			
Opening balance	78,693.88	9,944.16	88,638.04
Increased amount of the period	10,117.11	1,870.50	11,987.61
1) Withdrawal or demortization	10,117.11	1,870.50	11,987.61
2) Transferred from fixed assets/intangible assets			
Decreased amount of the period	38,283.89	3,095.48	41,379.37
1) Disposal			
2) Transferred into fixed assets/intangible assets	38,283.89	3,095.48	41,379.37
Closing balance	50,527.10	8,719.18	59,246.28
Depreciation reserve			
Opening balance	12,576.07		12,576.07

Increased amount of the period			
1) Withdrawal			
Decreased amount of the period			
1) Disposal			
2) Transferred from others			
Closing balance	12,576.07		12,576.07
Book value at the period-end	119,091.43	27,754.41	146,845.84
Book value at the period-begin	134,009.16	37,625.74	171,634.9

## 16. Fixed Assets

## (1) Detailed Information

Item	Houses and buildings	Machinery equipments	Transportation facilities	Electronic equipments and other	Total
Original book value					
Opening balance	14,938,851.13	13,364,556.17	799,461.03	2,220,616.04	31,323,484.37
Increased amount of the period	265,733.22	724,676.36	4,429.34	196,050.33	1,190,889.25
1) Purchase	72,731.97	587,424.54	1,535.25	194,642.90	856,334.66
2) Transferred from construction in progress	147,400.94	137,251.82			284,652.76
3) Increased from enterprise merger			2,894.09	1,407.43	4,301.52
4) Transferred from investment properties	45,600.31				45,600.31
Decreased amount of the period	771,164.92	311,111.49	19,067.87	108,491.16	1,209,835.44
1) Disposal or scrapping	646,236.89	251,462.78	18,827.31	100,025.88	1,016,552.86
2) Transferred from others	124,928.03	59,648.71	240.56	8,465.28	193,282.58
Closing balance	14,433,419.43	13,778,121.04	784,822.5	2,308,175.21	31,304,538.18

(Continued)

Item	Houses and	Machinery	Transportation	Electronic	Total
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	buildings	equipments	n facilities	equipments and other	
Accumulative depreciation					
Opening balance	2,911,240.00	5,222,779.17	386,332.70	1,536,363.55	10,056,715.42
Increased amount of the period	860,280.09	1,177,670.37	91,575.49	317,867.83	2,447,393.78
1) Withdrawal	761,173.28	1,177,670.37	91,575.49	317,867.83	2,348,286.97
2) Transferred from investment properties	99,106.81				99,106.81
3) Transferred from enterprise merger					
Decreased amount of the period	70,898.49	384,798.58	61,578.61	203,917.06	721,192.74
1) Disposal or scrapping	51,050.42	381,612.77	61,578.61	201,150.86	695,392.66
2) Transferred from others	19,848.07	3,185.81		2,766.20	25,800.08
Closing balance	3,700,621.60	6,015,650.96	416,329.58	1,650,314.32	11,782,916.46
Depreciation reserve					
Opening balance	4,550.55	19,133.16	293.97	1,492.00	25,469.68
Increased amount of the period		12,801.38	4.11	61.49	12,866.98
1) Withdrawal		12,801.38	4.11	61.49	12,866.98
Decreased amount of the period	632.10	18,538.17	247.06	165.48	19,582.81
1) Disposal or scrapping	632.10	18,538.17	247.06	165.48	19,582.81
2) Transferred from others					
Closing balance					

	3,918.45	13,396.37	51.02	1,388.01	18,753.85
Book value at the period-end	11,234,311.08	7,335,508.84	383,080.43	568,913.71	19,521,814.06
Book value at the period-begin	10,987,264.72	7,544,859.53	506,449.30	533,587.77	19,572,161.32

## (2) Fixed assets without issued title certificate

Items	Book value	Unsettle reason
Chongqing Refrigeration 1 & 2 plants	261,581.09	In progress
Wuhu Annto Logistics Park	241,097.88	In progress
Shenyang Meian Logistics Park	175,510.10	In progress
Hefei Annto Logistics Park	268,556.40	In progress
Chongqing Annto Logistics Park	166,902.93	In progress
Subtotal	1,113,648.40	

## 17. Construction in progress

## (1) Detailed Information

Name of the projects	Closing balance			Opening balance		
	Book balance	Depreciation reserve	Book value	Book balance	Depreciation reserve	Book value
GMCC Compressor Engineering	91,949.88		91,949.88	89,066.83		89,066.83
Household Air-conditioner (Chongqing) Project	19,932.30		19,932.30	14,397.00		14,397.00
Handan Air-Conditioner Expansion Project				61,454.24		61,454.24
Suzhou Xiang City Cao Lake Base Project	225,233.44		225,233.44	121,599.18		121,599.18
Compressor (Anhui) Project	1,997.77		1,997.77	9,567.02		9,567.02
Guiyang Meian Project	61,081.56		61,081.56	34,172.59		34,172.59

The Fifth Industrial Zone Dormitory Building Engineering of Midea	95,294.71		95,294.71	83,416.71		83,416.71
Guangdong Welling Construction in Progress	48,151.79		48,151.79	71,714.45		71,714.45
Headquarters Innovation Center Project	52,995.49		52,995.49	992.00		992.00
Hefei Annto Project				40,340.00		40,340.00
Wuhan Annto Project				24,151.65		24,151.65
Zhengzhou Annto Project				26,360.83		26,360.83
Other projects	77,109.80		77,109.80	84,649.79		84,649.79
<b>Total</b>	<b>673,746.74</b>		<b>673,746.74</b>	<b>661,882.29</b>		<b>661,882.29</b>

## (2) List of the changes of the significant construction in progress of this period

Name of the projects	Opening balance	Increase	Transferred in fixed assets	Decreased in others	Closing balance
GMCC Compressor Engineering	89,066.83	46,487.04	39,371.51	4,232.48	91,949.88
Household Air-conditioner (Chongqing) Project	14,397.00	5,535.30			19,932.30
Handan Air-Conditioner Expansion Project	61,454.24		61,454.24		
Suzhou Xiang City Cao Lake Base Project	121,599.18	103,634.26			225,233.44
Compressor (Anhui) Project	9,567.02	1,393.16	8,962.41		1,997.77
Guiyang Meian Project	34,172.59	26,908.97			61,081.56
The Fifth Industrial Zone Dormitory Building Engineering of Midea	83,416.71	12,724.15		846.15	95,294.71
Guangdong Welling	71,714.45	47,730.93	71,293.59		48,151.79

Construction in Progress					
Headquarters Innovation Center Project	992.00	52,003.49			52,995.49
Hefei Annto Project	40,340.00		40,340.00		
Wuhan Annto Project	24,151.65	3,163.83	27,315.48		
Zhengzhou Annto Project	26,360.83	6,165.82	15,595.42	16,931.23	
Other projects	84,649.79	23,756.04	20,320.11	10,975.92	77,109.80
Total	661,882.29	329,502.99	284,652.76	32,985.78	673,746.74

(Continued)

Name of the projects	Accumulative amount of the capitalized interests	Amount of the capitalized interests of the period	Capitalized interests rate of the period (%)	Resources of the capital
GMCC Compressor Engineering				Self-financing
Household Air-conditioner (Chongqing) Project				Self-financing
Handan Air-Conditioner Expansion Project				Self-financing
Suzhou Xiang City Cao Lake Base Project				Self-financing
Compressor (Anhui) Project				Self-financing
Guiyang Meian Project	2,362.12	1,404.79	6.00	Loans
The Fifth Industrial Zone Dormitory Building Engineering of Midea				Self-financing
Guangdong Welling Construction in Progress				Self-financing
Headquarters Innovation Center Project				Self-financing
Hefei Annto Project				Self-financing
Wuhan Annto Project	1,799.36	192.74	6.00	Loans
Zhengzhou Annto Project	4,612.05	237.26	6.00	Loans
Other projects				Self-financing
Total	8,773.53	1,834.79		

## 18. Intangible assets

## (1) Detailed information

Items	Land use right	Non-patented technology	Other	Total
Original book value				
Opening balance	3,830,963.13	187,224.13	49,822.03	4,068,009.29
Increased amount of the period	27,287.82		65.48	27,353.30
1) Purchase	16,191.51		65.48	16,256.99
2) Internal R&D				
3) Increased in enterprise merger				
4) Transferred from investment property and others	11,096.31			11,096.31
Decreased amount of the period	154,918.24	8,043.94	41.48	163,003.66
1) Disposal	153,724.82			153,724.82
2) Transferred from others	1,193.42	8,043.94	41.48	9,278.84
Closing balance	3,703,332.71	179,180.19	49,846.03	4,068,009.29

(Continued)

Items	Land use right	Non-patented technology	Other	Total
Accumulative amortization				
Opening balance	481,906.06	134,744.81	19,400.30	636,051.17
Increased amount of the period	39,896.16	8,069.08	793.02	48,758.26
1) Withdrawal	36,800.68	8,069.08	793.02	45,662.78
2) Transferred from investment property and others	3,095.48			3,095.48
Decreased amount of the period	12,182.81	5,610.11	25.67	17,818.59
1) Disposal	11,896.04			11,896.04
2) Transferred from others	286.77	5,610.11	25.67	5,922.55

Closing balance	509,619.41	137,203.78	20,167.65	666,990.84
Depreciation reserve				
Opening balance				
Increased amount of the period				
1) Withdrawal				
Decreased amount of the period				
1) Disposal				
2) Transferred from others				
Closing balance				
Book value at the period-end	3,193,713.30	41,976.41	29,678.38	3,265,368.09
Book value at the period-begin	3,349,057.07	52,479.32	30,421.73	3,431,958.12

## 19. Goodwill

## (1) Original book value of goodwill

Name of the investees	Opening balance	Formed by the enterprise merger in the period	Decrease		Closing amount
			Disposal	Other	
Wuhu Lexiang Electric Appliance Co., Ltd.	4,817.20				4,817.20
Guangdong GMCC Compressor Co., Ltd.	13,732.33				13,732.33
Guangdong Midea Wuhu Refrigeration Equipment Co., Ltd.	46,787.54				46,787.54
Guangdong Midea Refrigeration Equipment Co., Ltd.	11,436.08				11,436.08
Midea Group Wuhan Refrigeration Equipment Co., Ltd.	10,160.73				10,160.73
Hefei Midea Royalstar Refrigerator Co., Ltd.	5,259.68				5,259.68
Hefei Royalstar Midea Appliance	9,008.52				



Marketing Co., Ltd.					9,008.52
Hefei Royalstar Washing Equipment Manufacturing Co., Ltd.	34,373.76				34,373.76
Chongqing Midea General Refrigeration Equipment Co., Ltd.	8,210.30				8,210.30
Wuxi Little Swan Company Limited	1,326,932.45				1,326,932.45
Midea Carrier Latin American Company	1,037,366.70				1,037,366.70
Jiangxi Midea Elegant Lighting Co., Ltd.	54,427.28				54,427.28
Calpore Macao Commercial Offshore Ltd.	329,956.93				329,956.93
Kim Eng Enterprise Co., Ltd.	29,467.39				29,467.39
Other	9,854.52	25,828.10			35,682.62
Total	2,931,791.41	25,828.10			2,957,619.51

## (2) Impairment test process, parameters and recognition method of the impairment losses of the goodwill

Our company tests impairment of goodwill based on cash flows, discount rate, and other indicators. After testing and calculation, the book value of the goodwill which is corresponding to relevant asset groups or combination of assets groups is not depreciated; therefore it's unnecessary to prepare provision for goodwill impairment.

## (3) Decrease in goodwill

In May 2015, the subsidiary of the Company, Midea Electric Trading (Singapore) Co. Pte. Ltd. purchased the equities with the difference between the purchased cost and the enjoyed share of the net assets of the acquirees on the purchase date is included in the goodwill.

## 20. Long-term unamortized assets

Items	Opening balance	Increase in current period	Amortized of the current period	Other decreases	Closing balance
IT software and consulting fees	212,152.11	96,225.87	66,749.18	12,621.26	229,007.54
Mould fees	301,516.15	134,365.51	118,478.98		317,402.68
Technical getting-started fees	1,415.09		283.02		1,132.07

Expenses on improvement of assets under operating lease	7,388.15	255.19	546.64		7,096.70
Others	236,104.60	125,890.96	89,228.98	23,717.35	249,049.23
Total	758,576.10	356,737.53	275,286.80	36,338.61	803,688.22

## 21. Deferred income tax assets and deferred tax liabilities

## (1) Deferred income tax assets had not been offset

Items	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Deductible losses	614,180.13	193,054.60	420,646.74	128,425.13
Provision for assets impairment	807,290.35	140,952.15	587,439.08	96,013.22
Workers compensation and dismissal costs	396,968.57	69,605.18	1,679,405.74	290,303.22
Accrued expenses	23,449,682.80	3,669,655.22	19,641,041.97	3,143,330.25
Unrealized profits of internal transactions	293,217.83	44,414.64	172,023.68	41,586.58
Change of fair value	11,200.94	826.99	253,864.35	15,992.96
Estimated liabilities	25,980.02	3,897.00	25,573.83	3,836.07
Deferred revenue	367,096.63	57,651.32	338,852.58	52,722.28
Others	8,782.96	1,317.45	50,552.55	7,777.84
Total	25,974,400.23	4,181,374.55	23,169,400.52	3,779,987.55

## (2) Deferred income tax liabilities had not been offset

Deferred income tax liabilities	Closing balance		Opening balance	
	Deductible temporary differences	Deferred income tax liabilities	Deductible temporary differences	Deferred income tax liabilities

Change of fair value	101,244.12	25,525.79	101.673.89	25,917.24
Total	101,244.12	25,525.79	101.673.89	25,917.24

## 22. Short-term borrowings

Items	Closing balance	Opening balance
Credit Loans	862,359.66	723,606.26
Hypothecated Loans	72,253.87	381,497.53
Guaranteed Loans	2,355,067.16	2,630,494.73
Trade financing	7,056,924.69	2,335,280.51
Total	10,346,605.38	6,070,879.03

## 23. Deposit taking and deposit taking of interbank

Items	Closing balance	Opening balance
Deposit taking	21,200.85	7,493.81
Total	21,200.85	7,493.81

## 24. Derivative financial liabilities

Items	Closing balance	Opening balance
Derivative financial liabilities	155,571.85	74,960.70
Total	155,571.85	74,960.70

## 25. Notes payable

Classification	Closing balance	Opening balance
Bank acceptance bill	22,787,992.23	12,648,496.99
Total	22,787,992.23	12,648,496.99

## 26. Accounts payable

Aging	Closing balance	Opening balance
Within 1 Year	18,520,544.25	18,825,285.22
1-2 Years	378,306.74	906,360.45
2-3 years	146,381.64	211,023.92
Over 3 years	225,605.7	194,784.87
Total	19,270,838.33	20,137,454.46

## 27. Advances from customers

Aging	Closing balance	Opening balance
Within 1 Year	2,806,257.29	3,798,152.11

1-2 Years	12,050.96	127,180.66
2-3 years	6,126.84	14,382.35
Over 3 years	43,751.02	52,825.34
Total	2,868,186.11	3,992,540.46

## 28. Employee benefits payable

## (1) Detailed information

Items	Opening balance	Increase	Decrease	Closing balance
Short-term compensation	2,083,515.11	4,984,014.55	5,678,340.05	1,389,189.61
Departure welfare—defined contribution plans	36,924.82	385,207.07	397,360.44	24,771.45
Dismissal welfare	79,337.02	48,107.21	55,065.62	72,378.61
Total	2,199,776.95	5,417,328.83	6,130,766.11	1,486,339.67

## (2) List of short-term compensation

Items	Opening balance	Increase	Decrease	Closing balance
Wages, bonuses, allowances and subsidies	1,941,556.96	4,315,677.64	4,990,231.78	1,267,002.82
Employee welfare fund	77,897.16	231,569.75	250,599.71	58,867.20
Social security charges	21,552.18	192,788.65	199,677.36	14,663.47
Including: medical insurance premium	19,934.72	161,675.73	167,807.33	13,803.12
Premium on work Injury	828.20	17,696.47	17,963.57	561.10
Premium on birth	789.26	13,416.45	13,906.46	299.25
Housing fund	13,548.16	92,661.58	91,116.21	15,093.53
Labor union funds and education funds	18,977.88	20,991.76	21,920.96	18,048.68
Other	9,982.77	130,325.17	124,794.03	15,513.91
Subtotal	2,083,515.11	4,984,014.55	5,678,340.05	1,389,189.61

## (3) List of defined contribution plans

Items	Opening balance	Increase	Decrease	Closing balance
Basic pension insurance	35,248.33	370,185.2	381,093.94	24,339.59
Unemployment insurance premium	1,676.49	15,021.87	16,266.50	431.86
Subtotal	36,924.82	385,207.07	397,360.44	24,771.45

## 29. Taxes payable

Items	Closing balance	Opening balance
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Added-value tax	457,631.65	375,167.87
Business tax	10,136.49	7,523.05
Corporate income tax	3,470,472.16	2,721,473.24
Personal income tax deduction and withholding	30,710.30	22,713.69
Housing property tax	25,101.33	29,868.71
Land use tax	16,825.35	14,366.12
City maintenance construction tax	22,517.60	40,701.95
Education surcharge	10,991.33	17,630.65
Local education surcharge	4,742.42	7,783.64
Other	75,813.83	42,921.79
Total	4,124,942.46	3,280,150.71

## 30. Interests payable

Items	Closing balance	Opening balance
Enterprise bond interest	6,922.06	8,878.24
Short-term loan interests payable	32,771.32	14,033.93
Total	39,693.38	22,912.17

## 31. Dividend payables

Items	Closing balance	Opening balance
Dividends of common shares	292,795.58	93,799.03
Total	292,795.58	93,799.03

## 32. Other payables

## (1) Detailed information

Aging	Closing balance	Opening balance
Within 1 year	969,930.71	1,091,306.26
1-2 years	104,435.59	7,025.78
2-3 years	22,305.98	90,606.5
Over 3 years	24,127.67	34,610.22
Total	1,120,799.95	1,223,548.76

## (2) Other significant accounts payable aging over 1 year

Items	Closing balance	Reasons of unpaid or unreversed
Foshan City Hanyu Investment Development Co., Ltd.	10,000.00	Margin

Saiyi Electric Appliance Group Co., Ltd.	3,321.81	Margin
Guangdong Saipu Appliances Manufacturing Co., Ltd.	2,006.00	Margin
Foshan Gaoming Yinyuan Metalwork Co., Ltd.	1,811.00	Margin
Hefei Tatong Gelan Plastic Industry Co., Ltd.	1,810.00	Margin
Subtotal	18,948.81	

## 33. Non-current liabilities due within one year

Items	Closing balance	Opening balance
Long-term loans within 1 year		611,900.00
Bonds payable due within 1 year		
Total		611,900.00

## 34. Other current liabilities

Items	Closing balance	Opening balance
Withholding promotion fees	1,224,304.47	986,113.85
Withholding utilities	129,940.67	106,723.68
Withholding sale's returned profits	14,867,867.04	13,428,467.67
Withholding installation maintenance	5,699,450.89	4,231,210.96
Withholding rent	53,967.50	53,978.42
Withholding technology commission	75,883.08	126,984.70
Withholding traffic expenses	649,149.85	358,027.23
Hedging instrument	18,112.13	285,732.99
Withholding other expenses	1,332,581.97	1,074,145.49
U.S. commercial notes	1,926,844.67	2,127,551.06
Total	25,978,102.27	22,778,936.05

## 35. Long-term loans

Items	Closing balance	Opening balance
Credit loans	10,575.18	19,205.03
Mortgage loans		
Guaranteed loans		
Total	10,575.18	19,205.03

## 36. Bonds payable

## (1) Detailed information

Items	Closing balance	Opening balance
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Collective bond of 12 Wuhu small and medium enterprises	158,501.30	153,026.30
Total	158,501.30	153,026.30

(2) Changes of the bonds payable (excluding the other financial instruments such as the preferred shares and the perpetual capital securities divided as financial liabilities)

Bond name	Par value	Issue date	Bonds period	Amount	Opening balance
Collective bond of 12 Wuhu small and medium enterprises	100.00	2012/7/19	6 years	150,000.00	153,026.30
Subtotal				150,000.00	153,026.30
Bond name	Issued in the period	Interests withdrawal according to the face value	Overflow discount amortization	Paid in the period	Closing balance
Collective bond of 12 Wuhu small and medium enterprises		5,475.00			158,501.30
Subtotal		5,475.00			158,501.30

### 37. Special payable

Items	Opening balance	Increase	Decrease	Closing balance	Formed reason
Demolition compensation shall	851,825.49		735,514.33	116,311.16	Demolition
Total	851,825.49		735,514.33	116,311.16	

### 38. Estimated liabilities

Items	Closing balance	Opening balance	Formed reason
Deposit for assurance of product quality	25,980.02	25,573.83	Settlement of loss
Total	25,980.02	25,573.83	

### 39. Deferred income

Items	Opening balance	Increase	Decrease	Closing balance	Formed reason
Deferred income	342,235.91	35,817.06	6,560.43	371,492.54	
Total	342,235.91	35,817.06	6,560.43	371,492.54	

### 40. Capital stock

## (1) Detailed information

Items	Opening balance	Increase	Decrease	Closing balance
Total amount of shares	4,215,808.47	74,314.13		4,290,122.60
Total	4,215,808.47	74,314.13		4,290,122.60

## (2) Other notes

In June 2015, the Company issued the RMB common share (Share A) of 55 million shares with per share of RMB23.01 for Xiaomi Science & Technology Co., Ltd. as well as the face value of per share was of RMB1.00.

The increase of the other share capital was due to motivate executing rights of the employee equities.

## 41. Capital reserve

## (1) Detailed Information

Items	Opening balance	Increase	Decrease	Closing balance
Stock premium	10,391,193.96	1,541,545.15		11,932,739.11
Other capital reserve	2,633,689.23	813,373.02	68,062.98	3,378,999.27
Total	13,024,883.19	2,354,918.17	68,062.98	15,311,738.38

## (2) Other notes

1) The increase of the capital reserve-stock premium of the report period was due to the directional seasoned offering of the Company for Xiaomi.

2) The increase of the other capital reserve of the report period was due to the equity incentive of the employees granted on 27 May 2015.

## 42. Other comprehensive income

Items	Opening balance	Amount					Closing balance
		Amount of the pre-tax income of the period	Less: the previous amount included in the other comprehensive income with the current amount in the gains and losses	Less: income tax expenses	Attributed to the parent company after tax	Attributed to the minority shareholders after tax	



Other comprehensive income could not be re-classified in the gains and losses afterwards							
Of which: changes of re-measured the net liabilities and the net assets of defined benefit plans							
Shares enjoyed by the other comprehensive income could not be re-classified in the gains and losses of the investees under the equity method							
Other comprehensive income be re-classified in the gains and losses afterwards	-774,298.83	430,163.10	292,758.99	13,878.62	214,758.17	-91,232.68	-559,540.66
Of which: shares enjoyed by the other comprehensive income be re-classified in the gains and losses of the	-41,165.72	635.89	6,057.03		-5,421.14		-46,586.86

investees under the equity method							
Flexible gains and losses of the fair value of the available-for-sale financial assets	820.17	11,738.49	968.97	-145.35	10,918.32	-3.45	11,738.49
Gains and losses of the held-to-maturity investment be re-classified as available-for-sale financial assets							
Effective part of the gains and losses of cash flow hedging	-269,153.86	662,346.09	285,732.99	14,023.97	360,415.30	2,173.83	91,261.44
Difference of the foreign currency financial statement translation	-464,799.42	-244,557.37			-151,154.31	-93,403.06	-615,953.73
Total of other comprehensive income	-774,298.83	430,163.10	292,758.99	13,878.62	214,758.17	-91,232.68	-559,540.66

## 43. Surplus reserve

Items	Opening balance	Increase	Decrease	Closing balance
Statutory surplus reserve	1,189,791.32			1,189,791.32
Total	1,189,791.32			1,189,791.32

## 44. General risk preparation

Items	Closing balance	Opening balance
General risk preparation	40,516.92	

Total	40,516.92
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The Company withdrew the general risk preparation according to the risk assets items of the finance company of the subsidiaries.

#### 45. Undistributed profits

Items	Amount	Withdrawal or distribution proportion
Undistributed profit at the end of previous period before adjustment	21,814,315.69	
Adjustment of the total undistributed profit at the beginning of the period (“+” for increase, and “-” for decrease)		
Undistributed profit after adjustment at the begin of this period	21,814,315.69	
Add: net profit attributable to the owners of the parent company for the period	8,324,122.61	
Less: statutory accumulation reserve		10.00%
Discretionary surplus reserve		
Appropriation of general risk reserve	40,516.92	
Withdrawal of bonus and welfare fund for staff and workers		
Ordinary share dividends payable	4,215,808.47	
Common stock dividend transferred to share capital		
Others		
Undistributed profit end the year	25,882,112.91	15,304,989.21

#### (II) Notes to the consolidated income statement

##### 1. Operating income/ Operating cost

###### (1) Detailed information

Items	2015		2014	
	Income	Cost	Income	Cost
Income of main business	76,704,910.93	55,194,610.62	72,187,759.06	53,228,417.90
Income of other business	6,170,159.48	5,002,254.89	5,520,459.30	4,307,146.45
Total	82,875,070.41	60,196,865.51	77,708,218.36	57,535,564.35

## (2) Main operating incomes and costs (by products)

Category of product or business	2015		2014	
	Income	Cost	Income	Cost
Large home appliances	54,499,203.35	38,401,893.57	51,299,125.77	37,419,693.85
Air-conditioner and spare parts	42,816,687.06	29,866,998.57	41,692,542.15	30,507,576.85
Refrigerator and spare parts	6,027,598.60	4,505,284.31	5,008,742.18	3,663,813.70
Washing machine and spare parts	5,654,917.69	4,029,610.69	4,597,841.44	3,248,303.30
Small household electrical appliance	19,327,755.83	14,344,267.36	17,792,284.51	13,116,945.26
Motor	2,039,514.25	1,719,216.09	2,148,868.18	1,829,908.68
Logistics	838,437.50	729,233.60	947,480.60	861,870.11
Subtotal	76,704,910.93	55,194,610.62	72,187,759.06	53,228,417.90

## 2. Interest income/expense

Items	2015	2014
Interest income	363,832.38	376,858.22
Granting loans and advances	339,295.12	366,942.90
Including: personal loans and advances		
Corporate loans and advances	66,326.78	17,096.17
Notes discount	272,968.34	349,846.73
Deposit in other banks	24,537.26	9,915.32
Interest expense	317,071.49	191,553.43
Interest net income	46,760.89	185,304.79

## 3. Fees and commission income/expenditure

Items	2015	2014
Settlement business fees and commission income	2,094.25	508.30
Settlement business fees and commission expenditure	888.28	727.61
Fees and commissions net income	1,205.97	-219.31

## 4. Business tax and surcharges

Items	2015	2014
Business tax	21,615.67	15,931.12
City maintenance Construction Tax	314,765.13	241,478.66

Education Surcharge and other	232,254.97	189,417.99
Total	568,635.77	446,827.77

## 5. Selling expenses

Items	2015	2014
Selling expenses	8,986,099.39	7,623,680.06
Total	8,986,099.39	7,623,680.06

## 6. Administrative expenses

Items	2015	2014
Administrative expense	3,604,757.13	3,349,324.40
Total	3,604,757.13	3,349,324.40

## 7. Financial expense

Items	2015	2014
Interest expense	64,637.44	67,587.44
Less: interest income	133,341.10	217,234.47
Add: exchange Loss	5,889.86	-223,491.13
Add: others	62,036.20	84,584.46
Total	-777.60	-288,553.70

## 8. Assets impairment losses

Items	2015	2014
Bad debt loss	280,419.06	301,328.25
Inventory falling price loss	-3,837.10	32,133.63
Fixed assets impairment loss		13,737.44
Available-for-sale financial assets impairment loss		
Loan impairment loss	250.22	4,237.07
Total	276,832.18	351,436.39

## 9. Gain on change in fair value

Items	2015	2014
Financial assets measured by fair value with the changes included in the current gains and losses	-217,464.01	-788,353.68
Including: gains on change in fair value of derivative	-217,464.01	-788,353.68

financial instruments		
Total	-217,464.01	-788,353.68

## 10. Investment income

Sources of generating investment income	2015	2014
Long-term equity investment income measured using equity method	43,126.51	34,977.39
Investment income obtained from disposal of long-term equity investment	-8,554.58	
Investment income obtained from disposal of the financial assets measured by fair value with the changes included in the current gains and losses	313,320.63	131,824.68
Investment income of the available-for-sale financial assets during the holding period	148,199.47	84,654.96
Investment income obtained from disposal of the available-for-sale financial assets	2,158.77	
Financial investment income	682,954.05	174,990.06
Total	1,181,204.85	426,447.09

## 11. Non-operating income

## (1) Detailed information

Items	2015	2014	Amount recorded in current extraordinary profit and loss
Total gain on disposal of non-current assets	38,172.48	40,031.43	38,172.48
Including: income to dispose fixed assets	29,165.76	36,950.36	29,165.76
Gain on disposal of intangible assets	9,006.72	3,081.07	9,006.72
Income from claim reimbursement	6,267.09	9,277.21	6,267.09
Reimbursable receipts	21,121.63	19,353.97	21,121.63
Governmental subsidies	509,575.75	459,987.53	485,175.82
Gain from debt restructuring	17.25	1,688.20	17.25
Other incomes	75,437.21	23,084.72	75,437.21
Total	650,591.41	553,423.06	626,191.48

## 12. Non-operating expenses

Items	2015	2014	Amount recorded in current extraordinary profit and loss
Total loss on disposal of non-current assets	77,444.62	99,791.39	77,444.62
Including: loss on disposition fixed assets	77,150.89	99,791.39	77,150.89
Loss on disposal of intangible assets	293.73		293.73
Fixed assets inventory loss	10,078.02	12,362.93	10,078.02
External donation	3,331.09	8,995.94	3,331.09
Other Expenses	9,562.64	11,961.76	6,669.61
Total	100,416.37	133,112.02	97,523.34

## 13. Income tax expenses

## (1) Detailed information

Items	2015	2014
Income tax expenses of the current period	2,262,867.37	2,459,809.78
Deferred income tax expenses	-454,861.08	-929,094.31
Total	1,808,006.29	1,530,715.47

## (2) Accounting profits and the adjustment process of the income tax expenses

Items	2015
Total amount of the profits	10,756,573.91
Income tax expenses calculated according to the statutory/applicable tax rate	2,689,143.48
Influences of adopting different tax rate by the subsidiaries	-835,447.52
Influences of the tax rate of the period before adjustment	-47,083.95
Influences of the non-taxable income	-64,692.78
Influences of the non-deductible cost, expenses and losses	49,080.30
Influences of the deductible loss of the unrecognized deferred income tax assets of the previous using period	-46.40
Influences of the deductible temporary difference or the deductible loss of the unrecognized deferred income tax assets at the period-end	17,053.16
Other	
Income tax expenses	1,808,006.29

## 14. Net after-tax amount of other comprehensive income

For the details of the net after-tax amount of other comprehensive income, please refer to the notes to the other

comprehensive income of the items of the consolidated balance sheet of the notes of the financial statement.

### (III) Notes to Consolidated Cash Flow Statement

#### 1. Other cash received relating to operating activities

Items	2015	2014
Property rental received	10,537.59	24,491.15
Government subsidies received	531,104.14	455,672.43
Interest income	133,681.65	156,813.70
Income from claim reimbursement	25,378.10	24,591.31
Security Money	261,978.64	74,532.25
Intercourse funds	143,997.78	
Other incomes	639,623.26	499,793.59
Total	1,746,301.16	1,235,894.43

#### 2. Other cash paid relating to operating activities

Items	2015	2014
Cash paid for management expenses	1,552,194.52	1,626,344.44
Cash paid for sales expenses	6,263,503.17	5,125,931.23
Intercourse funds		194,812.07
Other expenses	82,225.64	114,689.46
Total	7,897,923.33	7,061,777.20

#### 3. Cash paid for the investment

Items	2015	2014
Cash paid for the investment	8,915,487.43	26,488,790.03
Total	8,915,487.43	26,488,790.03

The cash paid for the investment of the period was due to the investment such as purchasing the bank financing.

#### 4. Supplementary information on cash flow statements

##### (1) Supplementary information on cash flow statements

Supplementary information	2015	2014
1) To adjust the net-profit as cash flow of operating activities:		
Net profit	8,948,567.62	7,217,628.07
Add: Provision for asset impairment	276,832.18	351,436.39
Depreciation of fixed assets and investment property	1,122,983.88	1,176,192.05
Amortization of intangible assets	45,662.78	45,124.17



Amortization of long-term deferred expenses	275,286.80	232,750.36
Losses on disposal of fixed assets, intangible assets and other long-term assets	39,272.14	59,759.96
Fixed asset abandoned losses		
The borrowings from central bank		-59,709.63
The deposit taking and the deposit taking of interbank	13,707.04	216.14
Decrease of the accounts deposited in central bank and the same trade accounts	-349,941.04	74,239.40
Increase in discount		
Decrease in loans granted	-2,923,618.32	140,373.38
Sound value flexible loss	217,464.01	788,353.68
Financing expense	43,254.90	29,010.03
Investment loss	-1,181,204.85	-426,447.09
Decrease in deferred income tax assets	-406,064.44	-862,823.62
Increase in Deferred Income Tax Liabilities	-513.89	-70,684.04
Decrease in inventory	4,849,751.12	5,140,620.78
Decrease in operating items receivable	-15,165,695.75	-8,947,160.59
Increase of operating payable	12,896,474.57	8,282,583.41
Others	113,453.14	
Net cash flow from operating activities	8,815,671.89	13,171,462.85

(Continued)

Supplementary information	2015	2014
2. Significant investment and financing activities without cash receipts and payments		
Conversion of debt into capital		
Convertible bonds due within 1 year		
Fixed assets under finance leases		
3. Change in cash and cash equivalents		
Cash at the end of the period	5,507,146.23	12,229,330.95
Less: amount at the beginning period	5,272,238.35	16,763,873.80
Add: amount of cash equivalents at the end of period		
Less: amount of cash equivalents at the beginning period		
Net increase in cash and cash equivalents	234,907.88	-4,534,542.85

(2) Net cash amount of obtaining the subsidiaries paid in the current period

Items	2015
Cash or cash equivalents paid of the period for the enterprise merger occurred in the current period	5,501.79
Less: cash and cash equivalents held by the subsidiaries on the purchase date	8,397.13
Add: cash and cash equivalents paid of the period for the enterprise merger occurred	

in the previous period	
Obtained the net cash amount paid by the subsidiaries	-2,895.34

## (3) Composition of cash and cash equivalents

Items	2015	2014
1) Cash	5,507,146.23	12,229,330.95
Including: cash in stock	933.79	1,210.89
Bank deposit available for immediate payment	3,193,004.10	11,668,252.58
Other currency available for immediate payment	89,241.66	258,540.86
Deposit in central bank available for payment	199,535.44	
Deposit in other banks	2,024,431.24	301,326.62
Withdraw of deposit from other banks		
2) Cash equivalents		
Including: bond investment maturing within 3 months		
3) Balance of cash and cash equivalents at the end of the period	5,507,146.23	12,229,330.95

## (IV) Other

## 1. Assets with restricted ownership or usage right

Items	Book value at the period-end	Restricted reason
Monetary capital	11,336,019.90	Cash deposit and fixed time deposit
Due from central bank	1,627,504.64	Legal reserve
Notes receivable		L/C guarantee
Total	12,963,524.54	

## 2. Foreign currency monetary items

## (1) Detailed information

Items	Foreign currency balance at the period-end	Exchange rate convert	Convert into RMB balance at the period-end
Monetary capital			
Of which: USD	377,194.72	6.1136	2,306,017.65
JPY	173,971.07	0.0501	8,707.60
HKD	172,748.49	0.7886	136,231.19
EUD	23,782.97	6.8699	163,386.63
BRL	28,205.44	1.9709	55,588.92
Dong	21,388,044.70	0.0003	5,997.52
INR	63,271.55	0.0961	6,082.61

MYR	7.00	1.6387	11.47
Accounts receivable			
Of which: USD	1,163,152.80	6.1136	7,111,050.98
JPY	335,600.78	0.0501	16,797.49
HKD	17,916.70	0.7886	14,129.29
EUD	26,790.47	6.8699	184,047.84
BRL	240,636.17	1.9709	474,259.73
Dong	257,743,248.75	0.0003	72,274.97
INR	1,988,085.61	0.0961	191,124.61
Short-term loans			
Of which: USD	882,776.51	6.1136	5,396,942.48
HKD	400,000.00	0.7886	315,444.00
BRL	60,491.57	1.9709	119,220.29
Accounts payable			
Of which: USD	232,743.52	6.1136	1,422,900.81
JPY	312,924.56	0.0501	15,662.50
HKD	1,115.99	0.7886	880.08
EUD	496.08	6.8699	3,408.00
BRL	75,256.32	1.9709	148,319.52
Dong	310,696,340.35	0.0003	87,123.79
INR	320,071.36	0.0961	30,770.06
Long-term loans			
Of which: BRL	5,079.07	1.9709	10,010.13

## VI. Changes of the consolidated scope

### (I) Enterprise merger not under the same control

#### 1. Enterprise merger occurred not under the same control in the current period

Obtained time-point of the equity	Cost obtained from the equity	Obtaining proportion of the equity (%)	Obtaining method of the equity
May 2015	5,501.78	49.00	Purchase

### (II) Changes of the consolidated scope with other reasons

#### 1. Increase of the consolidated scope

Name of the companies	Obtaining method of the equity	Obtaining time-point of the equity	Contribution amount	Contribution proportion
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Midea Group Payment Technology Co. Ltd.	Establishment	March 2015	100,000.00	100.00%
Midea Innovation Investment Co. Ltd.	Establishment	April 2015	50,000.00	100.00%
Shunde District, Foshan City, Meihui Management Services Co. Ltd.	Establishment	May 2015	273,077.20	100.00%
Guangdong Midea SIIX Electronics Co. Ltd.	Establishment	June 2015	50,000.00	75.00%

## 2. Decrease of the consolidated scope

Name of the companies	Disposal method of the equity	Disposal time-point of the equity	Net assets on the disposal date	Net profits from the period-begin to the disposal date
Ningbo Midea Material Supplies Co., Ltd.	Consolidation by merger	January 2015	158,948.29	1.22
Carrier Transicold Argentina S.A.	Written off	January 2015		
Guangdong Midea Whole Household Integration Co. Ltd.	Consolidation by merger	March 2015	28,048.83	-127.11
Foshan City, Jimei Detection Technology Co. Ltd.	Consolidation by merger	March 2015	25,693.55	4.17
Zhuzhou Annto Logistics Co. Ltd.	Written off	April 2015	20,507.39	504.13
Zhongshan City, Midea Environmental Electrical Engineering Product Installation Services Co. Ltd.	Written off	May 2015	4,120.14	-0.84
Wuhu Midea Solar Energy Technology Co. Ltd.	Written off	May 2015	28,911.49	-25.38
Maytag International Investment I B.V.	Written off	June 2015	3,358.43	
Maytag International Investment IV B.V.	Written off	June 2015	3,376.45	

## VII. Equities among other entities

### (I) Equities amount the significant subsidiaries

#### 1. Composition of the significant subsidiaries

Name of the subsidiaries	Main operating place	Registered place	Business nature
GD Midea Holding (Singapore) Trading Co., Ltd.	Singapore	Singapore	Commerce
Guangdong Midea HVAC Equipment Co., Ltd.	Foshan	Foshan	Manufacturing
Guangzhou Hualing Refrigeration Equipment Co., Ltd.	Guangzhou	Guangzhou	Manufacturing

Foshan Shunde Midea Electrothermal Equipment Manufacturing Co., Ltd.	Foshan	Foshan	Manufacturing
Ningbo Midea United Material Supply Co., Ltd.	Ningbo	Ningbo	Commerce
Anhui GMCC Precision Manufacturing Co., Ltd.	Wuhu	Wuhu	Manufacturing
Anhui GMCC Compressor Sales Co., Ltd.	Wuhu	Wuhu	Commerce
Wuhu Midea Life Electric Appliance Manufacturing Co., Ltd.	Wuhu	Wuhu	Manufacturing
Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.	Foshan	Foshan	Manufacturing
Hefei Midea Refrigerator Co., Ltd.	Hefei	Hefei	Manufacturing

(Continued)

Name of the subsidiaries	Shareholding proportion (%)		Obtaining method
	Directly	Indirectly	
GD Midea Holding (Singapore) Trading Co., Ltd.		100.00	Establishment
Guangdong Midea HVAC Equipment Co., Ltd.	100.00		Establishment
Guangzhou Hualing Refrigeration Equipment Co., Ltd.	75.00	25.00	Establishment
Foshan Shunde Midea Electrothermal Equipment Manufacturing Co., Ltd.		100.00	Establishment
Ningbo Midea United Material Supply Co., Ltd.	100.00		Establishment
Anhui GMCC Precision Manufacturing Co., Ltd.	95.00	5.00	Establishment
Anhui GMCC Compressor Sales Co., Ltd.	95.00	5.00	Establishment
Wuhu Midea Life Electric Appliance Manufacturing Co., Ltd.		100.00	Establishment
Guangdong Midea Kitchen Appliance Manufacturing Co., Ltd.		100.00	Enterprise merger under the same control
Hefei Midea Refrigerator Co., Ltd.	75.00	25.00	Enterprise merger not under the same control

## 2. Significant non-wholly-owned subsidiaries

Name of the subsidiaries	Shareholding proportion of minority shareholders (%)	Gains and losses attributed to the minority shareholders of the current period	Dividends declared to distribute to the minority shareholders of the current period	Balance of the equities of the minority shareholders at the period-end
Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.	20.00	73,762.37	72,324.64	269,043.07
Midea Group Wuhan Refrigeration Equipment Co., Ltd.	20.00	26,750.71	41,863.39	127,460.56
Guangdong Midea Refrigeration Equipment Co., Ltd.	20.00	147,356.20	120,062.93	656,093.90
Wuxi Little Swan Co., Ltd.	47.33	204,587.96	134,700.62	2,105,925.48
Guangdong GMCC Compressor Co., Ltd.	40.00	42,118.20	41,019.65	659,020.61
Weiling Holding Limited	31.36	99,501.50	52,548.52	1,149,118.22

### 3. Main financial information of the significant non-wholly owned subsidiaries

#### (1) List of assets and liabilities

Name of subsidiaries	Closing balance					
	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total of liabilities
Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.	14,796,498.39	1,554,242.08	16,350,740.47	15,058,753.17		15,058,753.17
Midea Group Wuhan Refrigeration Equipment Co., Ltd.	2,686,914.46	356,088.26	3,043,002.73	2,405,699.93		2,405,699.93
Guangdong Midea Refrigeration Equipment Co., Ltd.	28,716,960.23	3,382,564.54	32,099,524.77	28,875,534.89	33,429.97	28,908,964.86
Wuxi Little Swan Co., Ltd.	9,682,677.89	1,547,480.23	11,230,158.12	5,848,813.85	15,469.73	5,864,283.58
Guangdong					57.42	

GMCC Compressor Co., Ltd.	3,050,482.84	674,012.33	3,724,495.17	2,076,886.22		2,076,943.64
Weiling Holding Limited	4,892,304.60	1,684,557.39	6,576,861.99	2,903,442.94	34,689.77	2,938,132.71

(Continued)

Name of subsidiaries	Opening balance					
	Current assets	Non-current assets	Total of assets	Current liabilities	Non-current liabilities	Total of liabilities
Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.	10,801,029.64	1,247,291.63	12,048,321.27	10,763,058.27		10,763,058.27
Midea Group Wuhan Refrigeration Equipment Co., Ltd.	1,643,639.02	322,411.43	1,966,050.45	1,254,919.46		1,254,919.46
Guangdong Midea Refrigeration Equipment Co., Ltd.	17,563,389.95	3,368,997.75	20,932,387.70	17,967,667.01	30,669.97	17,998,336.98
Wuxi Little Swan Co., Ltd.	9,794,839.33	1,643,783.83	11,438,623.16	6,216,176.98	33,822.49	6,249,999.47
Guangdong GMCC Compressor Co., Ltd.	3,556,196.47	650,588.80	4,206,785.27	2,569,820.04		2,569,820.04
Weiling Holding Limited	4,702,104.07	1,631,599.18	6,333,703.25	2,815,635.23	37,435.43	2,853,070.66

## (2) List of gains and losses and cash flow

Name of subsidiaries	2015			
	Operating income	Net profits	Total amount of	Cash flow from the operating

			comprehensive income	activities
Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.	11,528,483.96	367,049.15	367,049.15	-2,332,957.49
Midea Group Wuhan Refrigeration Equipment Co., Ltd.	4,497,526.79	133,753.55	133,753.55	2,094,865.98
Guangdong Midea Refrigeration Equipment Co., Ltd.	18,367,647.93	825,684.00	825,077.81	7,713,772.14
Wuxi Little Swan Co., Ltd.	6,101,903.86	498,509.02	498,482.28	1,365,269.48
Guangdong GMCC Compressor Co., Ltd.	4,023,165.30	105,295.50	107,590.14	43,551.50
Weiling Holding Limited	3,992,399.47	321,758.80	321,621.44	635,840.19

(Continued)

Name of subsidiaries	2014			
	Operating income	Net profits	Total amount of comprehensive income	Cash flow from the operating activities
Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.	10,756,039.49	217,971.53	217,971.53	2,346,586.17
Midea Group Wuhan Refrigeration Equipment Co., Ltd.	5,223,359.51	136,653.21	136,653.21	180,727.18
Guangdong Midea Refrigeration Equipment Co., Ltd.	19,393,786.00	600,067.54	596,788.14	3,563,594.47
Wuxi Little Swan Co., Ltd.	4,974,057.02	350,363.72	350,589.73	825,104.44
Guangdong GMCC Compressor Co., Ltd.	3,271,999.73	78,001.90	78,001.90	41,638.08
Weiling Holding Limited	4,120,335.82	303,858.45	305,721.48	210,078.53

(II) Transactions with the shares of the owners' equities of the subsidiaries changed but still control the subsidiaries

1. List of the changes of the shares of the owners' equities of the subsidiaries

Name of subsidiaries	Changing time	Shareholding proportion before changes	Shareholding proportion after changes
Weiling Holding Limited*	January 2015	68.68%	68.66%
Weiling Holding Limited*	February	68.66%	68.64%



2015

\*The changes of the shares of the owners' equities of the Company in Weiling Holding Limited were due to the executing rights of the equity incentive policies of Weiling Holding Limited.

## (III) Equities among the joint venture enterprises

## 1. Significant joint venture enterprises

## (1) Basic information

Name of the joint venture enterprises	Main operating place	Registration place	Nature	Shareholding proportion (%)		Accounting treatment of the investment of the joint venture enterprises
				Directly	Indirectly	
Foshan City Shunde District Midea Micro-Credit Inc.	Foshan	Foshan	Financial industry	30.00		Measured by equity method
Midea Micro-Credit Inc.	Wuhu	Wuhu	Financial industry	16.67	13.33	Measured by equity method
Misr Refrigeration and Air-conditioning Mfg. Co. S.A.E.	Cairo	Cairo	Manufacturing industry		32.50	Measured by equity method
Hefei Royalstar Motor Co., Ltd.	Hefei	Hefei	Commerce	49.50	49.50	Measured by equity method
Shanxi Huaxiang Group Co., Ltd.	Linfen	Linfen	Manufacturing industry		49.00	Measured by equity method

## 2. Main financial information of significant joint venture enterprises

Items	Closing balance/2015			
	Foshan City Shunde District Midea Micro-Credit Inc.	Midea Micro-Credit Inc.	Misr Refrigeration and Air-conditioning Mfg. Co. S.A.E.	Shanxi Huaxiang Group Co., Ltd.
Current assets	420,565.35	1,159,954.54	729,309.13	1,214,577.00
Non-current assets	1,971.23	10,107.13	63,162.51	623,897.50
Total of assets	422,536.58	1,170,061.67	792,471.64	1,838,474.50
Current liabilities	198,687.33	861,991.41	462,640.58	1,119,072.83
Non-current liabilities			14,790.35	118,674.19
Total of liabilities	198,687.33	861,991.41	477,430.93	1,237,747.02

Equities of minority shareholders			8,532.34	87,533.70
Owners' equities attributed to the parent company	223,849.25	308,070.26	306,508.37	513,193.78
Net assets shares calculated according to the shareholding proportion	67,154.77	92,421.08	99,615.22	251,464.95
Book value of the investment of the equities of the joint venture enterprises	67,154.77	92,421.08	274,055.01	272,930.43
Operating income	29,066.15	50,547.88	571,429.44	638,009.18
Net profits	15,170.95	4,503.70	43,782.15	49,586.24
Net profits of discontinued operations				
Other comprehensive income			-18,457.23	
Total of comprehensive income	15,170.95	4,503.70	25,324.92	49,586.24
Shares dividends received from the joint venture enterprises	9,601.40	14,444.56	16,993.04	

(Continued)

Items	Opening balance/2014			
	Foshan City Shunde District Midea Micro-Credit Inc.	Midea Micro-Credit Inc.	Misr Refrigeration and Air-conditioning Mfg. Co. S.A.E.	Shanxi Huaxiang Group Co., Ltd.
Current assets	354,707.78	743,765.32	580,036.53	935,622.34
Non-current assets	1,858.73	14,538.13	72,520.86	670,776.40
Total of assets	356,566.51	758,303.45	652,557.39	1,606,398.74
Current liabilities	115,572.99	516,914.76	287,448.00	1,013,633.57
Non-current liabilities			8,652.70	43,107.12
Total of liabilities	115,572.99	516,914.76	296,100.70	1,056,740.69
Equities of minority shareholders			14,104.00	81,856.24
Owners' equities attributed to the parent company	240,993.52	241,388.69	342,352.69	467,801.81
Net assets shares calculated according to the shareholding proportion	72,298.05	108,624.91	111,264.62	229,222.89

Book value of the investment of the equities of the joint venture enterprises	72,298.05	109,311.06	309,822.44	248,344.27
Operating income	22,410.78	29,855.45	523,764.16	664,603.78
Net profits	223.21	-3,674.83	40,519.80	49,088.28
Net profits of discontinued operations				
Other comprehensive income			10,787.92	
Total of comprehensive income	223.21	-3,674.83	51,307.72	49,088.28
Shares dividends received from the joint venture enterprises			28,283.68	

### 3. Summary of the financial information of the insignificant joint venture enterprises

Items	Closing balance/2015	Opening balance/2014
Joint venture		
Total of the investment book value	199,594.54	212,098.58
Total amount of the followings calculated according to the shareholding proportion		
Net profits	-1,076.85	4,155.85
Other comprehensive income	577.46	-588.77
Total amount of the comprehensive income	-499.39	3,567.08

## VIII. Risks related to the financial instruments

The Company should balance the risks and benefits in risk management, minimize negative effects for business performance and maximize the benefits for shareholders and other equity investors. Based on the risk management target, the basic strategy for risk management is to define and analyze all possible risks, establish risk baseline for risk management, monitor all risks reliably and control the risks within agreed limits.

The Company will face all possible risks related to financial instruments during daily activities, including credit risk, liquidity risk and market risk. The management has reviewed and approved the management policies for risks, including:

## (I) Credit risk

Credit risk is the possibility of financial loss to one party of financial instruments from failure of fulfillment of obligations of the other party.

Credit risk is related to accounts receivables, loans, acceptance, internal and external businesses in letter of guarantee. In order to control the risk, the Company takes following measures:

### 1. Bank deposit

The Company would deposit the money in financial institutions with high credit rating. Therefore, credit risk is low.

### 2. Accounts receivables

The Company would assess the customers for deal on credit. According to credit assessment, customers with good faith would be approved for transactions. The accounts receivables should be monitored to avoid significant risks of bad debts.

### 3. Highest credit risk exposure

Without considering available collateral or other credit enhancement (such as netting agreement of mutual offset for nonconformance), amount of highest credit risk exposure on balance sheet date refers to book value of book balance of financial assets deducting depreciation reserves.

### 4. Overdue and impairment of financial assets

Non-overdue financial assets are those not overdue for principal and interest. Overdue financial assets are those overdue one day or more for principal and interest. Impaired financial assets are those impaired after individual impairment test.

Credit risk of financial assets should be assessed according to five credit quality categories classified by China Banking Regulatory Commission.

Until June 30, 2015, financial assets not overdue or impaired should be classified into normal category according to five credit quality categories classified by China Banking Regulatory Commission.

## (II) Liquidity risk

Liquidity risk refers to that with capital shortage when the Company is fulfilling obligations of cash payment or payment by other financial assets methods. Liquidity risk comes from financial assets not sold by fair value as

early as possible; or contractual liabilities unable to be paid; or premature liabilities; or unexpected cash flow.

In order to control the risk, the Company adopts settlement of instruments, bank loans and other financial means and combines short-term and long-term financing methods to optimize financing structure and balance the persistence and flexibility. The Company has obtained bank line of credit from multiple commercial banks to satisfy the requirements of working capital and expenditures.

### (III) Market risk

Market risk refers to that fluctuant caused by market price development of fair value of financial instrument or future cash flow. Market risk includes interest rate risk and foreign exchange risk.

#### 1. Interest rate risk

Interest rate risk refers to that fluctuant caused by market interest rate change of fair value of financial instrument or future cash flow. Risks related to market interest rate change is related to loans calculated by floating interest rate.

So far, the risk of change of market rate does not affect the total profit and shareholders' equity.

#### 2. Foreign exchange risk

Foreign exchange risk is caused by fluctuation in exchange rate. Foreign exchange risk for the Company is related to foreign currency monetary assets and liabilities. If foreign currency assets and liabilities are unbalanced in the short term, the Company should buy or sell foreign currency when necessary to ensure the acceptable level of net risk exposure. The Company's mainland businesses are using RMB for quoting price. Therefore, foreign exchange risk undertaken by the Company is not significant.

Refer to the appended notes of foreign exchange monetary items for the foreign exchange financial assets and liabilities.

## IX. Disclosure of the fair value

### (I) Detailed information of the fair value of the assets and liabilities measured by fair value at the period-end

Items	Fair value at the period-end			
	Measurement of the first level fair value	Measurement of the second level fair value	Measurement of the third level fair value	Total
Continuous fair value measurement				

Financial assets measured by fair value with the changes included in the current gains and losses				
1. Trading financial assets	14,339.10			14,339.10
(1) Investment of the liabilities instruments				
(2) Investment of the equity instruments				
(3) Derivative financial assets	14,339.10			14,339.10
2. Available-for-sale financial assets	538,901.64			538,901.64
(1) Investment of the equity instruments	538,901.64			538,901.64
Total amount of the assets continuously measured by fair value	553,240.74			553,240.74
Financial liabilities measured by fair value with the changes included in the current gains and losses				
1. Trading financial liabilities	155,571.85			155,571.85
(1) Issued trading bonds				
(2) Derivative financial liabilities	155,571.85			155,571.85
(3) Other				
Total amount of the liabilities continuously measured by fair value	155,571.85			155,571.85
Inconsistent fair value measurement				
Held for sale assets				
Total amount of the assets inconsistently measured by fair value				
Total amount of the liabilities inconsistently measured by fair value				

(II) The items of the continuous and non-continuous first level fair value measurement adopted the market price at the period-end of the Exchange or the commercial bank as the basis of the fair value measurement.

## X. Associated Party and Their Transactions

### (I) Associated Party

#### 1. List of the parent company of the Company

##### (1) Parent company of the Company

Name of parent company	Place of Registration	Nature	Registered capital	Percentage of parent company's shareholding rate (%)	Voting right of the parent company (%)
Midea Holding Co., Ltd.	Foshan City Shunde District	Commercial	330,000.00	34.88	34.88

(2) The ultimate controller of the Company is Mr. He Xiangjian.

2. For the details of the subsidiaries of the Company, please refer to the notes of the equities among the other entities of the notes of the financial statement.

3. List of the joint ventures enterprise of the Company

For the significant joint venture enterprise of the Company, please refer to the notes of the equities among the other entities of the notes of the financial statement.

4. List of the other related parties of the Company

Name of other related parties	Relationship of the other related parties with the Company
Foshan Weishang Technology Industry Development Group Co., Ltd.	Controlled by the actual controller of the Company
Foshan City Midea Household Appliances Co., Ltd.	Controlled by the actual controller of the Company
Hefei City Bainian Molding Technology Co., Ltd.	Controlled by direct relative of the ultimate controlling shareholder of the Company
Guangdong Wellkey Electric Material Co., Ltd.	Controlled by direct relative of the ultimate controlling shareholder of the Company
Anhui Wellkey Electric Material Co., Ltd.	Controlled by direct relative of the ultimate controlling shareholder of the Company
Infore Holding Group Co., Ltd.	Controlled by direct relative of the ultimate controlling shareholder of the Company
Guangdong Yingke Electronics Co., Ltd.	Controlled by direct relative of the ultimate controlling shareholder of the Company
Foshan City Shunde Midea Development Co., Ltd.	Controlled by the actual controller of the Company
Foshan Midea Real Estate Development Co., Ltd.	Controlled by the actual controller of the Company
Shanxi Huaxiang Group Co., Ltd.	Joint venture of the shareholding subsidiary of the Company
Shanxi Huaxiang Tongchuang Casting Co., Ltd.	Subsidiary of the Company's joint-venture company
Guangdong Midea Property Co., Ltd.	Controlled by the actual controller of the Company

Guangdong Meilongbao Wine Co., Ltd.	Controlled by the actual controller of the Company
Foshan Shunde Rural Commercial Bank Company Limited	Share held by the Company

## (II) Associated party transactions

## 1. Associated party transactions in relation to sales of goods, provision and receipt of labor services

## (1) Associated party transactions in relation to purchase of goods and receipt of labor service

Associated party	Transaction content	2015	2014
Hefei City Bainian Molding Technology Co., Ltd.	Purchase commodities		
Guangdong Wellkey Electric Material Co., Ltd.	Purchase commodities	394,941.99	247,459.88
Foshan Micro Midea Filter Co., Ltd.	Purchase commodities	79,648.54	59,537.24
Shanxi Huaxiang Tongchuang Casting Co., Ltd.	Purchase commodities	80,924.50	55,638.59
Shanxi Huaxiang Group Co., Ltd.	Purchase commodities		4,597.01
Guangdong Yingke Electronics Co., Ltd.	Purchase commodities	4,456.81	70,429.79
Anhui Wellkey Electric Material Co., Ltd.	Purchase commodities	163,113.76	164,519.36
Total		723,085.60	602,181.87

## (2) Associated party transactions in relation to sales of goods and provision of labor service

Associated party	Transaction content	2015	2014
Hefei City Bainian Molding Technology Co., Ltd.	Sell commodities		
PT.MIDEA PLANET INDONESIA	Sell commodities		19,508.06
Anhui Wellkey Electric Material Co., Ltd.	Sell commodities		
Guangdong Wellkey Electric Material Co., Ltd.	Sell commodities		944.61
Guangdong Yingke Electronics Co., Ltd.	Sell commodities		



Total			20,452.67
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## 2. Associated party lease

## (1) List of the lease of the Company

Lessee	Types of leasing assets	Leasing income recognized of the current period	Leasing income recognized of the same period of last year
Foshan City Shunde Midea Development Co., Ltd.	Office building		
Infore Holding Group Co., Ltd.	Office building	1,349.20	1,616.62
Midea Holding Co., Ltd.	Office building	353.08	350.38
Guangdong Meilongbao Wine Co., Ltd.	Plant	78.30	127.10
Foshan Micro Midea Filter Co., Ltd.	Office building		217.62
Guangdong Midea Property Co., Ltd.	Office building	2,323.41	2,318.16
Foshan City Shunde District Midea Micro-Credit Inc.	Office building	267.01	
Guangdong He Xiangjian Philanthropic Foundation	Office building	56.36	

## 3. Deposit of associated funds

Name of the items	Associated parties	2015	2014
Deposit of monetary capital	Foshan Shunde Rural Commercial Bank Company Limited	12,563,085.61	7,348,418.81

## 4. Notes discount interests paid by Associated Party

Name of the items	Associated parties	2015	2014
Notes discount interests	Anhui Wellkey Electric Material Co., Ltd.	3,924.80	1,137.42
Notes discount interests	Guangdong Wellkey Electric Material Co., Ltd.	4,916.05	4,898.67
Total		8,840.85	6,036.09

## (III) Associated party accounts receivable and accounts payable

## 1. Accounts receivables due from associated party

Name of the items	Associated parties	Closing amount	Opening amount
Accounts receivable	PT.MIDEA PLANET INDONESIA		4,378.06
Subtotal			4,378.06
Other accounts receivable			
	Guangdong Midea Property Co., Ltd.	1,164.85	
Subtotal		1,164.85	

## 2. Accounts payables due to associated party

Name of the items	Associated parties	Closing amount	Opening amount
Accounts payable			
	Hefei City Bainian Molding Technology Co., Ltd.		0.88
	Guangdong Wellkey Electric Material Co., Ltd.	142,575.52	103,113.58
	Foshan Micro Midea Filter Co., Ltd.	1,050.24	
	Shanxi Huaxiang Group Co., Ltd.	32,537.59	60,495.05
	Guangdong Yingke Electronics Co., Ltd.	23,993.32	26,695.69
	Anhui Wellkey Electric Material Co., Ltd.	46,619.52	96,658.11
Subtotal		246,776.19	286,963.31
Other accounts payable			
	Guangdong Wellkey Electric Material Co., Ltd.		200.00
	Foshan Micro Midea Filter Co., Ltd.		
	Guangdong Yingke Electronics Co., Ltd.		560.00
Subtotal			760.00

**XI. Stock payment**

## (I) Overall situation of stock payment

## 1. Detailed information

Items	Number	Amount
Total of equity instruments granted in this period	83,790.00	847,684.27
Total of equity instruments executed in this period	19,314.13	342,246.30
Total of equity instruments invalid in this period		
The scope and the remaining period of the contract of the executive price of the outstanding share option issued at the period-end of the Company	<p>The first authorization date was 18 February 2014, the executive price of RMB18.72; the first exercise schedule: since the first trading date after 12 months of the authorization date to the last trading date among the 36 months since the authorization date with the right proportion of 1/3; the second exercise schedule: the first trading date after 24 months of the authorization date to the last trading date among 48 months since the trading date with the right proportion of 1/3; the third exercise schedule: since the first trading date after 36 months of the authorization date to the last trading date among the 60 months since the authorization date with the right proportion of 1/3;</p> <p>The second authorization date was 27 May 2015, the executive price of RMB30.54; the first exercise schedule: since the first trading date after 12 months of the authorization date to the last trading date among the 36 months since the authorization date with the right proportion of 1/3; the second exercise schedule: the first trading date after 24 months of the authorization date to the last trading date among 48 months since the trading date with the right proportion of 1/3; the third exercise schedule: since the first trading date after 36 months of the authorization date to the last trading date among the 60 months since the authorization date with the right proportion of 1/3;</p>	
The scope and the remaining period of the contract of the executive price of the outstanding other equity instruments issued at the period-end of the Company		

## (II) List of the share-based payment settled by equity

Confirmation of fair value of equity instruments at the grant date	Black-Scholes Option Pricing Models
Recognition basis of the number of the vested equity instruments	Measured according to the expected lapsed option

Reasons of the significant difference between the estimates of the current period with that of the last period	
Accumulative amount of the share-based payment settled by equity and be included in the capital surplus	249,272.86
Total amount of the expenses recognized according to the share-based payment settled by equity of the current period	113,453.14

## XII. Commitments and contingencies

### (I) Significant commitments

Up to 30 June 2015, there was no any significant commitment needed to be disclosed.

### (II) Contingencies

Amount in tax affairs disputes for Brazil subsidiary with 51% shares held by the Company is about 496 million BRL (some cases are lasted for more than 10 years; above amount involves the principal and interest). Until 30 June 2015, some cases remain at the court. According to judgment of practicing lawyers in Brazil, it would be likely to win most cases. Besides, original shareholders of Brazil subsidiary have signed the agreement and promised to compensate the Company according to verdict results in above tax affairs disputes. Maximum compensation amount is about 220 million BRL.

## XIII. Events after the balance sheet date

Naught

## XIV. Other significant events

### (I) Segment information

#### 1. Recognition basis and accounting treatment of the segment of the report

The Company recognizes the operating segments based on the internal organizational structure, management requirements, internal report system etc. The operating segments of the Company refer to the components that satisfy the following conditions at the same time:

- (1) The components can cause revenues and also occurs expenses among the daily activities;
- (2) The management layer can periodically assess the operating results of the component for deciding to allot the resources and assess the performance;
- (3) Can acquire the relevant accounting information of the financial conditions, operating results and the cash flow of the components through analysis.

The Company recognizes the report segments based on the products segments and distributes the assets and liabilities jointly used by each segment according to the scale proportion within different segments.

## 2. Financial information of the report segments

### Products segments

Items	2015			
	Air conditioning and parts	Refrigerators and parts	Washing machines and parts	Small appliances
I. Operating income	46,965,224.32	6,460,838.66	6,135,993.01	19,775,539.04
Of which: external transaction income	46,877,053.92	6,455,581.99	6,129,704.41	19,773,346.97
Transaction income among the segments	88,170.40	5,256.67	6,288.60	2,192.07
II. Operating expenses	41,336,355.70	5,947,895.70	5,596,300.55	17,577,826.41
III. Operating profits (losses)	5,628,868.62	512,942.96	539,692.46	2,197,712.63
IV. Total amount of the assets	83,840,421.80	8,748,702.32	11,288,807.74	33,692,910.69
V. Total amount of the liabilities	62,952,871.14	4,615,427.26	5,882,185.21	22,166,007.72

(Continued)

Items	2015				
	Electric machine	Logistics	Other	Offset	Total
I. Operating income	3,992,399.46	2,063,887.43	879,639.35	3,398,450.86	82,875,070.41
Of which: external transaction income	2,232,470.95	838,438.59	568,473.58		82,875,070.41
Transaction income among the segments	1,759,928.51	1,225,448.84	311,165.77	3,398,450.86	
II. Operating expenses	3,701,322.33	2,038,907.82	929,979.04	3,496,175.17	73,632,412.38
III. Operating profits (losses)	291,077.13	24,979.61	-50,339.69	-97,724.31	9,242,658.03
IV. Total amount of the	7,464,861.50	3,620,940.79	103,220,718.00	110,094,675.72	141,782,687.12

assets					
V. Total amount of the liabilities	2,938,132.71	2,356,273.99	82,665,440.41	94,243,076.73	89,333,261.71

(Continued)

Items	2014			
	Air conditioning and parts	Refrigerators and parts	Washing machines and parts	Small appliances
I. Operating income	45,730,908.83	5,116,460.93	5,014,772.33	18,200,687.82
Of which: external transaction income	45,725,950.84	5,108,993.06	5,014,176.48	18,122,438.71
Transaction income among the segments	4,957.99	7,467.87	595.85	78,249.11
II. Operating expenses	40,837,961.18	4,643,341.61	4,612,009.72	15,934,024.11
III. Operating profits (losses)	4,892,947.65	473,119.32	402,762.61	2,266,663.71
IV. Total amount of the assets	60,164,050.80	7,738,064.93	9,749,018.01	17,431,634.77
V. Total amount of the liabilities	41,264,886.59	5,020,421.49	5,009,297.54	12,798,897.03

(Continued)

Items	2014				
	Electric machine	Logistics	Other	Offset	Total
I. Operating income	4,120,335.82	1,572,766.55	826,828.74	2,874,542.66	77,708,218.36
Of which: external transaction income	2,404,253.64	947,480.60	384,925.03		77,708,218.36
Transaction income among the segments	1,716,082.18	625,285.95	441,903.71	2,874,542.66	
II. Operating expenses	3,762,376.99	1,557,863.37	514,109.23	2,843,406.94	69,018,279.27
III. Operating profits (losses)	357,958.83	14,903.18	312,719.51	31,135.72	8,689,939.09
IV. Total amount of the assets	6,821,221.25	3,678,636.47	74,852,446.07	62,345,514.51	118,089,557.79
V. Total amount of the liabilities	2,803,298.94	2,638,086.62	51,737,990.04	45,341,424.36	75,931,453.89

(II) Significant transactions and events with influences on the decision of other investors

Naught

**XV. Project notes of financial statements of the parent company**

(I) Notes on items in the balance sheet of the parent company

## 1. Other receivables

## (1) Detailed Information

## 1) Category details

Category	Closing balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Significant single amount and individual provision for bad debts	67,824.98	1.73			67,824.98
Withdraw the bad debt provision by credit risks characteristics	3,835,866.59	97.67	1,208.16	0.03	3,834,658.43
Non-significant single amount and individual provision for bad debts	23,469.37	0.60			23,469.37
Total	3,927,160.94	100.00	1,208.16	0.03	3,925,952.78

(Continued)

Category	Opening balance				Book value
	Book balance		Bad debt provision		
	Amount	Proportion (%)	Amount	Proportion (%)	
Significant single amount and individual provision for bad debts					
Withdraw the bad debt provision by credit risks characteristics	2,419,320.65	100.00	1,014.44	0.04	2,418,306.21
Non-significant single amount and individual provision for bad debts					
Total	2,419,320.65	100.00	1,014.44	0.04	2,418,306.21

## 2) Other receivables with provision for bad debt by the aging analysis method in the combination

Aging	Closing balance		
	Book balance	Provision for bad account	Withdrawal proportion (%)
Within 1 year	23,369.29	1,168.47	5.00

1 to 2 years	343.10	34.31	10.00
2 to 3 years	17.94	5.38	30.00
Subtotal	23,730.33	1,208.16	5.09

## 3) Receivables with provision for bad debt by the specific identification method in the combination

Name of the groups	Closing balance		
	Book balance	Provision for bad account	Withdrawal proportion (%)
Related come-and-go groups among the consolidated scope	3,812,136.26		

## (2) List of the bad debt provision withdrawn, recovered or reversed

The amount of the reversed bad debt provision was of RMB193720

## (3) List of the category of the nature of the other accounts receivable

Nature	Closing balance	Opening balance
Margin	422.14	488.08
Suspense payment receivable	3,926,738.80	2,418,832.57
Subtotal	3,927,160.94	2,419,320.65

## (4) List of the top 5 of other accounts receivable

Name of the entities	Nature	Book balance	Aging	Proportion to the balance of the accounts receivable (%)	Bad debt provision
No. 1	Suspense payment receivable	1,797,710.93	Within 1 year	45.78	
No. 2	Suspense payment receivable	718,800.00	Within 1 year	18.30	
No. 3	Suspense payment receivable	604,726.22	Within 1 year	15.40	
No. 4	Suspense payment receivable	167,251.50	Within 1 year	4.26	
No. 5	Suspense payment receivable	148,800.00	Within 1 year	3.79	
Subtotal		3,437,288.65		87.53	



## 2. Long-term equity investment

## (1) Detailed information

Items	Closing balance		
	Book balance	Depreciation reserves	Book value
Investment on the subsidiaries	16,696,408.94		16,696,408.94
Investment on the joint venture enterprises	248,987.15		248,987.15
Total	16,945,396.09		16,945,396.09

(Continued)

Items	Opening balance		
	Book balance	Depreciation reserves	Book value
Investment on the subsidiaries	16,288,331.74		16,288,331.74
Investment on the joint venture enterprises	260,550.99		260,550.99
Total	16,548,882.73		16,548,882.73

## (2) Investment on the subsidiaries

Investees	Opening balance	Increase	Decrease
Wuxi Little Swan Company Limited	2,639,969.13		
Foshan City Midea Household Appliances Group Co., Ltd.	1,954,935.95		
Midea Group Finance Co., Ltd.	1,425,000.00		
Hefei Midea HVAC Equipment Co., Ltd.	1,045,000.00		
Hubei Midea Refrigerator Co., Ltd.	830,239.03		
Anhui GMCC Precision Manufacturing Co., Ltd.	800,000.00		
Foshan City Shunde District Midea Home Appliance Industry Co., Ltd.	749,000.00		
Wuhu GMCC Air-Conditioning Equipment Co., Ltd.	726,000.00		
Guangdong Midea Refrigeration Equipment Co., Ltd.	641,920.00		
Annto Logistics Company Limited	626,739.34		
Guangdong Midea Commercial Air	569,430.35		

Conditioning Equipment Co., Ltd.			
Ningbo Midea United Material Supply Co., Ltd.	480,000.00		
Guangzhou Hualing Refrigeration Equipment Co., Ltd.	479,408.58		
Guangzhou Midea Hualing Refrigerator Co., Ltd.	420,000.00		
Hefei Royalstar Refrigerator Co., Ltd.	414,685.93		
Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.	339,074.28		
Anhui GMCC Refrigeration Equipment Co., Ltd.	308,750.00		
Guangdong Midea HVAC Equipment Co., Ltd.	270,000.00		
Midea Electric Investment (BVI) Limited	236,542.62		
Midea International Corporation Limited Company	176,974.50		
Guangzhou Hualing Air-conditioners Equipment Co., Ltd.	136,745.27		
Foshan City Midea Carrier Refrigeration Equipment Co., Ltd.	120,000.00		
Hefei Midea Material Supplies Co., Ltd.	117,000.00		
Midea Group E-commerce Co., Ltd.	100,000.00		
Anhui GMCC Compressor Sales Co., Ltd.	95,000.00		
Guangdong GMCC Compressor Co., Ltd.	89,787.77		
Hefei Hualing Co., Ltd.	88,646.33		
Midea Group Wuhan Refrigeration Equipment Co., Ltd.	60,508.23		
Foshan City Midea Material Supplies Co., Ltd.	54,000.00		
Zhejiang GMCC Compressor Co., Ltd.	50,000.00		
Wuhu Little Swan Refrigeration Equipment Co., Ltd.	47,500.00		
Chongqing Midea Refrigeration Equipment Co., Ltd.	47,500.00		
Guangdong GMCC Precision Manufacturing Co., Ltd.	38,437.80		
Foshan City Midea Air-conditioners Industrial Investment Co., Ltd.	36,061.94		

Chongqing Midea General Refrigeration Equipment Co., Ltd.	31,420.56		
Ningbo Meijia Investment Management Co., Ltd.	18,305.20		
Hefei Royalstar Midea Appliance Marketing Co., Ltd.	14,668.09		
Foshan City Shunde District Midea Electronic Technology Co., Ltd.	9,000.00		
Midea Electric Investment (BVI) Limited	80.84		
Midea Group Payment Technology Co. Ltd.		100,000.00	
Midea Innovation Investment Co. Ltd.		35,000.00	
Shunde District, Foshan City, Meihui Management Services Co. Ltd.		273,077.20	
Total	16,288,331.74	408,077.20	

(Continued)

Investees	Closing balance	Depreciation reserves withdrawn of the current period	Closing balance of the depreciation reserves
Wuxi Little Swan Company Limited	2,639,969.13		
Foshan City Midea Household Appliances Group Co., Ltd.	1,954,935.95		
Midea Group Finance Co., Ltd.	1,425,000.00		
Hefei Midea HVAC Equipment Co., Ltd.	1,045,000.00		
Hubei Midea Refrigerator Co., Ltd.	830,239.03		
Anhui GMCC Precision Manufacturing Co., Ltd.	800,000.00		
Foshan City Shunde District Midea Home Appliance Industry Co., Ltd.	749,000.00		
Wuhu GMCC Air-Conditioning Equipment Co., Ltd.	726,000.00		
Guangdong Midea Refrigeration Equipment Co., Ltd.	641,920.00		
Annto Logistics Company Limited	626,739.34		
Guangdong Midea Commercial Air Conditioning Equipment Co., Ltd.	569,430.35		
Ningbo Midea United Material Supply Co., Ltd.	480,000.00		

Guangzhou Hualing Refrigeration Equipment Co., Ltd.	479,408.58		
Guangzhou Midea Hualing Refrigerator Co., Ltd.	420,000.00		
Hefei Royalstar Refrigerator Co., Ltd.	414,685.93		
Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.	339,074.28		
Anhui GMCC Refrigeration Equipment Co., Ltd.	308,750.00		
Guangdong Midea HVAC Equipment Co., Ltd.	270,000.00		
Midea Electric Investment (BVI) Limited	236,542.62		
Midea International Corporation Limited Company	176,974.50		
Guangzhou Hualing Air-conditioners Equipment Co., Ltd.	136,745.27		
Foshan City Midea Carrier Refrigeration Equipment Co., Ltd.	120,000.00		
Hefei Midea Material Supplies Co., Ltd.	117,000.00		
Midea Group E-commerce Co., Ltd.	100,000.00		
Anhui GMCC Compressor Sales Co., Ltd.	95,000.00		
Guangdong GMCC Compressor Co., Ltd.	89,787.77		
Hefei Hualing Co., Ltd.	88,646.33		
Midea Group Wuhan Refrigeration Equipment Co., Ltd.	60,508.23		
Foshan City Midea Material Supplies Co., Ltd.	54,000.00		
Zhejiang GMCC Compressor Co., Ltd.	50,000.00		
Wuhu Little Swan Refrigeration Equipment Co., Ltd.	47,500.00		
Chongqing Midea Refrigeration Equipment Co., Ltd.	47,500.00		
Guangdong GMCC Precision Manufacturing Co., Ltd.	38,437.80		
Foshan City Midea Air-conditioners Industrial Investment Co., Ltd.	36,061.94		

Chongqing Midea General Refrigeration Equipment Co., Ltd.	31,420.56		
Ningbo Meijia Investment Management Co., Ltd.	18,305.20		
Hefei Royalstar Midea Appliance Marketing Co., Ltd.	14,668.09		
Foshan City Shunde District Midea Electronic Technology Co., Ltd.	9,000.00		
Midea Electric Investment (BVI) Limited	80.84		
Midea Group Payment Technology Co. Ltd.	100,000.00		
Midea Innovation Investment Co. Ltd.	35,000.00		
Shunde District, Foshan City, Meihui Management Services Co. Ltd.	273,077.20		
Total	16,696,408.94		

## (3) Investment on the joint venture enterprises

Investees	Opening balance	Increase/decrease			
		Additional investment	Negative investment	Gains and losses of the investment recognized under the equity method	Adjustment of other comprehensive income
Joint venture enterprises					
Hefei Royalstar Motor Co., Ltd.	99,957.63			-153.17	
Foshan City Shunde District Midea Micro-Credit Inc.	72,298.05			4,458.12	
Midea Micro-Credit Inc.	60,347.18			-977.37	
Golden Eagle Asset Management Co., Ltd.	27,948.13			2,734.74	
Subtotal	260,550.99			6,062.32	

(Continued)

Investees	Increase/decrease				Closing balance	Balance of the depreciati
	Changes of other	Cash dividends	Withdra wal of	Other		

	equities	or profits declared to issue	deprecia tion reserves			on reserves at the period-en d
Joint venture enterprises						
Hefei Royalstar Motor Co., Ltd.					99,804.46	
Foshan City Shunde District Midea Micro-Credit Inc.		9,601.40			67,154.77	
Midea Micro-Credit Inc.		8,024.76			51,345.05	
Golden Eagle Asset Management Co., Ltd.					30,682.87	
Subtotal		17,626.16			248,987.15	

## (II) Notes to profit statement of the parent company

## 1. Operating income/ Operating cost

Items	2015		2014	
	Income	Cost	Income	Cost
Income of other business	469,983.10	14,341.34	365,575.75	8,067.65
Total	469,983.10	14,341.34	365,575.75	8,067.65

## 2. Investment income

Items	2015	2014
Long-term investment incomes accounted for by cost method	4,071,858.09	3,314,391.81
Long-term investment incomes accounted for by equity method	6,062.32	44.77
Investment income produced from disposing the long-term equity investment		-22,598.02
Investment income of the holding period of the available-for-sale financial assets	1,860.00	
Financial investment income	117,001.50	84,654.96
Total	611,607.12	122,578.02
Long-term investment incomes accounted for by cost method	4,808,389.03	3,499,071.54

**XVI. Other supplementary information**

## (I) Non-recurring profits and losses

Items	Amount
Profits and losses of disposal of illiquid assets, including the offset part with provision for the impairment of assets	-45,667.95
Tax refund or exemption with ultra vires approval, without formal approval documents, or as sporadic	
The government subsidies included in the current profits and losses(the government subsidiary is closely related with normal business of the company, it keeps with the state industrial policy, but it does not include the government subsidiaries which based on standard quota or quantitative continuous enjoyment )	485,175.82
Payment for occupied funds collected from the non-financial enterprises and recorded into the current profits and losses	
When the company obtains the subsidiary, the investment cost of associated enterprises and joint venture is less than the income produced from fair value of the identifiable net assets which shared by the investment company at the acquisition of the investment.	
Gain or loss arising from non-monetary asset trade	
Profits or losses which entrust others for investment or asset management.	682,954.05
Provision of impairment of various assets for force majeure, i.e., natural disaster	
Gain or loss from debt recombination	17.25
Expenses for enterprise restructuring, i.e., expenditures for laid-off staff, combination, etc.	

(Continued)

Items	Amount
Gain or loss arising from the trading price higher than fair value	
Net gain or loss of current period of the enterprises under common control from beginning of period to the date of merger.	
Profits and losses produced from contingencies which have nothing to do with the normal operation of business of the company	
In addition to the effective hedging business related with the normal operation of business of the company, holding the tradable financial assets, profits and losses of fair value variable produced from transaction monetary assets, and disposal of tradable financial assets, transaction financial liabilities and investment income produced from salable financial assets	95,856.62
Reversals of Provision for amounts receivable impairment which tested alone for	341.34

impairment	
Profits and losses gained from foreign trusted loans	
Profits and losses produced form fair value variables of investment real estate by using the fair value modes for subsequent measurement	
The influences of current profits and losses by one-time adjustment according to the laws and regulations of the revenue, accountancy and so on	
Hosting fees obtained by entrusting the operation	
Other operating income and expenditure except the items mentioned above	82,747.20
Other profit and loss items in accordance with the definition of non-recurring profits and losses	
Subtotal	1,301,424.33
Less: the number of the influence of income tax of the enterprise(the income tax decreased as “-”)	287,749.72
The influence amount of the minority interests (after tax)	122,589.00
The net amount of non-recurring gains and losses belonged to the owner of the parent company	891,085.61

## (II) The rate of return on net assets and earnings per share

## 1. Detailed information

Profits of Reporting Period	The rate of return on common stockholder's equity by weighted average method	Earnings per share (RMB / share)	
		Basic EPS	Diluted EPS
Net-profits pertaining to the ordinary share shareholders	19.62%	1.97	1.96
Net profits attributed to the holders of ordinary shares of the company after deducting abnormal losses	17.52%	1.76	1.75

## 2. Counting process of the rate of return of the weighted average net assets

Items	S/N	2015
Net-profits pertaining to the ordinary share shareholders	A	8,324,122.61
Extraordinary gain or loss	B	891,085.61
Net profits attributed to the holders of ordinary shares of the company after deducting the nonrecurring gains and losses	C=A-B	7,433,037.00



The opening net assets attributed to the holders of ordinary shares of the company	D	39,470,499.84
The issue of new shares or debt and other new shares, these all belong to the net assets which attributed to the holders of ordinary shares of the company	E1	246,210.97
The cumulative number of months of the increased net assets during the next month to final Reporting Period	E2	1,301,585.33
Repurchase or cash dividends decreased, these are parts of the net assets attributed to the holders of ordinary shares of the company	F1	1
	F2	
Net-profits pertaining to the ordinary share shareholders	G	4,215,808.47
Extraordinary gain or loss	H	2
Other change of net assets attributable to common shareholders of the parent company	I1	326,143.62
	I2	701,987.57
The cumulative number of months of the increased and decreased net assets during the next month to final Reporting Period	J1	3
	J2	
The number of months during the Reporting Period	K	6
The weighted average net assets	$L = \frac{D+A/2+(E1 \times F1+E2 \times F2)}{K} - G \times H/K + (I1 \times J1 + I2 \times J2)/K$	42,431,398.63
The rate of return on the weighted average net assets	$M = A/L$	19.62%
The rate of return on weighted average net assets after deducting the nonrecurring gains and losses	$N = C/L$	17.52%

### 3. Counting process of the basic EPS and diluted EPS

#### (1) Counting process of the basic EPS

Items	S/N	2015
Net-profits pertaining to the ordinary share shareholders	A	8,324,122.61
Extraordinary gain or loss	B	891,085.61
Net profits attributed to the holders of ordinary	$C = A - B$	

shares of the company after deducting the nonrecurring gains and losses		7,433,037.00
Total amount of the shares at the period-begin	D	4,215,808.47
Amount of the increased shares owing to accumulation fund turn add equity or the distribution of the shares dividends	E	
Amount of the increased shares owing to the issue of new shares or the debt-to-equity swap	F1	13,894.52
The cumulative number of months of the increased shares during the next month to final Reporting Period	F2	60,419.60
Amount of the decreased shares owing to re-purchasement	G1	1
The cumulative number of months of the decreased shares during the next month to final Reporting Period	G2	
The number of the share compressing during the Reporting Period	H	
The number of months during the Reporting Period	I	
Weighted average amount of the outstanding common shares	J	
Basic EPS	K	6
Basic EPS deducting the non-current gains and losses	$L=D+E+(F1 \times G1+F2 \times G2)/K-H \times I/K-J$	4,218,124.22
Net-profits pertaining to the ordinary share shareholders	$M=A/L$	1.97
Extraordinary gain or loss	$N=C/L$	1.76

## (2) Counting process of the diluted EPS

Items	S/N	2015
Net-profits pertaining to the ordinary share shareholders	A	8,324,122.61
Influence number of the net profits by the dilutive potential ordinary shares	B	
Diluted net profits attributed to the common share shareholders of the Company	$C=A-B$	8,324,122.61
Extraordinary gain or loss	D	891,085.61
Diluted net profits attributed to the common share shareholders of the Company deducting the non-current	$E=C-D$	7,433,037.00

gains and losses		
Weighted average amount of the outstanding common shares	F	4,218,124.22
Weighted average amount of the increased common shares owing to the stock warrant, the stock option and the convertible bonds	G	20,630.47
Diluted weighted average amount of the outstanding common shares	$H=F+G$	4,238,754.69
Diluted EPS	$M=C/H$	1.96
Diluted EPS deducting the non-current gains and losses	$N=E/H$	1.75

## Section X Documents Available for Reference

1. The original of *the 2015 Semi-Annual Report of Midea Group Co., Ltd.* signed by the legal representative;
2. The financial statements signed and stamped by the legal representative, the financial head and the person-in-charge of the accounting work;
3. The originals of all company documents and announcements that have been disclosed to the public via newspaper designated for information disclosure during the Report Period.

Midea Group Co., Ltd.

Legal Representative: Fang Hongbo

31 August 2015