

Financial Report

I. Auditor's Report

Whether the semi-annual report has been audited?

Yes No

The semi-annual report of the Company has not been audited.

II. Financial Statements

The unit of the financial statements attached: RMB

1. Consolidated Balance Sheet

Prepared by Wuxi Little Swan Company Limited

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	3,424,099,307.77	4,272,077,211.11
Settlement reserve		
Interbank lendings		
Financial assets at fair value through profit/loss	4,917,873.13	
Derivative financial assets		
Notes receivable	1,878,193,045.31	1,297,609,202.29
Accounts receivable	1,622,290,121.44	1,465,654,497.90
Accounts paid in advance	122,004,474.40	131,513,792.18
Premiums receivable		
Reinsurance premiums receivable		
Receivable reinsurance contract reserve		
Interest receivable	55,176,400.57	26,755,807.07
Dividends receivable		
Other accounts receivable	9,542,347.96	23,693,886.54
Financial assets purchased under agreements to resell		
Inventories	1,084,450,981.78	1,724,837,944.69
Assets held for sale		

Non-current assets due within one year		
Other current assets	8,804,584,056.35	8,385,724,282.16
Total current assets	17,005,258,608.71	17,327,866,623.94
Non-current assets:		
Loans and advances to customers		
Available-for-sale financial assets	200,000.00	200,000.00
Held-to-maturity investments		
Long-term accounts receivable		
Long-term equity investments		
Investment property	62,928,849.25	64,854,903.25
Fixed assets	978,083,778.86	970,859,291.03
Construction in progress	176,579.99	
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	189,664,416.73	192,283,486.15
R&D expenses		
Goodwill		
Long-term deferred expense	5,100,503.15	4,387,728.14
Deferred income tax assets	349,220,299.11	299,879,029.23
Other non-current assets	64,654,141.02	25,655,775.90
Total non-current assets	1,650,028,568.11	1,558,120,213.70
Total assets	18,655,287,176.82	18,885,986,837.64
Current liabilities:		
Short-term borrowings	170,000,000.00	183,813,064.12
Borrowings from the Central Bank		
Money deposits accepted and inter-bank deposits		
Interbank borrowings		
Financial liabilities at fair value through profit/loss		
Derivative financial liabilities		
Notes payable	3,014,675,255.37	2,620,549,815.47
Accounts payable	3,447,470,692.87	3,335,089,672.06
Accounts received in advance	1,673,007,411.95	3,014,347,762.24

Financial assets sold for repurchase		
Fees and commissions payable		
Payroll payable	236,575,040.77	288,592,163.29
Taxes payable	368,178,286.60	412,238,029.96
Interest payable		
Dividends payable	9,338,224.06	7,150,684.06
Other accounts payable	224,691,641.72	199,926,402.04
Reinsurance premiums payable		
Insurance contract reserve		
Payables for acting trading of securities		
Payables for acting underwriting of securities		
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	2,183,815,015.64	1,844,413,154.26
Total current liabilities	11,327,751,568.98	11,906,120,747.50
Non-current liabilities:		
Long-term borrowings		
Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term accounts payable		
Long-term payroll payable	13,693,727.01	16,101,348.60
Special payables		
Provisions	1,675,596.14	1,727,340.89
Deferred income	2,715,733.23	2,942,333.25
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities	18,085,056.38	20,771,022.74
Total liabilities	11,345,836,625.36	11,926,891,770.24
Owners' equity:		
Share capital	632,487,764.00	632,487,764.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		

Capital reserve	1,214,971,453.88	1,191,490,133.01
Less: Treasury shares		
Other comprehensive income	43,336,488.70	70,757,524.61
Special reserve		
Surplus reserve	332,594,722.29	332,594,722.29
Provisions for general risks		
Retained earnings	4,013,692,398.30	3,756,517,718.81
Equity attributable to owners of the Company	6,237,082,827.17	5,983,847,862.72
Minority interests	1,072,367,724.29	975,247,204.68
Total owners' equity	7,309,450,551.46	6,959,095,067.40
Total liabilities and owners' equity	18,655,287,176.82	18,885,986,837.64

2. Balance Sheet of the Company

Unit: RMB

Item	Closing balance	Opening balance
Current assets:		
Monetary funds	2,095,263,449.08	2,397,428,457.92
Financial assets at fair value through profit/loss	4,277,601.99	
Derivative financial assets		
Notes receivable	1,314,372,888.10	1,088,559,252.21
Accounts receivable	2,843,496,812.50	2,310,254,576.98
Accounts paid in advance	72,598,507.64	89,477,823.29
Interest receivable	41,684,674.93	18,798,031.69
Dividends receivable		
Other accounts receivable	6,350,918.21	16,176,106.89
Inventories	685,777,572.43	1,068,494,123.28
Assets held for sale		
Non-current assets due within one year		
Other current assets	5,180,109,851.94	4,965,682,855.69
Total current assets	12,243,932,276.82	11,954,871,227.95
Non-current assets:		
Available-for-sale financial assets	150,000.00	150,000.00
Held-to-maturity investments		
Long-term accounts receivable		

Long-term equity investments	1,375,785,041.57	1,375,785,041.57
Investment property	7,368,182.88	7,546,955.16
Fixed assets	502,850,610.11	490,047,802.72
Construction in progress	176,579.99	
Engineering materials		
Disposal of fixed assets		
Productive living assets		
Oil-gas assets		
Intangible assets	91,246,017.50	92,591,167.64
R&D expenses		
Goodwill		
Long-term deferred expense	3,059,475.11	1,817,228.83
Deferred income tax assets	222,157,842.72	197,091,251.29
Other non-current assets	28,445,385.12	18,313,858.80
Total non-current assets	2,231,239,135.00	2,183,343,306.01
Total assets	14,475,171,411.82	14,138,214,533.96
Current liabilities:		
Short-term borrowings	135,000,000.00	123,943,093.80
Financial liabilities at fair value through profit/loss		
Derivative financial liabilities		
Notes payable	2,199,096,804.05	1,508,017,904.49
Accounts payable	4,321,712,882.98	3,913,090,507.89
Accounts received in advance	991,692,723.35	1,854,711,663.46
Payroll payable	179,768,059.61	216,530,836.37
Taxes payable	228,249,835.40	249,034,768.38
Interest payable		
Dividends payable	9,338,224.06	7,150,684.06
Other accounts payable	132,595,634.97	143,124,857.82
Liabilities held for sale		
Non-current liabilities due within one year		
Other current liabilities	1,335,662,223.09	1,173,641,937.69
Total current liabilities	9,533,116,387.51	9,189,246,253.96
Non-current liabilities:		
Long-term borrowings		

Bonds payable		
Of which: Preference shares		
Perpetual bonds		
Long-term payables		
Long-term payroll payable		
Special payables		
Provisions		
Deferred income		
Deferred income tax liabilities		
Other non-current liabilities		
Total non-current liabilities		
Total liabilities	9,533,116,387.51	9,189,246,253.96
Owners' equity:		
Share capital	632,487,764.00	632,487,764.00
Other equity instruments		
Of which: Preference shares		
Perpetual bonds		
Capital reserve	1,371,806,544.46	1,350,656,531.65
Less: Treasury shares		
Other comprehensive income	22,152,205.79	37,515,343.84
Special reserve		
Surplus reserve	319,944,578.39	319,944,578.39
Retained earnings	2,595,663,931.67	2,608,364,062.12
Total owners' equity	4,942,055,024.31	4,948,968,280.00
Total liabilities and owners' equity	14,475,171,411.82	14,138,214,533.96

3. Consolidated Income Statement

Unit: RMB

Item	January-June 2017	January-June 2016
1. Operating revenues	10,568,060,854.21	7,984,787,194.92
Including: Sales income	10,568,060,854.21	7,984,787,194.92
Interest income		
Premium income		
Fee and commission income		

2. Operating costs	9,801,989,312.87	7,279,128,086.90
Including: Cost of sales	7,861,371,811.78	5,812,591,773.67
Interest expenses		
Fee and commission expenses		
Surrenders		
Net claims paid		
Net amount provided as insurance contract reserve		
Expenditure on policy dividends		
Reinsurance premium		
Taxes and surtaxes	64,532,273.74	44,723,877.46
Selling expenses	1,533,889,871.40	1,191,332,056.12
Administrative expenses	328,163,105.40	265,946,054.68
Finance costs	-23,523,197.84	-63,399,464.47
Asset impairment loss	37,555,448.39	27,933,789.44
Add: Profit on fair value changes (“-” means loss)	4,917,873.13	
Investment income (“-” means loss)	181,665,882.11	67,315,479.04
Including: Share of profit/loss of associates and joint ventures		
Exchange gains (“-” means loss)		
Other gains	15,806,553.77	
3. Operating profit (“-” means loss)	968,461,850.35	772,974,587.06
Add: Non-operating income	15,623,753.30	21,485,985.76
Including: Profit on disposal of non-current assets	4,578,714.70	116,837.67
Less: Non-operating expense	3,079,657.86	2,234,905.37
Including: Loss on disposal of non-current assets	2,254,629.17	238,583.97
4. Total profit (“-” means loss)	981,005,945.79	792,225,667.45
Less: Corporate income tax	148,245,695.78	127,302,391.75
5. Net profit (“-” means loss)	832,760,250.01	664,923,275.70
Net profit attributable to owners of the Company	731,540,502.47	580,826,562.58
Minority interests’ income	101,219,747.54	84,096,713.12
6. Other comprehensive income net of tax	-32,416,277.72	36,264,775.36
Other comprehensive income net of tax attributable to owners of the Company	-27,421,035.91	32,936,889.93
6.1 Other comprehensive income that will not be reclassified into profit/loss		
6.1.1 Changes in net liabilities or assets with a defined benefit		

plan upon re-measurement		
6.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
6.2 Other comprehensive income to be subsequently reclassified into profit/loss	-27,421,035.91	32,936,889.93
6.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
6.2.2 Profit/loss on fair value changes of available-for-sale financial assets	-27,414,609.36	32,930,096.23
6.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
6.2.4 Effective profit/loss on cash flow hedges		
6.2.5 Currency translation differences	-6,426.55	6,793.70
6.2.6 Other		
Other comprehensive income net of tax attributable to minority interests	-4,995,241.81	3,327,885.43
7. Total comprehensive income	800,343,972.29	701,188,051.06
Attributable to owners of the Company	704,119,466.56	613,763,452.51
Attributable to minority interests	96,224,505.73	87,424,598.55
8. Earnings per share		
8.1 Basic earnings per share	1.16	0.92
8.2 Diluted earnings per share	1.16	0.92

4. Income Statement of the Company

Unit: RMB

Item	January-June 2017	January-June 2016
1. Operating revenues	7,759,223,092.31	6,045,821,092.06
Less: Operating costs	5,996,000,032.58	4,524,954,975.35
Taxes and surtaxes	44,435,454.94	33,236,303.28
Selling expenses	1,018,772,573.33	895,080,287.51
Administrative expenses	270,135,520.31	209,223,619.71
Finance costs	-28,038,916.25	-45,716,922.45
Asset impairment loss	15,145,318.12	21,496,002.51
Add: profit on fair value changes (“-” means loss)	4,277,601.99	
Investment income (“-” means loss)	93,359,516.82	17,306,094.37
Including: Share of profit/loss of associates and joint ventures		
Other gains		

2. Operating profit (“-” means loss)	540,410,228.09	424,852,920.52
Add: Non-operating income	8,461,114.95	2,783,345.24
Including: Profit on disposal of non-current assets	99,572.65	99,572.65
Less: Non-operating expense	1,598,940.52	434,564.65
Including: Loss on disposal of non-current assets	234,891.28	234,891.28
3. Total profit (“-” means loss)	547,272,402.52	427,201,701.11
Less: Corporate income tax	85,606,709.99	70,735,081.19
4. Net profit (“-” means loss)	461,665,692.53	356,466,619.92
5. Other comprehensive income net of tax	-15,363,138.05	25,339,813.73
5.1 Other comprehensive income that will not be reclassified into profit and loss		
5.1.1 Changes in net liabilities or assets with a defined benefit plan upon re-measurement		
5.1.2 Share of other comprehensive income of investees that cannot be reclassified into profit/loss under the equity method		
5.2 Other comprehensive income to be subsequently reclassified into profit/loss	-15,363,138.05	25,339,813.73
5.2.1 Share of other comprehensive income of investees that will be reclassified into profit/loss under the equity method		
5.2.2 Profit/loss on fair value changes of available-for-sale financial assets	-15,363,138.05	25,339,813.73
5.2.3 Profit/loss on reclassifying held-to-maturity investments into available-for-sale financial assets		
5.2.4 Effective profit/loss on cash flow hedges		
5.2.5 Currency translation differences		
5.2.6 Other		
6. Total comprehensive income	446,302,554.48	381,806,433.65
7. Earnings per share		
7.1 Basic earnings per share		
7.2 Diluted earnings per share		

5. Consolidated Cash Flow Statement

Unit: RMB

Item	January-June 2017	January-June 2016
1. Cash flows associated with operating activities:		
Cash received from sale of commodities and rendering of service	6,722,546,282.77	7,270,388,782.83
Net increase in money deposits from customers and interbank		

placements		
Net increase in loans from the Central Bank		
Net increase in funds borrowed from other financial institutions		
Cash received from premium of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits of policy holders and investment fund		
Net increase in disposal of financial assets at fair value through profit/loss		
Interest, fees and commissions received		
Net increase in interbank borrowings		
Net increase in funds in repurchase business		
Tax refunds received	35,550,472.93	22,502,456.41
Cash generated by other operating activities	46,492,111.69	45,513,803.23
Subtotal of cash generated by operating activities	6,804,588,867.39	7,338,405,042.47
Cash paid for goods and services	4,509,538,095.07	3,658,677,508.75
Net increase in loans and advances to customers		
Net increase in funds deposited in the Central Bank and interbank placements		
Cash paid for claims of original insurance contracts		
Interest, fees and commissions paid		
Cash paid as policy dividends		
Cash paid to and for employees	620,865,515.47	524,746,031.23
Taxes paid	472,145,836.29	509,900,003.41
Cash used in other operating activities	1,344,450,112.80	1,037,984,106.20
Subtotal of cash used in operating activities	6,946,999,559.63	5,731,307,649.59
Net cash generated by operating activities	-142,410,692.24	1,607,097,392.88
2. Cash flows associated with investing activities:		
Cash received from retraction of investments	2,895,000,000.00	3,310,000,000.00
Cash received as investment income	181,837,920.52	67,315,479.04
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	723,271.02	708,034.20
Net cash received from disposal of subsidiaries or other business units	2,415,000.00	
Cash generated by other investing activities	16,802,196.35	34,473,639.38
Subtotal of cash generated by investing activities	3,096,778,387.89	3,412,497,152.62
Cash paid to acquire fixed assets, intangible assets and other long-term assets	79,751,100.92	10,938,428.51

Cash paid for investment	3,465,000,000.00	5,506,000,000.00
Net increase in pledged loans		
Net cash paid to acquire subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	3,544,751,100.92	5,516,938,428.51
Net cash generated by investing activities	-447,972,713.03	-2,104,441,275.89
3. Cash flows associated with financing activities:		
Cash received from capital contributions		
Including: Cash received from minority shareholder investments by subsidiaries		
Cash received as borrowings	170,000,000.00	
Cash received from issuance of bonds		
Cash generated by other financing activities		
Subtotal of cash generated by financing activities	170,000,000.00	
Repayment of borrowings	183,813,064.12	
Cash paid for interest expenses and distribution of dividends or profit	470,510,888.90	376,001,781.77
Including: dividends or profit paid by subsidiaries to minority interests		
Cash used in other financing activities		
Sub-total of cash used in financing activities	654,323,953.02	376,001,781.77
Net cash generated by financing activities	-484,323,953.02	-376,001,781.77
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-1,074,707,358.29	-873,345,664.78
Add: Opening balance of cash and cash equivalents	4,171,689,917.21	2,792,685,328.69
6. Closing balance of cash and cash equivalents	3,096,982,558.92	1,919,339,663.91

6. Cash Flow Statement of the Company

Unit: RMB

Item	January-June 2017	January-June 2016
1. Cash flows associated with operating activities:		
Cash received from sale of commodities and rendering of service	5,000,964,767.84	4,472,927,007.09
Tax refunds received		
Cash generated by other operating activities	20,559,743.51	27,847,107.11
Subtotal of cash generated by operating activities	5,021,524,511.35	4,500,774,114.20
Cash paid for goods and services	3,201,385,866.98	2,689,346,047.46

Cash paid to and for employees	439,863,524.85	371,117,437.36
Taxes paid	284,758,489.88	389,325,858.67
Cash used in other operating activities	905,013,311.49	741,951,997.54
Subtotal of cash used in operating activities	4,831,021,193.20	4,191,741,341.03
Net cash generated by operating activities	190,503,318.15	309,032,773.17
2. Cash flows associated with investing activities:		
Cash received from retraction of investments	1,625,000,000.00	1,915,000,000.00
Cash received as investment income	92,023,835.23	17,306,094.37
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	192,710.01	699,422.23
Net cash received from disposal of subsidiaries or other business units	2,415,000.00	
Cash generated by other investing activities	13,702,196.35	27,275,633.98
Subtotal of cash generated by investing activities	1,733,333,741.59	1,960,281,150.58
Cash paid to acquire fixed assets, intangible assets and other long-term assets	31,162,375.53	4,139,931.83
Cash paid for investment	1,895,000,000.00	2,826,000,000.00
Net cash paid to acquire subsidiaries and other business units		
Cash used in other investing activities		
Subtotal of cash used in investing activities	1,926,162,375.53	2,830,139,931.83
Net cash generated by investing activities	-192,828,633.94	-869,858,781.25
3. Cash flows associated with financing activities:		
Cash received from capital contributions		
Cash received as borrowings	135,000,000.00	
Cash received from issuance of bonds		
Cash generated by other financing activities		
Subtotal of cash generated by financing activities	135,000,000.00	
Repayment of borrowings	123,943,093.80	
Cash paid for interest expenses and distribution of dividends or profit	470,510,888.90	376,001,781.77
Cash used in other financing activities		
Sub-total of cash used in financing activities	594,453,982.70	376,001,781.77
Net cash generated by financing activities	-459,453,982.70	-376,001,781.77
4. Effect of foreign exchange rate changes on cash and cash equivalents		
5. Net increase in cash and cash equivalents	-461,779,298.49	-936,827,789.85
Add: Opening balance of cash and cash equivalents	2,353,708,554.75	1,866,443,114.64
6. Closing balance of cash and cash equivalents	1,891,929,256.26	929,615,324.79

7. Consolidated Statement of Changes in Owners' Equity

January-June 2017

Unit: RMB

Item	January-June 2017												
	Equity attributable to owners of the Company										Minority interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve			Retained earnings
	Preference shares	Perpetual bonds	Other										
1. Balance at the end of the prior year	632,487,764.00				1,191,490,133.01		70,757,524.61		332,594,722.29		3,756,517,718.81	975,247,204.68	6,959,095,067.40
Add: Changes in accounting policies													
Correction of errors in prior periods													
Business mergers under the same													
Other													
2. Balance at the beginning of the year	632,487,764.00				1,191,490,133.01		70,757,524.61		332,594,722.29		3,756,517,718.81	975,247,204.68	6,959,095,067.40
3. Increase/ decrease in the period ("-" means decrease)					23,481,320.87		-27,421,035.91				257,174,679.49	97,120,519.61	350,355,484.06
3.1 Total comprehensive income							-27,421,035.91				731,540,502.47	101,219,747.54	805,339,214.09
3.2 Capital increased and reduced by					23,481,320.87							-4,099,227.93	19,382,092.95
3.2.1 Ordinary shares increased by													

3.2.2 Capital increased by holders													
3.2.3 Amounts of share-based				23,481,320.87								-4,099,227.93	19,382,092.95
3.2.4 Other													
3.3 Profit distribution												-474,365,822.98	-474,365,822.98
3.3.1 Appropriation to surplus													
3.3.2 Appropriation to general risk													
3.3.3 Appropriation to owners (or												-474,365,822.98	-474,365,822.98
3.3.4 Other													
3.4 Internal carry-forward of owners'													
3.4.1 New increase of capital (or													
3.4.2 New increase of capital (or													
3.4.3 Surplus reserve for making up													
3.4.4 Other													
3.5 Special reserve													
3.5.1 Withdrawn for the period													
3.5.2 Used in the period													
3.6 Other													
4. Closing balance	632,487,764.00			1,214,971,453.88		43,336,488.70		332,594,722.29		4,013,692,398.30		1,072,367,724.29	7,309,450,551.46

January-June 2016

Unit: RMB

Item	January-June 2016												
	Equity attributable to owners of the Company										Minority interests	Total owners' equity	
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve			Retained earnings
		Preference shares	Perpetual bonds	Other									
1. Balance at the end of the prior year	632,487,764.00				1,164,014,947.85		34,813,284.64		332,594,722.29		2,960,955,454.36	862,860,913.96	5,987,727,087.10
Add: Changes in accounting policies													
Correction of errors in prior periods													
Business mergers under the same													
Other													
2. Balance at the beginning of the year	632,487,764.00				1,164,014,947.85		34,813,284.64		332,594,722.29		2,960,955,454.36	862,860,913.96	5,987,727,087.10
3. Increase/ decrease in the period ("-" means decrease)					27,475,185.16		35,944,239.97				795,562,264.45	112,386,290.72	971,367,980.30
3.1 Total comprehensive income							35,944,239.97				1,175,054,922.85	172,992,887.66	1,383,992,050.48
3.2 Capital increased and reduced by					27,475,185.16							-60,606,596.94	-33,131,411.78
3.2.1 Ordinary shares increased by													
3.2.2 Capital increased by holders of													

3.2.3 Amounts of share-based					34,772,462.28						1,558,125.94	36,330,588.22
3.2.4 Other					-7,297,277.12						-62,164,722.88	-69,462,000.00
3.3 Profit distribution										-379,492,658.40		-379,492,658.40
3.3.1 Appropriation to surplus												
3.3.2 Appropriation to general risk												
3.3.3 Appropriation to owners (or										-379,492,658.40		-379,492,658.40
3.3.4 Other												
3.4 Internal carry-forward of owners'												
3.4.1 New increase of capital (or												
3.4.2 New increase of capital (or												
3.4.3 Surplus reserve for making up												
3.4.4 Other												
3.5 Special reserve												
3.5.1 Withdrawn for the period												
3.5.2 Used in the period												
3.6 Other												
4. Closing balance	632,487,764.00				1,191,490,133.01	70,757,524.61	332,594,722.29	3,756,517,718.81	975,247,204.68		6,959,095,067.40	

8. Statement of Changes in Owners' Equity of the Company

January-June 2017

Unit: RMB

Item	January-June 2017										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Other							
1. Balance at the end of the prior year	632,487,764.00				1,350,656,531.65		37,515,343.84		319,944,578.39	2,608,364,062.12	4,948,968,280.00
Add: Changes in accounting policies											
Correction of errors in prior periods											
Other											
2. Balance at the beginning of the year	632,487,764.00				1,350,656,531.65		37,515,343.84		319,944,578.39	2,608,364,062.12	4,948,968,280.00
3. Increase/ decrease in the period ("-" means decrease)					21,150,012.81		-15,363,138.05			-12,700,130.45	-6,913,255.69
3.1 Total comprehensive income							-15,363,138.05			461,665,692.53	446,302,554.48
3.2 Capital increased and reduced by					21,150,012.81						21,150,012.81
3.2.1 Ordinary shares increased by											
3.2.2 Capital increased by holders of											
3.2.3 Amounts of share-based					21,150,012.81						21,150,012.81

3.2.4 Other											
3.3 Profit distribution										-474,365,822.98	-474,365,822.98
3.3.1 Appropriation to surplus											
3.3.2 Appropriation to owners (or										-474,365,822.98	-474,365,822.98
3.3.3 Other											
3.4 Internal carry-forward of owners'											
3.4.1 New increase of capital (or											
3.4.2 New increase of capital (or											
3.4.3 Surplus reserve for making up											
3.4.4 Other											
3.5 Special reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used in the period											
3.6 Other											
4. Closing balance	632,487,764.00				1,371,806,544.46		22,152,205.79		319,944,578.39	2,595,663,931.67	4,942,055,024.31

January-June 2016

Unit: RMB

Item	January-June 2016										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetua l bonds	Other							
1. Balance at the end of the prior year	632,487,764.00				1,319,496,538.02		13,608,826.40		319,944,578.39	2,224,114,783.65	4,509,652,490.46
Add: Changes in accounting policies											
Correction of errors in prior periods											
Other											
2. Balance at the beginning of the year	632,487,764.00				1,319,496,538.02		13,608,826.40		319,944,578.39	2,224,114,783.65	4,509,652,490.46
3. Increase/ decrease in the period (“-” means decrease)					31,159,993.63		23,906,517.44			384,249,278.47	439,315,789.54
3.1 Total comprehensive income							23,906,517.44			763,741,936.87	787,648,454.31
3.2 Capital increased and reduced by					31,159,993.63						31,159,993.63
3.2.1 Ordinary shares increased by											
3.2.2 Capital increased by holders of											
3.2.3 Amounts of share-based					31,159,993.63						31,159,993.63
3.2.4 Other											
3.3 Profit distribution										-379,492,658.40	-379,492,658.40

3.3.1 Appropriation to surplus											
3.3.2 Appropriation to owners (or										-379,492,658.40	-379,492,658.40
3.3.3 Other											
3.4 Internal carry-forward of owners'											
3.4.1 New increase of capital (or											
3.4.2 New increase of capital (or											
3.4.3 Surplus reserve for making up											
3.4.4 Other											
3.5 Special reserve											
3.5.1 Withdrawn for the period											
3.5.2 Used in the period											
3.6 Other											
4. Closing balance	632,487,764.00				1,350,656,531.65		37,515,343.84		319,944,578.39	2,608,364,062.12	4,948,968,280.00

III. Company profile

Wuxi Little Swan Company Ltd. was incorporated as an oriented-collection company limited with the approval of Su-Ti-Gai-Sheng (1993) No. 253 document from Economic Reform Commission of Jiangsu Province on November 29, 1993. Then the Company domestically and publicly issued 70,000,000 shares of B-share and transformed to a state-collectively-owned enterprise with the approval of (1996) No. 52 document from Jiangsu Province of the People's Republic of China (the "PRC"), Zheng-Wei-Fa (1996) No. 14 document from China Securities Regulatory Commission of the State Council and Shen-Zheng-Ban-Han (1996) No. 4 from Shenzhen Municipal Securities Regulatory Office on July 1996, which amounted to RMB310 million of the share capital of the Company after the issuance.

In March 1997, the Company domestically and publicly issued 60,000,000 shares of RMB ordinary share (including 9,000,000 shares of staff-share) with the approval of Zheng-Jian-Fa-Zi (1997) No. 55 from CSRC. And the total raised fund from this issuance of A-share totaled RMB720.83 million, and the Company was formally listed in Shenzhen Stock Exchange in March 1997 with the short form of stock as Little Swan A and stock code as 000418.

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

On May 9, 2008, the 2007 Annual General Meeting reviewed and approved the capital accumulation fund turn add equity schemes: adding five shares to every ten shares basing on the total share capital of 365,103,840 shares at the end of 2007, transferring the public reserves to 182,551,920 shares with par value of RMB1 per share, thus the added share capital totaled RMB182,551,920 and after which, the total share capital turned from 365,103,840 shares to 547,655,760 shares of the Company.

According to the resolutions of the 4th Session of the 6th Board of Directors and the 1st Provisional Shareholders General Meeting in 2010, having approved by China Securities Regulatory Commission of the Reply to the Approval of the Significant Assets Reorganization and the Purchase of the Assets of GD Midea Holding by Wuxi Little Swan Co., Ltd. (ZJXK [2010] 1577) on November 9, 2010, the company launched directional add-issuance of 84,832,000.00 A shares to buy 69.47% of the shares of Hefei Midea Washing Machine Co., Ltd.(original name: Hefei Rongshida Washing Equipment Manufacturing Co., Ltd) from its shareholder GD Midea Holding Co., Ltd.("Midea Appliance"). This add-issuance increased the share capital by RMB84,832,000.00

After approved by CSRC through the Reply of the Approval of the Merger of GD Midea Holding by Midea Group Co., Ltd.("Midea Group") (ZJXK [2013] 1014 document) that issued on July 29, 2013, Midea Group had split off as well as consolidated and combined the original controller GD Midea Holding on September 18, 2013. After the consolidation and combination, Midea Group inherited and undertook the whole rights and obligations of the whole assets and liabilities etc of GD Midea Holding as the reminder enterprise and had finished the relevant registration procedures of shares transfer on December 31, 2013, and after which, Midea Group changed to be the first largest shareholder of the Company.

By June 30, 2017, the total amount of the outstanding common shares of the company were 632,487,764 shares, among which the restricted exchange-traded A shares are 2,951,745 shares, accounting for 0.47% of the whole shares; the unrestricted exchange-traded A shares are 438,500,147 shares, accounting for 69.33%; and the

unrestricted exchange-traded B shares are 191,035,872 shares, account for 30.20% of the whole shares.

Registered address of the Company is as same as the headquarters office address. That is No. 18 of Changjiang South Road, National High-tech Industrial Development Zone, Wuxi City, Jiangsu Province.

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

The financial statements were approved and authorized for issue by the Board of Directors on the date of August 3, 2017.

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

IV. Basis for the preparation of financial statements

1. Preparation basis

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

The financial report compiled based on the continuation.

V. Important accounting policies and estimations

1. Statement of compliance with Enterprise accounting standards

The 2017 semi-annual financial statements of the Company comply with the requirements of Accounting Standards with the merger on June 30, 2017 and the Company’s financial conditions as well as the relevant information of the semi-annual merger of Y2017 and the operation results and the cash flow of the Company are truly and completely disclosed in the financial statements.

2. Accounting period

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

3. Fiscal period

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

4. Recording currency

The recording currency of the Company is RMB.

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

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

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

(b) Business combination not under the same control

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

6. Consolidated financial statement compilation method

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

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

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

All of the company's major incoming and outgoing balances, transactions and unrealized profit shall be set off during the compilation of the consolidated financial statement. The subsidiary's shareholder equity, net profit and loss for the period and the part of comprehensive income not belonging to the company shall be individually

indicated and shown in the consolidated financial statement under shareholder's equity, net profit and total comprehensive income respectively as minority equity, minority interest income and total comprehensive income attributed to minority shareholders. All unrealized internal transaction profit and loss resulting from the company's sales of assets to the subsidiary shall be applied to set off the net profit attributed to the parent company's shareholders; all unrealized internal transaction profit and loss resulting from the subsidiary's sales of assets to the parent company shall be set off accordingly by the net profit attributed the parent company's shareholders and minority interest income based on corresponding distribution ratio (the company to the subsidiary). All unrealized internal transaction profit and loss resulting from assets sales among subsidiaries shall be set off accordingly by the net profit attributed the parent company's shareholders and minority interest income based on corresponding distribution ratio (the company to the seller's subsidiary).

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

7. Cash and cash equivalent recognition standard

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

8. Foreign currency transaction and foreign currency statement translation

(a) Foreign currency transaction

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

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

(b) Foreign currency statement translation

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

9. Financial instruments

(a) Financial assets

(i) Classification of financial assets

Upon initial recognition, financial assets shall be classified into financial assets measured based on its fair value and its variations included in profit and loss for the period, account receivable, available-for-sale financial assets and held-to-maturity investment. However, the classification of financial assets depends on the company's intention on and capacity of holding such financial assets.

Loan and account receivable

Account receivable refers to non-derivative financial assets with fixed or recognized recovery cost and no quoted price in the active market.

Available-for-sale financial assets

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

(ii) Recognition and measurement

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

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

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

(iii) Financial assets depreciation

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

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

Objective evidences indicating the depreciation of available-for-sale equity instrument investment include any sharp or permanent drop of corresponding fair value of such equity instrument investment. The company shall

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

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

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

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

(iv) Derecognition of financial assets

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

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

(b) Financial liabilities

Upon initial recognition, financial liabilities shall be classified into financial assets measured based on its fair value and its variations included in profit and loss for the period and other financial liabilities. However, the company's financial liabilities are mainly other financial liabilities, including short-term borrowing, notes payable, accounts payable, dividends payable, and other accounts payable, as well as other current liabilities, which shall be initially measured based on fair value. Meanwhile, follow-up measurement shall also be conducted by means of effective interest method based on amortized cost.

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

based on amortized cost.

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

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

(c) Recognition of fair value of financial instrument

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

10. Receivables

Receivables include notes receivable, accounts receivable, interest receivable, and other accounts receivable. The accounts receivable caused from selling commodities or offering labor service by the Company and its subsidiaries regard the fair value of the contract or agreed price which should be accepted by buyer or labor service acceptor as the amount of initial recognition.

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

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

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

Name of portfolios	Bad debt provision method
Aging group	Aging analysis

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

Applicable Not applicable

Aging	Provision rate for Accounts Receivable	Provision rate for Other Receivables
Within 1 year (including 1 year)	5.00%	5.00%
1-2 years	10.00%	10.00%
2-3 years	30.00%	30.00%
3-4 years	50.00%	50.00%
4-5 years	50.00%	50.00%
Over 5 years	100.00%	100.00%

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

Applicable Not applicable

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

Applicable Not applicable

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

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

The Company transfer the accounts receivables to financial institutions by right of no recourse, the difference between the book value that the transaction amount deduct the written off accounts receivables and related taxes should be recorded into current profit or loss

11. Inventory

(a) Category

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

(b) Pricing method for distributed inventories

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

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

When the net realizable value is lower than the cost, provisions for impairment of inventories shall be drawn. The net realizable value is confirmed according to the amount after the estimated sales price of the inventory minus the amount of the estimated cost occur when the work finished and the estimated sales expenses as well as the relevant taxes among the daily activities.

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

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

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

12. Long-term equity investment

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

The subsidiary refers to the invested unit under the company's control

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

(a) Investment cost recognition

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

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

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

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

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

For long-term equity investment calculated by using equity method, the company shall recognize corresponding profit and loss for the period according to the share of net profit and loss obtained or held from the invested unit. In terms of the recognition of the invested unit's net loss, the long-term equity investment's book value and other long-term equities constituting the net investment made to the invested unit in reality shall be written down to Zero, but when the company is obliged to burden corresponding extra loss and relevant expected liability recognition conditions stated in contingency standard are met, corresponding investment loss shall still be recognized and calculated as expected liability. As for other changes in owner's equity of the invested unit except net profit and loss, other comprehensive revenue and profit distribution, the book value of long-term equity investment shall be adjusted and included in capital reserve. Accordingly, the book value of long-term equity

investment shall be reduced based on the part attributed to the company when the profit or cash dividend is declared and distributed by the invested unit. Meanwhile, the unrealized internal transaction profit and loss between the company and the invested company shall be applied to determine and set off the part attributed to the company based on corresponding shareholding ratio, on which basis, corresponding investment profit and loss shall be recognized. In terms of the internal transaction loss resulted from the company and the invested unit, the part belonging to assets impairment loss and corresponding unrealized loss shall not be set off.

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

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

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

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

(d) Long-term equity investment depreciation

For long-term equity investments attributed to the subsidiary, when their recoverable amount is less than their book value, such book value shall be written down to corresponding recoverable amount (Notes V (16)).

13. Investment property

Depreciation or amortization methods

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

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

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

Investment properties should be transferred to fixed assets or intangible assets since the date of their being changed for self-use. As the purposes of self-use properties are changed for generating rents or capital appreciation, the fixed assets or intangible assets shall be transferred to investment properties from the date of change. In time of change, the book value before transfer should be used as the recorded value after transfer.

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

When an investment property is disposed or permanently out of use with the estimation that no further economic benefits could be obtained from its proposal, it should be derecognized. The disposal revenue of an investment

property for sale, transfer, retirement or damage should be recorded into current profits and losses after deducting book value and relevant taxes.

As the recoverable amount of an investment property is lower than its book value, its book value should be written down as the recoverable amount (Note V (16)).

14. Fixed assets

(a) Recognition method

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

(b) Depreciation method

Fixed assets are depreciated using the straight-line method based on their costs less estimated residual values over their estimated useful lives. For a fixed asset whose provision for depreciation has been made, the depreciable amount is confirmed by book value after deducting impairment provision and its service life in future period.

The estimated useful life, residual value, and annual depreciation rate of fixed assets are as follows:

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

(c) When the recoverable amount of the fixed assets lower than the book value, should reduce the amount of the book value and include in the recoverable amount (Note V (16)).

(d) Disposal of the fixed assets

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

15. Intangible assets

(1) Evaluation methods, useful life, impairment test

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

(a) Land use rights

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

(b) Non-patented technology

Non-patented technology should be averagely amortized based on whichever is shorter among contract period, profits period and legally regulated period.

(c) Software

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

(d) Regular review of useful life and amortization method

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

e) Research and development

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

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

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

Development expenditures failing to meet the above conditions would be recorded into current profits and losses. Previously recorded development expenditures would not be reaffirmed as assets in subsequent periods. Capitalized expenditures in development phase should be listed as development expenditures on balance sheet,

and would be transferred to intangible assets since the date of the project achieving its intended use.

(f) Impairment of intangible assets

As the recoverable amount of the intangible assets is lower than the book value, its book value should be written down as the recoverable amount (Note V (16)).

16. Impairment of long-term assets

Fixed assets, intangible assets with limited life, investment properties measured at cost, and long-term unamortized expenses, other non-current assets, and long-term equity investment in subsidiaries should go through impairment test as there are signs of impairment on balance sheet; intangible assets not reaching useful status should go through impairment tests at least annually whether there is sign of impairment or not. As the impairment test results show that the recoverable amount of assets is lower than the book value, provision for impairment based on the difference would be prepared and included in impairment losses. The fair value of assets deducted by the higher one between the net value after disposal and the present value of the expected future cash flow is the recoverable amount. Assets impairment preparation should be calculated and confirmed based on single assets, and the assets group where the assets belong should confirm its recoverable amount in case that the recoverable amount of single assets is hard to estimate. Assets group is the minimum assets unit to produce cash flow independently.

Intangible assets with uncertain useful life and development expenditures of capitalization should go through impairment tests at least annually whether there is sign of impairment or not. The above assets impairment losses cannot be recovered in subsequent period once confirmed.

17. Long-term unamortized expenses

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

18. Employee salary

(a) Accounting treatment of short-term remuneration

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

(b) Accounting treatment of post-employment benefits

The post-employment benefits of the company and its subsidiaries are divided into defined contribution plan and defined benefit plan. Defined contribution plan refers to the post-employment welfare plan that the company and its subsidiaries does not undertake further liabilities after depositing fixed expenses in an independent fund; Defined benefit plan refers to the post-employment welfare plan excluding defined construction plan. Within the

period of this report, the post-employment welfare plan of the company and its subsidiaries refer to the basic old-age pension insurance and unemployment insurance deposit for employees, both of which belong to the defined contribution plan.

Basic old-age pension insurance

Employees of the company and its subsidiaries have joined the social basic old-age pension insurance organized and implemented by local labor and social security departments. The company and its subsidiaries pay old-age pension insurance premiums monthly to local social basic old-age pension insurance agencies according to local social basic old-age pension insurance contribution base and proportion. After employees retire, local labor and social security departments are responsible for payment of basic old-age pension to employees. In the accounting period of employees providing service, the company and its subsidiaries recognize the payable amount regulated by social security departments as liabilities and records it in current profits and losses and relevant asset cost.

(c) Accounting treatment of termination benefits

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

Early retirement welfare

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

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

19. Dividends distribution

Cash dividend is confirmed as liability when it is approved by General Meeting of Shareholders.

20. Estimated liabilities

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

could be measured reliably.

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

The estimated liabilities that need to pay within one year from the balance sheet date are listed as current liabilities.

21. Share-based payment

(a) Categories of share-based payment

The term "share-based payment" refers to a transaction in which an enterprise grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees. The equity instruments include the equity instruments of the enterprise's own, the parent company or other accounting entity in the same group. The share-based payments shall consist of equity-settled share-based payments and cash-settled share-based payments.

Equity-settled share-based payments

The equity-settled share-based payment in return for employee services of the Company and its subsidiaries' stock option plan shall be measured at the fair value of the equity instruments granted to the employees. As for a equity-settled share-based payment in return for employee services, the right cannot be exercised until the vesting period comes to an end or until the prescribed performance conditions are met. Within the vesting period, the services obtained in the current period shall, based on the best estimate of the number of vested equity instruments, be included in the relevant costs or expenses at the fair value of the equities instruments on the date of the grant, and the capital reserves shall be increased accordingly. If the subsequent information indicates that the number of vested equity instruments is different from the previous estimate, an adjustment shall be made and on the vesting date, the estimate shall be adjusted to equal the number of the actually vested equity instruments. On the vesting date, an enterprise shall, based on the number of the equity instruments of which the right is actually exercised, calculate and confirm the amount of the capital stock to be transferred in, and transfer it in the stock capital.

(b) Recognition method of fair value of equity instruments

The Company and its subsidiaries confirm the fair value of stock option by adopting options pricing model, and confirm the fair value of stock appreciation right by adopting options pricing model of Black Scholes.

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

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

(d) Relevant accounting treatment of executing, revising and terminating the share-based payment plans

On the vesting date of stock option, the Company and its subsidiaries confirmed the share capital and stock

premium, and carry forward the recognized capital reserves within the vesting period according to the vesting conditions.

22. Revenue

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

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

(a) Sales of goods

The company manufactures and sells washing machines. As the products are delivered, main risks and remuneration of the ownership of the goods would be transferred to the purchaser, and the company would not conduct continuing management and control over the products. The sales revenue is realized as related income or price credential has been obtained, and relevant cost could be calculated reliably. The company and its subsidiaries' main sales are realized from dealers, large-scale chain home appliance retailers and e-commerce platforms as well as export. Sales revenue obtained from dealers, large-scale chain home appliance retailers and non-proprietary e-commerce platforms should be confirmed as products have been delivered to them and accepted by them. After accepting the products by dealers, large-scale chain home appliance retailers and non-proprietary e-commerce platforms, they need to undertake the risk of possible damage and price fluctuation of the products, and also have the right to sell the products by themselves. Sales revenue obtained from proprietary e-commerce platform should be confirmed as the products have been delivered to and accepted by end users. Sales revenue obtained from export should be confirmed as the products have been declared to customs, crossed the ship' s side at designated loading port and got the bill of landing according to the contract agreement.

The company sells materials. As the products are delivered, main risks and remuneration of the ownership of the goods would be transferred to the purchaser, and the company would not conduct continuing management and control over the products. The sales revenue is realized as related income or price credential has been obtained, and relevant cost could be calculated reliably.

(b) Transfer of assets use rights

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

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

23. Government subsidy

A government subsidy means the monetary or non-monetary assets obtained free by the Company and its subsidiaries from the government, including tax refund and fiscal subsidies, and etc.

No government subsidy may be recognized unless the attached conditions are met and the subsidy can be obtained by the Company and its subsidiaries. If a government subsidy is a monetary asset, it shall be measured in the light of the received or receivable amount. If a government subsidy is a non-monetary asset, it shall be measured at its

fair value. If its fair value cannot be obtained in a reliable way, it shall be measured at its nominal amount.

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

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

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

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

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

24. Deferred income tax assets/ deferred income tax liabilities

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

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

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

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

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

25. Lease

Financing lease is the lease that virtually transfers all risks and remuneration related to assets ownership other leases are operating leases.

The rent income of operating lease during the lease period should be confirmed on a straight-line basis.

The rent payment of operating lease during the lease period should be recorded in related asset cost or current profits and losses on a straight-line basis.

26. Segment information

The Company and its subsidiaries confirm the operating segment according to internal organizational structure, management requirement, and internal reporting system, which is the base to confirm reportable segment and disclose the segment information.

Operating segment refers to the component that the Company and its subsidiaries both can meet following conditions simultaneously:

- (a) The component can give rise to income and expenditure on daily activities.
- (b) Management can assess the operating results of this component regularly to decide to allocate resources to it and value its performance.
- (c) Related accounting information, such as financial status, operating results, and cash flow of this component can be obtained. Two or more operating segments that have similar economic characteristics and can meet certain conditions can be combined into one operating segment.

27. Other critical accounting policies and accounting estimates

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

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

(a) Provision of sales rebates

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

(b) Income taxes

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

income taxes and deferred income taxed during the period of making the above mentioned identification.

VI. Taxation

1. Main taxes and tax rate

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

2. Tax preference

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

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

In July 2014, the subsidiary Hefei Media Washing Machine Co., Ltd. got the High Technology Enterprises Certificate (certificate No.: GR201434000147) issued by Anhui Science and Technology Development, Department of Finance of Anhui Province, Anhui Provincial Office, SAT and Anhui Local Taxation Bureau after the re-examination with the period of validity lasts for 3 years. The Company applied for High Technology Enterprises this year again, which is under the process of examination and approval. All indicators of the Company meet the application criteria. Income tax expense was still calculated by income tax rate 15% this period.

In July 2015, the subsidiary Wuxi Little Swan GE Co., Ltd. got the High Technology Enterprises Certificate (certificate No.: GR201532000557) issued by Jiangsu Science and Technology Development, Department of Finance of Jiangsu Province, Jiangsu Provincial Office, SAT and Jiangsu Local Taxation Bureau after the re-examination with the period of validity lasts for 3 years.

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

The applicable Singapore corporate income tax rate of the subsidiary Little Swan International (Singapore) Co., Ltd is 17%.

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

1. Monetary funds

Unit: RMB

Item	Closing balance	Opening balance
Bank deposits	3,096,982,558.92	4,171,689,917.21
Other monetary funds	327,116,748.85	100,387,293.90
Total	3,424,099,307.77	4,272,077,211.11
Of which: total amount of the accounts deposited abroad	560,838.28	594,128.38

On June 30, 2017, the bank acceptance deposit of the other monetary funds was of RMB 318,706,368.59, and the credit guarantee of RMB 4,266,667.92, and the forward settlement deposit was RMB 4,143,712.34. (On December 31, 2016, the bank acceptance deposit of the other monetary funds was of RMB 93,781,938.00, and the credit guarantee of RMB 6,605,355.90.)

2. Financial assets measured by fair value with its changes recorded into current profit or loss.

Unit: RMB

Item	Closing balance	Opening balance
Transactional financial assets	4,917,873.13	
Derivative financial assets	4,917,873.13	
Total	4,917,873.13	

3. Notes receivable

(1) Notes receivable listed by category

Unit: RMB

Item	Closing balance	Opening balance
Bank acceptance bill	1,878,193,045.31	1,297,609,202.29
Total	1,878,193,045.31	1,297,609,202.29

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

Unit: RMB

Item	Amount of recognition termination at the period-end	Amount of not terminated recognition at the period-end
Bank acceptance bill	2,033,415,360.22	

Total	2,033,415,360.22
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4. Accounts receivable

(1) Accounts receivable disclosed by category

Unit: RMB'0,000

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable withdrawn bad debt provision according to credit risks characteristics	170,767.38	100.00%	8,538.37	5.00%	162,229.01	154,279.86	100.00%	7,714.41	5.00%	146,565.45
Total	170,767.38	100.00%	8,538.37	5.00%	162,229.01	154,279.86	100.00%	7,714.41	5.00%	146,565.45

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

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Aging	Closing balance		
	Accounts receivable	Bad debt provision	Withdrawal proportion
Within 1 year	1,707,673,812.08	85,383,690.63	5.00%
Total	1,707,673,812.08	85,383,690.63	5.00%

Notes of the basis of recognizing the group:

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

Applicable Not applicable

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

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

The withdrawal amount of the bad debt provision during the reporting period was of RMB 8,239,553.90; the

amount of the reversed or collected part during the reporting period was of RMB 0.00.

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

Unit: RMB

Item	Balance	Balance of the bad debt provision	Proportion of the total balance of the accounts receivable
Total amount of balance of the top 5 accounts receivable	1,179,743,087.11	58,987,154.37	69.08%

5. Prepayment

(1) List by aging analysis:

Unit: RMB

Aging	Closing balance		Opening balance	
	Amount	Proportion	Amount	Proportion
Within 1 year	116,892,117.19	95.81%	131,513,792.18	100.00%
1 to 2 years	5,112,357.21	4.19%		
Total	122,004,474.40	--	131,513,792.18	--

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

Unit: RMB

Item	Balance	Proportion of the total amount of the prepayments
Total amount of the top 5 of the balance of the prepayments	45,710,909.66	37.47%

6. Interests receivable

Unit: RMB

Item	Closing balance	Opening balance
Bank deposits	55,176,400.57	26,755,807.07
Total	55,176,400.57	26,755,807.07

7. Other accounts receivable

(1) Other accounts receivable disclosed by type:

Unit: RMB'0,000

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	1,047.70	100.00%	93.46	8.92%	954.23	2,530.73	100.00%	161.34	6.38%	2,369.39
Total	1,047.70	100.00%	93.46	8.92%	954.23	2,530.73	100.00%	161.34	6.38%	2,369.39

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

Applicable Not applicable

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

Applicable Not applicable

Unit: RMB

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Within 1 year	8,373,021.65	418,651.08	5.00%
1 to 2 years	1,069,900.00	106,990.00	10.00%
2 to 3 years	540,200.00	162,060.00	30.00%
Over 3 years	493,854.80	246,927.40	50.00%
Total	10,476,976.45	934,628.48	

Notes of the basis of recognizing the group:

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

Applicable Not applicable

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

Applicable Not applicable

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

The withdrawal amount of the bad debt provision during the reporting period was of RMB -678,816.30; the amount of the reversed or collected part during the reporting period was of RMB 0.00.

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

Unit: RMB

Nature	Closing book balance	Opening book balance
Margin & cash pledge	2,103,758.00	2,018,096.36
Advance money for another or provision	4,269,715.11	14,330,097.53
Employee loan	4,055,248.53	2,098,324.20
Other	48,254.80	6,860,813.23
Total	10,476,976.44	25,307,331.32

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

Unit: RMB

Name of units	Nature	Closing balance	Aging	Proportion of the total year-end balance of the accounts receivable	Closing balance of bad debt provision
Shenzhen Midea Payment Technology Co., Ltd.	Provision	4,265,894.46	Within 1 year	40.72%	213,294.72
Wuxi China Resources Gas Co., Ltd.	Guarantee deposit & margin	820,800.00	Within 1 year	7.83%	41,044.00
Hefei Gas Group Co., Ltd.	Guarantee deposit & margin	270,000.00	Within 1 year	2.58%	13,500.00
Wuxi Golden Sunshine Property Management Co., Ltd.	Guarantee deposit & margin	50,400.00	Within 1 year	0.48%	2,520.00
Alipay (China) Network Technology Co., Ltd.	Guarantee deposit & margin	185,000.00	Within 1 year	1.77%	9,250.00
Total	--	5,592,094.46	--		279,608.72

8. Inventory

(1) Category of inventory

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Falling price reserves	Book value	Book balance	Falling price reserves	Book value
Raw materials	28,144,752.00	1,593,768.57	26,550,983.43	21,928,651.09	1,593,768.57	20,334,882.52

Goods in process	13,117,338.79		13,117,338.79	11,864,254.41		11,864,254.41
Inventory goods	1,096,300,872.13	51,518,212.57	1,044,782,659.56	1,768,281,418.69	75,642,610.93	1,692,638,807.76
Total	1,137,562,962.92	53,111,981.14	1,084,450,981.78	1,802,074,324.19	77,236,379.50	1,724,837,944.69

(2) Falling price reserves of inventory

Unit: RMB

Item	Opening balance	Increased amount		Decreased amount		Closing balance
		Withdrawal	Other	Reverse or write-off	Other	
Raw materials	1,593,768.57					1,593,768.57
Inventory goods	75,642,610.93	26,185,813.40		50,310,211.76		51,518,212.57
Total	77,236,379.50	26,185,813.40		50,310,211.76		53,111,981.14

9. Other current assets

Unit: RMB

Item	Closing balance	Opening balance
Structured deposits	2,700,000,000.00	2,150,000,000.00
Financial products	5,976,013,434.56	5,994,142,671.24
Input tax to be deducted and certified	86,521,810.57	197,355,573.10
Other	42,048,811.22	44,226,037.82
Total	8,804,584,056.35	8,385,724,282.16

10. Available-for-sale financial assets

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Available-for-sale equity instruments:	200,000.00		200,000.00	200,000.00		200,000.00
Measured at cost	200,000.00		200,000.00	200,000.00		200,000.00
Total	200,000.00		200,000.00	200,000.00		200,000.00

11. Investment property

(1) Investment property adopted the cost measurement mode

Unit: RMB

Item	Houses and buildings	Land use right	Construction in progress	Total
I. Original book value				
1. Opening balance	88,189,256.96	22,949,959.07		111,139,216.03
2. Increased amount of the period				
(1) Outsourcing				
(2) Transfer of inventory\fixed assets\project under construction				
(3) Enterprise combination increase				
3. Decreased amount of the period				
(1) Disposal				
(2) Other				
4. Closing balance	88,189,256.96	22,949,959.07		111,139,216.03
II. Accumulative depreciation and accumulative amortization				
1. Opening balance	27,737,836.01	5,970,411.48		33,708,247.49
2. Increased amount of the period	1,650,141.54	275,912.46		1,926,054.00
(1) Withdrawal or amortization	1,650,141.54	275,912.46		1,926,054.00
3. Decreased amount of the period				
(1) Disposal				
(2) Other				
4. Closing balance	29,387,977.55	6,246,323.94		35,634,301.49
III. Depreciation reserves				
1. Opening balance	12,576,065.29			12,576,065.29
2. Increased amount of the period				
(1) Withdrawal				
3. Decreased amount of the period				
(1) Disposal				
(2) Other				
4. Closing balance	12,576,065.29			12,576,065.29
IV. Book value				

1. Closing book value	46,225,214.12	16,703,635.13		62,928,849.25
2. Opening book value	47,875,355.66	16,979,547.59		64,854,903.25

12. Fixed assets

Unit: RMB

Item	Houses and buildings	Machinery equipment	Transportation equipment	Electronic equipment	Total
I. Original book value					
1. Opening balance	733,926,399.80	910,910,022.64	27,625,534.23	118,527,502.83	1,790,989,459.50
2. Increased amount of the period	2,152,072.08	57,733,042.27	2,165,077.78	10,537,983.62	72,588,175.75
(1) Purchase	2,152,072.08	57,733,042.27	2,165,077.78	10,537,983.62	72,588,175.75
(2) Transfer from project under construction					
(3) Enterprise combination increase					
3. Decreased amount of the period		12,018,458.96	1,072,087.49	4,386,731.89	17,477,278.34
(1) Disposal or Scrap		12,018,458.96	1,072,087.49	4,386,731.89	17,477,278.34
4. Closing balance	736,078,471.88	956,624,605.95	28,718,524.52	124,678,754.56	1,846,100,356.91
II. Accumulative depreciation					
1. Opening balance	197,526,047.87	491,410,620.88	23,497,411.01	91,329,723.22	803,763,802.98
2. Increased amount of the period	15,583,780.02	39,511,660.65	553,145.53	7,022,579.62	62,671,165.82
(1) Withdrawal	15,583,780.02	39,511,660.65	553,145.53	7,022,579.62	62,671,165.82
3. Decreased amount of the period		8,831,385.59	998,870.02	4,024,385.92	13,854,641.53
(1) Disposal or Scrap		8,831,385.59	998,870.02	4,024,385.92	13,854,641.53
4. Closing balance	213,109,827.89	522,090,895.94	23,051,686.52	94,327,916.92	852,580,327.27
III. Depreciation reserves					
1. Opening balance	3,918,452.47	12,312,885.38	35,494.21	99,533.43	16,366,365.49
2. Increased amount of the period		3,143,379.56			3,808,897.38
(1) Withdrawal		3,808,897.38			3,808,897.38
3. Decreased amount of		4,039,591.33	4,871.81	29,031.13	4,739,012.09

the period					
(1) Disposal or Scrap		4,705,109.15	4,871.81	29,031.13	4,739,012.09
4. Closing balance	3,918,452.47	11,416,673.61	30,622.40	70,502.30	15,436,250.78
IV. Book value					
1. Closing book value	519,050,191.52	423,117,036.40	5,636,215.60	30,280,335.34	978,083,778.86
2. Opening book value	532,481,899.46	407,186,516.38	4,092,629.01	27,098,246.18	970,859,291.03

13. Construction in progress

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Automatic stamping riveting line of roller cabinet	168,565.57		168,565.57			
Riveting machine	8,014.42		8,014.42			
Total	176,579.99		176,579.99			

14. Intangible assets

Unit: RMB

Item	Land use right	Patent right	Non-patents	Others	Total
I. Original book value					
1. Opening balance	242,666,890.39		1,992,000.00	1,395,014.56	246,053,904.95
2. Increased amount of the period					
(1) Purchase					
(2) Internal R&D					
(3) Enterprise combination increase					
3. Decreased amount of the period			1,992,000.00		1,992,000.00
(1) Disposal			1,992,000.00		1,992,000.00
4. Closing balance	242,666,890.39			1,395,014.56	244,061,904.95
II. Accumulated amortization					
1. Opening balance	50,383,404.24		1,992,000.00	1,395,014.56	53,770,418.80

2. Increased amount of the period	2,619,069.42				2,619,069.42
(1) Withdrawal	2,619,069.42				2,619,069.42
3. Decreased amount of the period			1,992,000.00		1,992,000.00
(1) Disposal			1,992,000.00		1,992,000.00
4. Closing balance	53,002,473.66			1,395,014.56	54,397,488.22
III. Depreciation reserves					
1. Opening balance					
2. Increased amount of the period					
(1) Withdrawal					
3. Decreased amount of the period					
(1) Disposal					
4. Closing balance					
IV. Book value					
1. Closing book value	189,664,416.73				189,664,416.73
2. Opening book value	192,283,486.15				192,283,486.15

15. Long-term unamortized expenses

Unit: RMB

Item	Opening balance	Increased amount	Amortization amount	Decrease	Closing balance
IT consulting fee	213,527.80	867,924.46	305,763.80		775,688.46
Fixed assets reform	4,174,200.34	1,526,699.07	1,376,084.72		4,324,814.69
Total	4,387,728.14	2,394,623.53	1,681,848.52		5,100,503.15

16. Deferred income tax assets/deferred income tax liabilities

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

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Assets impairment	146,318,376.04	21,947,756.41	160,340,693.36	24,051,104.00

provision				
Internal unrealized profit	40,295,923.45	6,044,388.52	67,442,606.20	10,116,390.93
Remuneration and dismiss expense	15,477,872.17	2,321,680.83	17,699,114.41	2,654,867.16
Accrued expenses	2,183,800,178.16	327,570,026.72	1,844,401,155.54	276,660,173.33
Accrued liabilities	1,675,596.14	251,339.42	1,727,340.89	259,101.13
Deferred income (government subsidy)	2,715,733.23	407,359.98	2,942,333.25	441,349.99
Investment differences	8,782,955.88	1,317,443.38	8,782,955.88	1,317,443.38
Total	2,399,066,635.07	359,859,995.26	2,103,336,199.53	315,500,429.92

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

Unit: RMB

Item	Closing balance		Opening balance	
	Deductible temporary difference	Deferred income tax liabilities	Deductible temporary difference	Deferred income tax liabilities
Change in fair value of available-for-sale financial assets	66,013,434.56	9,902,015.18	104,142,671.24	15,621,400.69
Evaluation of trading financial instruments	4,917,873.13	737,680.97		
Total	70,931,307.69	10,639,696.15	104,142,671.24	15,621,400.69

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

Unit: RMB

Item	Mutual set-off amount of deferred income tax assets and liabilities at the period-end	Amount of deferred income tax assets or liabilities after off-set at the period-end	Mutual set-off amount of deferred income tax assets and liabilities at the period-begin	Amount of deferred income tax assets or liabilities after off-set at the period-begin
Deferred income tax assets		349,220,299.11		299,879,029.23

(4) List of unrecognized deferred income tax assets

Unit: RMB

Item	Closing balance	Opening balance
Deductible temporary difference	20,862,394.55	27,153,343.58

Deductible losses	81,524,175.60	81,177,769.43
Total	102,386,570.15	108,331,113.01

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

Unit: RMB

Years	Closing amount	Opening amount	Notes
Y2017	57,917.22	57,917.22	
Y2018	16,303,166.71	16,303,166.71	
Y2019	49,620,940.42	49,620,940.42	
Y2020	9,576,983.63	9,576,983.63	
Y2021	5,965,167.62	5,618,761.45	
Total	81,524,175.60	81,177,769.43	--

17. Other non-current assets

Unit: RMB

Item	Closing balance	Opening balance
Prepayment for equipment	64,654,141.02	25,655,775.90
Total	64,654,141.02	25,655,775.90

18. Short-term loans

Unit: RMB

Item	Closing balance	Opening balance
Trade financing	170,000,000.00	183,813,064.12
Total	170,000,000.00	183,813,064.12

19. Notes payable

Unit: RMB

Category	Closing balance	Opening balance
Bank acceptance bill	3,014,675,255.37	2,620,549,815.47
Total	3,014,675,255.37	2,620,549,815.47

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

20. Accounts payable

(1) List of accounts payable

Unit: RMB

Item	Closing balance	Opening balance
Material	3,399,811,330.44	3,301,435,137.79
Other	47,659,362.43	33,654,534.27
Total	3,447,470,692.87	3,335,089,672.06

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

Unit: RMB

Item	Closing balance	Unpaid/ Un-carry-over reason
Material	55,267,497.97	Unsettled due to the agreement of contract
Total	55,267,497.97	--

21. Advance from customers

(1) List of advance from customers

Unit: RMB

Item	Closing balance	Opening balance
Advance from goods	1,673,007,411.95	3,014,347,762.24
Total	1,673,007,411.95	3,014,347,762.24

(2) Significant advance from customers aging over one year

Unit: RMB

Item	Closing balance	Unpaid/ Un-carry-over reason
Advance from goods	30,387,187.91	Unsettled advance from goods
Total	30,387,187.91	--

22. Payroll payable

(1) List of Payroll payable

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
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I. Short-term salary	262,689,682.47	526,908,328.33	564,801,061.29	224,796,949.51
II. Post-employment benefit-defined contribution plans	21,767,369.86	35,378,872.35	49,281,788.29	7,864,453.92
III. Termination benefits	4,135,110.96	4,153,570.68	4,375,044.30	3,913,637.34
Total	288,592,163.29	566,440,771.36	618,457,893.88	236,575,040.77

(2) List of Short-term salary

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Salary, bonus, allowance, subsidy	239,077,184.04	443,711,216.41	490,074,351.27	192,714,049.18
2. Employee welfare	4,873,935.81	37,897,571.75	29,031,331.91	13,740,175.65
3. Social insurance	6,169,696.09	20,459,370.44	22,914,420.36	3,714,646.17
Of which: Medical insurance premiums	5,179,907.00	16,407,140.37	18,483,109.65	3,103,937.72
Work-related injury insurance	728,121.47	2,805,994.11	3,085,812.41	448,303.17
Maternity insurance	261,667.62	1,246,235.96	1,345,498.30	162,405.28
4. Housing fund	7,166,552.24	15,181,948.56	15,185,970.92	7,162,529.88
5. Labor union budget and employee education budget	5,402,314.29	9,658,221.17	7,594,986.83	7,465,548.63
Total	262,689,682.47	526,908,328.33	564,801,061.29	224,796,949.51

(3) List of drawing scheme

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
1. Basic pension benefits	21,014,944.34	33,200,098.02	46,778,566.84	7,436,475.52
2. Unemployment insurance	752,425.52	2,178,774.33	2,503,221.45	427,978.40
Total	21,767,369.86	35,378,872.35	49,281,788.29	7,864,453.92

23. Taxes payable

Unit: RMB

Item	Closing balance	Opening balance
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VAT	7,335,659.81	43,959,339.80
Corporate income tax	318,457,471.59	317,599,561.26
Urban maintenance and construction tax	3,833,088.85	9,810,227.91
House appliance recycling funds	23,973,012.00	22,600,123.00
Education Surcharge	2,323,444.93	7,604,254.32
Other	12,255,609.42	10,664,523.67
Total	368,178,286.60	412,238,029.96

24. Dividends payable

Unit: RMB

Item	Closing balance	Opening balance
Common stock dividends	9,338,224.06	7,150,684.06
Total	9,338,224.06	7,150,684.06

25. Other accounts payable

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

Unit: RMB

Item	Closing balance	Opening balance
Payment for equipment	58,036,255.38	65,358,163.79
Payment for mold	89,418,261.55	84,354,267.87
Subsidy of energy saving & benefit the people	6,140,000.00	6,140,000.00
Payment made on behalf	28,565,146.16	7,782,998.86
Margin & cash pledged	18,326,206.88	20,631,583.91
Third party payment	4,730,592.00	5,410,822.47
Others	19,475,179.75	10,248,565.14
Total	224,691,641.72	199,926,402.04

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

Unit: RMB

Item	Closing balance	Unpaid/ Un-carry-over reason
Payment of mold	67,237,965.46	unsettled due to the agreement of contract
Payment of equipment	32,040,012.94	unsettled due to the agreement of contract

Total	99,277,978.40	--
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26. Other current-liabilities

Unit: RMB

Item	Closing balance	Opening balance
Accrued expenses-sale rebate	1,190,023,904.88	1,095,875,998.29
Accrued expenses-sales promotional expense	404,629,336.46	223,209,831.40
Accrued expenses-shipping and handling charges	152,520,431.73	139,146,303.25
Accrued expenses-maintenance and installation charges	286,555,569.65	248,172,966.72
Accrued expenses-brand royalty	7,041,545.66	14,192,875.86
Accrued expenses-waste household appliance maintenance funds	7,268,238.00	15,830,282.99
Accrued expenses-other	135,775,989.26	107,984,895.75
Total	2,183,815,015.64	1,844,413,154.26

27. Long-term payroll payable

Unit: RMB

Item	Closing balance	Opening balance
Termination benefits	13,693,727.01	16,101,348.60
Total	13,693,727.01	16,101,348.60

28. Estimated liabilities

Unit: RMB

Item	Closing balance	Opening balance	Formed reason
Product quality assurance	1,675,596.14	1,727,340.89	
Total	1,675,596.14	1,727,340.89	--

29. Deferred revenue

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance	Formed reason
Government subsidies	2,942,333.25		226,600.02	2,715,733.23	Government subsidies
Total	2,942,333.25		226,600.02	2,715,733.23	--

Item involving government subsidies:

Unit: RMB

Item	Opening balance	Amount of newly subsidy	Amount recorded into non-operating income in Reporting Period	Other changes	Closing balance	Related to assets/related income
Hefei Midea Washing Machine Automation promotion & technological upgrading projects	2,683,333.25		175,000.02		2,508,333.23	Related to assets
Subsidies of substation reformation	132,800.00		25,200.00		107,600.00	Related to assets
Special guide subsidies of modern service industry development	126,200.00		26,400.00		99,800.00	Related to assets
Total	2,942,333.25		226,600.02		2,715,733.23	--

30. Share capital

Unit: RMB

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

31. Capital surplus

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Capital premium (premium on stock)	1,055,182,718.57			1,055,182,718.57
Other capital reserves	136,307,414.44	23,481,320.87		159,293,057.25
Total	1,191,490,133.01	23,481,320.87		1,214,971,453.88

32. Other comprehensive income

Unit: RMB

Item	Opening balance	Reporting Period					Closing balance
		Amount	Less: recorded	Less: Income	Attributable to	Attributable to	

		before income tax in current period	in other comprehensive income in prior period and transferred to profit or loss in current period	tax expense	owners of the Company after tax	minority shareholders after tax	
I. Other comprehensive reclassified into profits or losses	70,757,524.61	66,007,008.01	104,142,671.23	-5,719,385.50	-27,421,035.91	-4,995,241.81	43,336,488.70
Of which: profits or losses of change in fair value of available-for-sale financial assets	72,957,918.08	66,013,434.56	104,142,671.23	-5,719,385.50	-27,414,609.36	-4,995,241.81	45,543,308.72
Converted difference of the foreign currency financial statement	-2,200,393.47	-6,426.55			-6,426.55		-2,206,820.02
Total	70,757,524.61	66,007,008.01	104,142,671.23	-5,719,385.50	-27,421,035.91	-4,995,241.81	43,336,488.70

33. Surplus reserves

Unit: RMB

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

34. Retained profits

Unit: RMB

Item	Reporting Period	Last period
Opening balance of retained profits before adjustments	3,756,517,718.81	2,960,955,454.36
Opening balance of retained profits after adjustments	3,756,517,718.81	2,960,955,454.36
Add: Net profit attributable to owners of the Company	731,539,923.36	580,826,562.58
Less: dividend of common stock payable	474,365,822.97	379,492,658.40
Closing retained profits	4,013,692,398.30	3,162,289,358.54

List of adjustment of opening retained profits:

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

35. Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Main operations	9,694,560,835.56	7,052,479,498.41	7,327,207,677.60	5,281,634,736.14
Other operations	873,500,018.65	808,892,313.37	657,579,517.32	530,957,037.53
Total	10,568,060,854.21	7,861,371,811.78	7,984,787,194.92	5,812,591,773.67

36. Business tax and surcharges

Unit: RMB

Item	Reporting Period	Same period of last year
Urban maintenance and construction tax	29,091,665.44	25,211,378.27
Education Surcharge	22,058,158.72	19,309,415.68
Real estate tax	4,873,849.64	
Land use tax	3,677,575.99	
Vehicle and vessel use tax	75,448.42	
Stamp duty	4,755,575.53	
Business tax		203,083.51
Total	64,532,273.74	44,723,877.46

37. Sales expenses

Unit: RMB

Item	Reporting Period	Same period of last year
Sales expenses	1,533,889,871.40	1,191,332,056.12
Total	1,533,889,871.40	1,191,332,056.12

38. Administrative expenses

Unit: RMB

Item	Reporting Period	Same period of last year
Administrative expenses	328,163,105.40	265,946,054.68
Total	328,163,105.40	265,946,054.68

39. Financial expenses

Unit: RMB

Item	Reporting Period	Same period of last year
Interest expenses	5,897,953.01	7,327,975.82
Less: Interest income	63,840,314.80	65,265,736.10
Add: exchange loss	30,775,819.93	-11,313,331.62
Others	3,643,344.03	5,851,627.44
Total	-23,523,197.84	-63,399,464.47

40. Asset impairment loss

Unit: RMB

Item	Reporting Period	Same period of last year
I. Bad debt loss	7,560,737.61	11,954,355.73
II. Inventory falling price loss	26,185,813.40	13,631,207.32
III. Fixed assets impairment losses	3,808,897.38	2,348,226.39
Total	37,555,448.39	27,933,789.44

41. Gains on the changes in the fair value

Unit: RMB

Sources	Reporting Period	Same period of last year
Financial assets measured by fair value and the changes be included in the current profits and losses	4,917,873.13	
Of which, gains on the changes in the fair value of derivative financial instruments	4,917,873.13	
Total	4,917,873.13	

42. Investment income

Unit: RMB

Item	Reporting Period	Same period of last year
Investment income received from disposal of financial assets measured by fair value and the changes be included in the current profits and losses during holding period	2,654,220.00	
Investment income received from available-for-sale financial assets during the holding period	90,043,497.77	
Investment income received from disposal of available-for-sale financial assets	88,968,164.34	67,315,479.04
Total	181,665,882.11	67,315,479.04

43. Other income

Unit: RMB

Item	Reporting Period	same period of last year
VAT refund upon collection	15,806,553.77	

44. Non-operating gains

Unit: RMB

Item	Reporting Period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Total gains from disposal of non-current assets	4,578,714.70	116,837.67	4,578,714.70
Including: Gains from disposal of fixed assets	4,578,714.70	116,837.67	4,578,714.70
Government subsidies	8,072,556.77	19,387,917.07	8,072,556.77
Claims and fine	2,564,637.29	1,925,692.15	2,564,637.29
Others	407,844.54	55,538.87	407,844.54
Total	15,623,753.30	21,485,985.76	15,623,753.30

Government subsidies recorded into current profits and losses

Unit: RMB

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

refund upon collection	District Tax Sub Bureau		in special industry that the state encouraged					income
Foreign trade and economic support fund	Finance Bureau of Hefei	Subsidy	and supported, gained subsidy (obtaining in line with the law and the regulations of national policy)	No	No	926,486.68	3,938,000.00	Related to the income
Other	Economic and Information Commission of Wuxi	Award		No	No	7,146,070.09	3,503,041.83	Related to the income
Total	--	--	--	--	--	8,072,556.77	19,387,917.07	--

45. Non-operating expenses

Unit: RMB

Item	Reporting Period	Same period of last year	Recorded in the amount of the non-recurring gains and losses
Loss on disposal of non-current assets	2,254,629.17	238,583.97	2,254,629.17
Including: Loss on disposal of fixed assets	2,254,629.17	238,583.97	2,254,629.17
Penalty	20,163.73		20,163.73
Others	804,864.96	199,673.37	804,864.96
Local fees (flood prevention and security funds etc.)		1,796,648.03	
Total	3,079,657.86	2,234,905.37	3,079,657.86

46. Income tax expense

(1) Lists of income tax expense

Unit: RMB

Item	Reporting Period	Same period of last year
Current income tax expense	191,867,580.16	170,528,669.56
Deferred income tax expense	-43,621,884.38	-43,226,277.81
Total	148,245,695.78	127,302,391.75

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

Unit: RMB

Item	Reporting Period
Total profits	981,005,945.79
Current income tax expense accounted by tax and relevant regulations	147,150,891.87
Influence of income tax before adjustment	-2,543,012.82
Influence of not deductible costs, expenses and losses	3,637,816.73
Income tax expense	148,245,695.78

47. Other comprehensive income

Refer to the Note. 32.

48. Cash flow statement

(1) Other cash received relevant to operating activities:

Unit: RMB

Item	Reporting Period	Same period of last year
Interest income	18,617,988.30	30,792,096.72
Government subsidy	8,072,556.77	7,441,041.83
Claim & fine income	1,264,590.80	619,052.46
Others	18,536,975.82	6,661,612.22
Total	46,492,111.69	45,513,803.23

(2) Other cash paid relevant to operating activities:

Unit: RMB

Item	Reporting Period	Same period of last year
Cash for payment of expenses	1,343,311,634.84	1,028,841,247.41
Others	1,138,477.96	9,142,858.79
Total	1,344,450,112.80	1,037,984,106.20

(3) Other cash received relevant to investment activities

Unit: RMB

Item	Reporting Period	Same period of last year
------	------------------	--------------------------

Income from structured deposits interest	16,802,196.35	34,473,639.38
Total	16,802,196.35	34,473,639.38

49. Supplemental information for Cash Flow Statement

(1) Supplemental information for Cash Flow Statement

Unit: RMB

Supplemental information	Reporting Period	Same period of last year
1. Reconciliation of net profit to net cash flows generated from operating activities	--	--
Net profit	832,760,250.01	664,923,275.70
Add: Provision for impairment of assets	37,555,448.39	27,933,789.44
Depreciation of fixed assets, of oil-gas assets, of productive biological assets	64,952,458.10	63,102,659.92
Amortization of intangible assets	2,619,069.42	2,619,069.42
Long-term unamortized expenses	1,681,848.52	1,469,902.32
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains: negative)	-2,324,085.53	121,746.30
Losses from variation of fair value (gains: negative)	-4,917,873.13	
Financial cost (gains: negative)	-10,904,243.34	-34,473,639.38
Investment loss (gains: negative)	-181,665,882.11	-67,315,479.04
Decrease in deferred income tax assets (gains: negative)	-44,359,565.36	-36,827,810.46
Increase in deferred income tax liabilities ("-" means decrease)	737,680.97	
Decrease in inventory (gains: negative)	614,201,149.52	134,845,643.10
Decrease in accounts receivable from operating activities (gains: negative)	-728,452,220.93	47,112,616.96
Increase in payables from operating activities (decrease: negative)	-748,672,061.46	789,234,275.49
Others	24,377,334.69	14,351,343.11
Net cash flows generated from operating activities	-142,410,692.24	1,607,097,392.88
2. Significant investing and financing activities without involvement of cash receipts and payments	--	--
3. Change of cash and cash equivalent:	--	--
Closing balance of cash	3,096,982,558.92	1,919,339,663.91
Less: Opening balance of cash	4,171,689,917.21	2,792,685,328.69
Net increase in cash and cash equivalents	-1,074,707,358.29	-873,345,664.78

(2) Net cash received from the disposal of subsidiaries in Reporting Period

Unit: RMB

	Amount
Cash or cash equivalents received currently from the disposal of subsidiaries in Reporting Period	2,415,000.00
Net cash received from the disposal of subsidiaries	2,415,000.00

(3) Cash and cash equivalents

Unit: RMB

Item	Closing balance	Opening balance
I. Cash	3,096,982,558.92	4,171,689,917.21
Of which: bank deposit on demand	3,096,982,558.91	4,171,689,917.21
II. Closing balance of cash and cash equivalents	3,096,982,558.92	4,171,689,917.21

50. Foreign currency monetary items

(1) Foreign currency monetary items

Unit: RMB

Item	Closing foreign currency balance	Exchange rate	Closing convert to RMB balance
Monetary capital			
Including: USD	90,007,743.84	6.7744	609,748,459.88
EUR	5,709,052.52	7.7496	44,242,873.41
JPY	15.00	0.0605	0.91
Account receivable			
Including: USD	23,512,644.42	6.7744	159,284,058.36
EUR	383,583.55	7.7496	2,972,619.08

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

Applicable Not applicable

VIII. Changes of merge scope

No such case in Reporting Period.

IX. Equity in other entities

1. Equity in subsidiary

(1) The structure of the enterprise group

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

(2) Significant not wholly owned subsidiary

Unit: RMB

Name	Shareholding proportion of minority shareholder	The profits and losses arbitrate to the minority shareholders	Declaring dividends distribute to minority shareholder	Balance of minority shareholder at closing period
Wuxi Filin Electronics Co., Ltd.	27.00%	30,162,017.39		230,462,456.37
Hefei Midea Washing Machine Co., Ltd.	30.53%	71,057,730.15		841,905,267.91

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

Unit: RMB

Name	Closing balance						Opening balance					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liability	Total liabilities
Hefei Midea Washing Machine Co., Ltd.	7,137,927,082.09	694,918,206.35	7,832,845,288.44	5,066,786,096.31	8,426,477.09	5,075,212,573.40	6,955,889,821.64	648,846,122.85	7,604,735,944.49	5,049,130,635.42	16,969,489.50	5,066,100,124.92
Wuxi Filin Electronics Co., Ltd.	1,247,171,639.36	63,993,624.74	1,311,165,264.10	457,393,210.85	207,400.00	457,600,610.85	1,203,071,028.74	51,610,150.79	1,254,681,179.53	512,934,442.62	259,000.00	513,193,442.62

Unit: RMB

Name	Reporting Period				Same period of last year			
	Operation revenue	Net profit	Total comprehensive income	Operating cash flow	Operation revenue	Net profit	Total comprehensive income	Operating cash flow
Hefei Midea Washing Machine Co., Ltd.	4,466,744,621.89	232,747,232.72	216,385,484.40	-355,645,784.85	3,490,739,131.29	183,744,563.10	193,637,968.84	1,307,170,946.87
Wuxi Filin Electronics Co., Ltd.	453,158,452.21	111,711,175.53	111,711,175.53	-72,814,995.54	330,094,718.79	93,010,763.35	93,010,763.35	11,960,170.45

X. Segment information

Since the Company's operating revenue, expenses, assets and liabilities are mainly related to the manufacturing and sales of washing machines and relevant products, after considering some factors such as the internal organizational structure, management requirements and internal report systems, the management holds the opinion that various companies' business has obvious similarity within the scope of consolidation. Thus, the segment report is not prepared.

The total income of the Company and its subsidiaries from external transactions in domestic and other countries or regions, the total non-current assets excluding financial assets and deferred income tax assets in domestic and other countries or regions are listed as follows:

(1) Income from external transactions

Unit: RMB

Region	The first half of 2017	The first half of 2016
China	7,501,628,908.80	5,797,358,361.67
Other countries	2,192,931,926.76	1,529,849,315.93
Total	9,694,560,835.56	7,327,207,677.60

(2) Total non-current assets

Unit: RMB

Region	June 30, 2017	Dec 31, 2016
China	1,300,608,269.00	1,258,041,184.47
Other countries		
Total	1,300,608,269.007	1,258,041,184.47

XI. The risk related financial instruments

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

(1) Market risk

(a) Foreign exchange risk

The main operation of the Company and its subsidiary was within the state, which settled by RMB. The foreign

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

On 30 June 2017 and 31 December 2016, the lists of foreign financial assets and foreign financial liabilities discounted into RMB held by Company and its subsidiary were as following:

Unit: RMB

Item	Closing balance		
	Item	Other foreign currency	Total
Foreign financial assets			
Monetary capital	609,748,459.88	44,242,874.32	653,991,334.20
Accounts receivable	169,382,140.50	3,674,235.16	173,056,375.66
Total	779,130,600.38	47,917,109.48	827,047,709.86
Foreign financial liabilities			
Payable	10,098,082.14	701,616.08	10,799,698.22
Item	Opening balance		
	Item	Other foreign currency	Total
Foreign financial assets			
Monetary capital	857,223,958.85	40,989,790.78	898,213,749.63
Accounts receivable	538,217,122.83	29,781,044.92	567,998,167.75
Total	1,395,441,081.68	70,770,834.81	1,466,211,916.49
Foreign financial liabilities			
Payable	51,256,695.66	809,036.96	52,065,732.62

On June 30, 2017, if RMB appreciates or depreciates by 7% without any changes in other factors, for all kinds of US financial assets and liabilities, there will be an decrease and increase in net consolidated profits of about RMB45,757,000 (about RMB79,980,000 on Dec 31, 2016).

(b) Interest rate risk

On 30 June 2017 and 31 December 2016, there was no short term or long-term interest-bearing debt contracts of floating interest rate in the Company and its subsidiary, thus the management believe that there was not existing significant interest rate risk.

(2) Credit risk

The Company and its subsidiary adopt group classification to manage the credit risk. Credit risk mainly incurred

in bank deposit, account receivable, other account receivable, note receivable, structure deposit, and financial products recorded into other current assets, etc..

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

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

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

(3) Liquidity risk

The Company and its subsidiary response for its cash flow prediction The head financial department base on collecting cash flow prediction of each subsidiary, and at combination level continuously supervise short term and long term capital need to ensure maintain plenty of cash reserve and securities can be realized at any time.

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

Unit: RMB

Item	June 30, 2017				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Notes payable	3,014,675,255.37				3,014,675,255.37
Accounts payable	3,447,470,692.87				3,447,470,692.87
Dividends payable	9,338,224.06				9,338,224.06
Other current-liabilities	2,183,815,015.64				2,183,815,015.64
Other account	224,691,641.72				224,691,641.72

payable					
Accrued liabilities	1,675,596.14				1,675,596.14
Total	8,879,990,829.66				8,879,990,829.66
Item	Dec 31, 2016				
	Within 1 year	1-2 years	2-5 years	Over 5 years	Total
Short-term loan	185,237,615.37				185,237,615.37
Notes payable	2,620,549,815.47				2,620,549,815.47
Accounts payable	3,335,089,672.06				3,335,089,672.06
Dividends payable	7,150,684.06				7,150,684.06
Other current-liabilities	1,844,413,154.26				1,844,413,154.26
Other account payable	199,926,400.42				199,926,400.42
Accrued liabilities	1,727,340.89				1,727,340.89
Total	8,194,094,682.53				8,194,094,682.53

XII. The disclosure of the fair value

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

Unit: RMB

Item	Closing fair value			
	Fair value measurement items at level 1	Fair value measurement items at level 2	Fair value measurement items at level 3	Total
I. Consistent fair value measurement	--	--	--	--
Available-for-sale financial assets-financial products			5,976,013,434.56	5,976,013,434.56
Total assets measured at fair value consistently			5,976,013,434.56	5,976,013,434.56
II. Inconsistent fair value measurement	--	--	--	--

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

On 30 June 2017, financial assets with fair value measurement items at level 3 were all the break-even floating income financial product investment, which all adopt valuation technique to recognize its fair value.

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

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

4. Change in financial assets at level 3

Unit: RMB

Item	Financial product investment
Jan 1, 2017	5,994,142,671.24
Purchase	2,065,000,000.00
Sale	-2,045,000,000.00
Total current gains	-38,129,236.68
-gains recorded into profit and loss	-104,142,671.23
-gains recorded into other comprehensive income	66,013,434.55
June 30, 2016	5,976,013,434.56
Changes in assets still held on June 30, 2017 and recorded in the profit and loss of 2017 which didn't realize profits or losses	
Income from change in fair value	

Relevant information on fair value measurement at level 3

Unit: RMB

Item	Fair value at June 30, 2017	Valuation technique	Unobservable input value	Scope	Relationship with fair value	Observable/unobservable
Available-for-sale financial assets						
Financial products	5,976,013,434.56	Discounted cash flow	Expected annual yield	3.9%-5.25%	Positive	Unobservable
Item	Fair value at Dec 31, 2016	Valuation technique	Unobservable input value	Scope	Relationship with fair value	Observable/unobservable
Available-for-sale financial assets						
Financial products	5,994,142,671.23	Discounted cash flow	Expected annual yield	3.9%-5.5%	Positive	Unobservable

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

Financial assets and liabilities of the Company and its subsidiaries measured at amortized cost mainly include: account receivable, other accounts receivable, account payable and other accounts payable

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

There is no significant variance the book value and fair value of financial assets and liabilities during the Reporting Period.

XIII. Related party and related Transaction

1. Information related to parent company of the Company

Name of parent company	Registration place	Nature of business	Registered capital	Proportion of share held by parent company against the Company (%)	Proportion of voting rights owned by parent company against the Company (%)
MIDEA GROUP CO., LTD.	Foshan Guangdong	Global technology group operating consumer appliances, HVAC, robots and automatic system	6,519,637,198.00	52.67%	52.67%

Notes of the parent company of the Company

The ultimate controller of the Company is He Xiangjian.

2. Subsidiaries of the Company

Refer to Note IX.

3. Information on other related parties of the Company

Name	Relationship
Ningbo Midea United Material Supply Co., Ltd	Under control of controlling shareholder of the Company
Huai'an Welling Motor Manufacturing Co., Ltd.	Under control of controlling shareholder of the Company
Wuhu Welling Motor Marketing Co., Ltd.	Under control of controlling shareholder of the Company
Ningbo Annto Zhilian Technology Co., Ltd.	Under control of controlling shareholder of the Company
Ningbo Beautiful Homeland Electric Appliance Service Co., Ltd.	Under control of controlling shareholder of the Company
Annto Zhilian Technology Share Holding Co., Ltd.	Under control of controlling shareholder of the Company
Midea Group E-commerce Co., Ltd.	Under control of controlling shareholder of the Company
Zhejiang Meizhi Compressor Co. Ltd.	Under control of controlling shareholder of the Company
Guangdong Midea Hicks Electronics Co., Ltd.	Under control of controlling shareholder of the Company
Foshan Shunde District Bainian Technology Development Co., Ltd.	Under control of controlling shareholder of the Company
Midea Smart Home Technology Co., Ltd	Under control of controlling shareholder of the Company

Hefei Hua Ling Share Holding Co. , Ltd.	Under control of controlling shareholder of the Company
Midea Electric Trading (Singapore) Co. Pte. Ltd.	Under control of controlling shareholder of the Company
MIDEA SCOTT & ENGLISH ELECTRONICS SDN BHD	Under control of controlling shareholder of the Company
Midea Life Electric (Vietnam) Co. , Ltd.	Under control of controlling shareholder of the Company
PT. MIDEA PLANET INDONESIA	Under control of controlling shareholder of the Company
Orient Household Appliances Ltd.	Under control of controlling shareholder of the Company
Guangdong Midea Household Electric Appliance manufacturing Co., Ltd.	Under control of controlling shareholder of the Company
Guangdong Midea Refrigeration Equipment Co., Ltd	Under control of controlling shareholder of the Company
Hubei Midea Refrigerator Co., Ltd.	Under control of controlling shareholder of the Company
Foshan Midea Qinghu Water Purification Equipment Co., Ltd.	Under control of controlling shareholder of the Company
Midea Welling Motor Technology (Shanghai) Co., Ltd.	Under control of controlling shareholder of the Company
Shenzhen Midea Payment Technology Co., Ltd.	Under control of controlling shareholder of the Company
Wuhu Midea Household Electric Appliance Manufacturing Co., Ltd.	Under control of controlling shareholder of the Company
Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.	Under control of controlling shareholder of the Company
TOSHIBA LIFESTYLE PRODUCTS & SERVICES CORPORATION	Under control of controlling shareholder of the Company
Toshiba Home Appliances Manufacturing (South China Sea) Co., Ltd.	Under control of controlling shareholder of the Company
Midea Middle East	Under control of controlling shareholder of the Company
Foshan Shunde District Bainian Technology Development Co., Ltd.	Under control of controlling shareholder of the Company

4. List of related-party transactions

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

Information on acquisition of goods and reception of labor service

Unit: RMB

Related party	Content	Reporting Period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
Wuhu Welling Motor Marketing Co., Ltd.	Electrical Machine	501,214,171.41	1,360,000,000.00	No	65,594,596.51
Ningbo Midea United Material Supply Co., Ltd.	Materials	824,485,276.15	1,470,000,000.00	No	425,080,087.78
Ningbo Annto Zhilian Technology Co., Ltd.	Warehousing & logistics	366,086,063.48	970,000,000.00	No	178,930,465.36
Annto Zhilian Technology Share Holding Co., Ltd.	Warehousing & Logistics	54,675,276.23			68,608,403.67

Zhejiang Meizhi Compressor Co. Ltd.	Compressor	7,043,483.25	19,000,000.00	No	3,792,306.57
Midea Group E-commerce Co., Ltd.	Promotion & Marketing	22,380,192.57	55,000,000.00	No	14,305,712.63
Ningbo Midea United Material Supply Co., Ltd	Chip & HIFI module	33,583,425.56	85,000,000.00	No	
Guangdong Midea Hicks Electronics Co., Ltd.	Chip & HIFI module	513,334.92			
Midea Group Co., Ltd.	Service charge	19,999.98	24,000,000.00	No	
Ningbo Beautiful Homeland Electric Appliance Service Co., Ltd.	After-sales service	132,504,096.51	320,000,000.00	No	170,408,807.12
Midea Smart Home Technology Co., Ltd	Materials	144,785.68		No	
Huai'an Welling Motor Manufacturing Co., Ltd.	Electrical machine			No	345,409,520.97
Total		1,942,650,105.74	4,303,000,000.00		1,272,129,900.61

Information of sales of goods and provision of labor service

Unit: RMB

Related party	Content	Reporting Period	The approval trade credit	Whether exceed trade credit or not	Same period of last year
Midea Electric Trading (Singapore) Co. Pte. Ltd.	Washing machine & Fittings	1,594,543,430.93	4,025,000,000.00	No	1,118,554,710.83
MIDEA SCOTT&ENGLISH ELECTRONIICS SDN.BHD	Washing machine & Fittings	45,312,856.38	105,000,000.00	No	28,049,217.86
PT.Midea Planet Indonesia	Washing machine & Fittings	15,461,735.27	70,000,000.0	No	11,061,356.49
Midea Life Electric (Vietnam) Co., Ltd.	Washing machine & Fittings	6,144,209.34	55,000,000.00	No	10,328,952.32
Orient Household Appliances Ltd.	Washing machine & Fittings	18,771,850.49	70,000,000.00	No	
Ningbo Beautiful Homeland Electric Appliance Service Co., Ltd.	Fittings	18,416,401.64	28,000,000.00	No	

TOSHIBA LIFESTYLE PRODUCTS & SERVICES CORPORATION	Washing machine & Fittings	20,757,917.67	80,000,000.00	No	
Toshiba Home Appliances Manufacturing (South China Sea) Co., Ltd.	Parts	548,124.87			
Hefei Hua Ling Share Holding Co. , Ltd.	Washing machine & Fittings	161,538.46			
Midea Middle East	Washing machine & Fittings	1,921,564.33			
Ningbo Annto Zhilian Technology Co., Ltd.	Washing machine	1,855,571.90			
Total		1,723,895,201.28	4,433,000,000.00		1,167,994,237.50

(3) Information of related lease

The Company was lessor:

Unit: RMB

Name of lessee	Category of leased assets	The lease income confirmed in this year	The approval trade credit	Whether exceed trade credit or not	The lease income confirmed in last year
Hefei Hua Ling Share Holding Co., Ltd.	House renting	5,641,036.82	14,150,943.40	No	2,916,884.40
Total		5,641,036.82	14,150,943.40		2,916,884.40

Notes: Of the above related transactions, in the first half of 2017, the total amount of related transactions not approved but actually incurred is RMB4,631,585.24 with 0.5% less compared with the audited net assets of 2016 (RMB29,919,239.31). Thus the approval of the board of directors is not needed.

5. Receivables and payables of related parties

(1) Receivables

Unit: RMB

Name of item	Related party	Closing balance		Opening balance	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Accounts	Midea Electric Trading (Singapore) Co.	649,905,177.27	32,495,258.86	475,357,280.44	23,767,864.02

receivable	Pte. Ltd.				
Accounts receivable	Orient Household Appliances Ltd.	8,453,601.69	422,680.08	13,679,187.05	683,959.35
Accounts receivable	MIDEA SCOTT&ENGLISH ELECTRONILCS SDN.BHD	19,491,267.83	974,563.39	3,485,105.76	174,255.29
Accounts receivable	PT MIDEA PLANET INDONESIA	10,130,616.52	506,530.83	8,404,017.46	420,200.87
Accounts receivable	Midea Life Electric (Vietnam) Co. , Ltd.	4,839,530.62	241,976.53	13,183,502.52	659,175.13
Accounts receivable	Annto Zhilian Technology Share Holding Co., Ltd.			43,086.00	2,154.30
Accounts receivable	Toshiba Home Appliances Manufacturing (South China Sea) Co., Ltd.	641,306.10	32,065.31		
Accounts receivable	TOSHIBA LIFESTYLE PRODUCTS & SERVICES CORPORATION	3,506,178.79	175,308.94		
Accounts receivable	Ningbo Beautiful Homeland Electric Appliance Service Co., Ltd.	2,808,008.89	140,400.44		
Accounts receivable	Midea Middle East	903,926.08	45,196.30		
Total		700,679,613.79	35,033,980.68	514,152,179.23	25,707,608.96
Other accounts receivable	Shenzhen Midea Payment Technology Co., Ltd.	4,265,894.46	213,294.72	10,835,423.12	541,771.16
Other accounts receivable	Guangdong Midea Group Wuhu Refrigeration Equipment Co., Ltd.			3,428,921.06	171,446.05
Other accounts receivable	Hefei Hua Ling Share Holding Co. , Ltd.			854,915.88	42,745.79
Other accounts receivable	Hubei Midea Refrigerator Co., Ltd.			813,636.76	40,681.84
Total		4,265,894.46	213,294.72	15,932,896.82	796,644.84
Prepayments	Ningbo Midea United Material Supply Co., Ltd	26,130,582.93		10,121,553.93	
Prepayments	Midea Group E-commerce Co., Ltd.	4,620,995.71		1,549,712.32	
Prepayments	Foshan Midea Qinghu Water Purification Equipment Co., Ltd.			75,816.00	

Prepayments	Foshan Shunde District Bainian Technology Development Co., Ltd.	2,406,400.00		48,100.00	
Total		33,157,978.64		11,795,182.25	

(2) Payables

Unit: RMB

Name of item	Related party	Closing book balance	Opening book balance
Accounts payable	Wuhu Welling Motor Marketing Co., Ltd.	192,129,470.82	201,074,837.49
Accounts payable	Ningbo Midea United Material Supply Co., Ltd	40,344,869.19	110,265,994.59
Accounts payable	Zhejiang Meizhi Compressor Co. Ltd.	4,697,152.03	3,330,792.14
Accounts payable	Guangdong Midea Hicks Electronics Co., Ltd.		1,305,066.18
Accounts payable	Ningbo Beautiful Homeland Electric Appliance Service Co., Ltd.	193,251.70	499,870.00
Accounts payable	Huai'an Welling Motor Manufacturing Co., Ltd.		390,637.80
Accounts payable	Annto Zhilian Technology Share Holding Co., Ltd.	2,028,922.73	151,302.88
Accounts payable	Midea Smart Home Technology Co., Ltd	272,903.32	52,603.40
Accounts payable	Ningbo Annto Zhilian Technology Co., Ltd.	3,969,734.53	342,449.48
Accounts payable	Guangdong Midea Household Electric Appliance manufacturing Co., Ltd.	107,698.41	
Accounts payable	Foshan Midea Qinghu Water Purification Equipment Co., Ltd.	164,268.00	
Total		243,908,270.73	317,413,553.96
Other accounts payable	Ningbo Beautiful Homeland Electric Appliance Service Co., Ltd.	9,949.00	9,949.00
Other accounts payable	Wuhu Midea Household Electric Appliance Manufacturing Co., Ltd.		1,288,644.49
Other accounts payable	Guangdong Midea Refrigeration Equipment Co., Ltd	126,964.69	283,510.28
Other accounts payable	Midea Welling Motor Technology (Shanghai) Co., Ltd.		275,223.94

Other accounts payable	Guangdong Midea Household Electric Appliance manufacturing Co., Ltd.		84,774.82
Other accounts payable	Midea Group Co., Ltd.		43,400.00
Total		136,913.69	1,985,502.53
Other current liabilities	Midea Group Co., Ltd.	7,041,545.66	14,192,875.85

XIV. Stock payment

Midea Group has implemented four stock options and one restricted stock incentive plan for middle and senior management and technical backbone of the Group and its subsidiaries. At present, three exercise period of the first period of the stock option incentive plan, the first and second exercise period of the second period of the stock option incentive plan, the first exercise period of the third period of stock option incentive plan has reached the right condition.

By the end of the Reporting Period, the Company and its subsidiaries had a total of 30 participants and the stock option was 6986.25 thousand in the first phase of the stock option incentive plan. The Company and its subsidiaries had a total of 36 participants and the stock option was 6.30 million in the second phase of the stock option incentive plan. The Company and its subsidiaries had a total of 64 participants and the stock option was 8.79 million in the third phase of the stock option incentive plan. The Company and its subsidiaries had a total of 126 participants and the stock option was 7.956 million in the fourth phase of the stock option incentive plan. The Company and its subsidiaries had a total of 9 participants and the stock option was 525 thousand in the first phase of the restricted stock incentive plan.

XV. Commitments and contingency

1. Significant commitments

As of 30 June 2017, there were no significant commitments to be disclosed.

2. Contingency

(1) Significant contingency at balance sheet date

As of 30 June 2017, there were no significant contingency to be disclosed.

(2) Notes shall be given even if there is no significant contingency to disclose

There is no significant contingency to disclose for the Company.

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

1. Accounts receivable

(1) Accounts receivable classified by category

Unit: RMB'0,000

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Accounts receivable with significant single amount for which bad debt provision separately accrued	169,455.73	58.35%			169,455.73	126,233.17	53.37%			126,233.17
Accounts receivable withdrawal of bad debt provision of by credit risks characteristics:	120,941.00	41.65%	6,047.05	5.00%	114,893.95	110,307.67	46.63%	5,515.38	5.00%	104,792.29
Total	290,396.73	100.00%	6,047.05	2.08%	284,349.68	236,540.84	100.00%	5,515.38	2.33%	231,025.46

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

Applicable Not applicable

Unit: RMB

Accounts receivable (classified by units)	Closing balance			
	Account receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason
Hefei Midea Washing Machine Co., Ltd.	1,691,595,170.38			
Wuxi FILIN Electronics Co., Ltd.	2,962,143.24			
Total	1,694,557,313.62		--	--

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

Applicable Not applicable

Unit: RMB

Aging	Closing balance		
	Account receivable	Bad debt provision	Withdrawal proportion
Within 1 year	1,209,409,998.82	60,470,499.95	5.00%
Total	1,209,409,998.82	60,470,499.94	

Notes:

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

Applicable Not applicable

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

(2) Bad debt provision withdrawal, reversed or recovered in the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB5,316,664.13; the amount of the reversed or collected part during the Reporting Period was of RMB0.00.

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

Unit: RMB

Name of customer	Balance	Bad debt provision	Proportion (%)
Total of top 5 of the closing balance of the accounts receivable	2,587,720,199.85	44,806,251.47	89.11%

2. Other accounts receivable

(1) Other account receivable classified by category

Unit: RMB'0,000

Category	Closing balance					Opening balance				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	Proportion	Amount	Withdrawal proportion		Amount	Proportion	Amount	Withdrawal proportion	
Other accounts receivable with significant single amount for which bad debt provision separately accrued	7,574.74	91.89%	7,540.87	99.55%	33.87	7,575.50	81.69%	7,540.82	99.54%	34.69

Other accounts receivable withdrawn bad debt provision according to credit risks characteristics	668.90	8.11%	67.68	10.12%	601.22	1,698.20	18.31%	115.27	6.79%	1,582.93
Total	8,243.64	100.00%	7,608.55	92.30%	635.09	9,273.70	100.00%	7,656.09	82.56%	1,617.61

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

Applicable Not applicable

Unit: RMB

Other accounts receivable (unit)	Closing balance			
	Other accounts receivable	Bad debt provision	Withdrawal proportion	Withdrawal reason
Jiangsu Little Swan Marketing and Sales Co., Ltd.	74,297,038.55	74,297,038.55	100.00%	Irrecoverable
Wuxi Little Swan Import & Export Co., Ltd.	1,111,652.95	1,111,652.95	100.00%	Irrecoverable
Little Swan International (Singapore) Co., Ltd.	338,720.00			
Total	75,747,411.50	75,408,691.50	--	--

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

Applicable Not applicable

Unit: RMB

Aging	Closing balance		
	Other accounts receivable	Bad debt provision	Withdrawal proportion
Within 1 year	5,247,313.91	262,365.70	5.00%
1 to 2 years	535,900.00	53,590.00	10.00%
2 to 3 years	460,200.00	138,060.00	30.00%
Over 3 years	445,600.00	222,800.00	50.00%
Total	6,689,013.91	676,815.70	10.12%

Notes:

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

Applicable Not applicable

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

Applicable Not applicable

(2) Bad debt provision withdrawal, reversed or recovered in the Reporting Period

The withdrawal amount of the bad debt provision during the Reporting Period was of RMB-475,418.88; the

amount of the reversed or collected part during the Reporting Period was of RMB0.00.

(3) Other account receivable classified by account nature

Unit: RMB

Nature	Closing book balance	Opening book balance
Margin & cash pledge	1,512,558.00	1,477,683.35
Employee loan	3,550,926.53	1,719,177.08
Internal intercourse funds	75,747,411.50	75,755,041.50
Others	1,625,529.38	13,785,131.04
Total	82,436,425.41	92,737,032.97

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

Unit: RMB

Name of the entity	Nature	Closing balance	Aging	Proportion%	Bad debt provision Closing balance
Jiangsu Little Swan Marketing and Sales Co., Ltd.	Intercourse funds	74,297,038.55	4 to 5 years	90.13%	74,297,038.55
Shenzhen Midea Payment Technology Co., Ltd.	Temporary payments	1,621,708.72	Within 1 year	1.97%	81,085.44
Wuxi Little Swan Import & Export Co., Ltd.	Intercourse funds	1,108,162.95	1 to 2 years	1.34%	1,108,162.95
Wuxi Huarun Gas Co., Ltd.	Margin & cash pledge	820,800.00	Within 1 year	1.00%	41,040.00
Little Swan International (Singapore) Co., Ltd.	Intercourse funds	338,720.00	1 to 2 years	0.41%	0.00
Total	--	78,186,430.22	--		75,527,326.94

3. Long-term equity investment

Unit: RMB

Item	Closing balance			Opening balance		
	Book balance	Depreciation reserves	Book value	Book balance	Depreciation reserves	Book value
Investment to the subsidiary	1,433,285,041.57	57,500,000.00	1,375,785,041.57	1,433,285,041.57	57,500,000.00	1,375,785,041.57
Total	1,433,285,041.57	57,500,000.00	1,375,785,041.57	1,433,285,041.57	57,500,000.00	1,375,785,041.57

Investment to the subsidiary

Unit: RMB

Investee	Opening balance	Increase	Decrease	Closing balance	Withdrawn impairment provision in the Reporting Period	Closing balance of impairment provision
Wuxi Little Swan Import & Export Co., Ltd.	57,500,000.00			57,500,000.00		57,500,000.00
Jiangsu Little Swan Marketing and Sales Co., Ltd.	417,550,000.00			417,550,000.00		
Wuxi FILIN Electronics Co., Ltd.	25,660,308.10			25,660,308.10		
Wuxi Little Swan General Appliance Co., Ltd.	89,062,000.00			89,062,000.00		
Little Swan (Jingzhou) Sanjin Electrical Appliance Co., Ltd.	11,869,431.12			11,869,431.12		
Little Swan International (Singapore) Co., Ltd.	681,050.00			681,050.00		
Hefei Midea Washing Machine Co., Ltd.	830,962,252.35			830,962,252.35		
Total	1,433,285,041.57			1,433,285,041.57		57,500,000.00

4. Revenue and Cost of Sales

Unit: RMB

Item	Reporting Period		Same period of last year	
	Sales revenue	Cost of sales	Sales revenue	Cost of sales
Main operations	7,187,874,729.64	5,451,504,491.74	5,650,983,937.54	4,194,962,471.12
Other operations	571,348,362.67	544,495,540.84	394,837,154.52	329,992,504.23
Total	7,759,223,092.31	5,996,000,032.58	6,045,821,092.06	4,524,954,975.35

5. Investment income

Unit: RMB

Item	Reporting Period	Same period of last year
Investment income received from held-to-maturity investment during the holding period	1,507,720.00	

Investment income received from available-for-sale financial assets in the holding period	49,901,444.44	17,306,094.37
Investment income received from disposal of available-for-sale financial assets	41,950,352.38	
Total	93,359,516.82	17,306,094.37

XIX. Supplementary materials

1. Items and amounts of extraordinary gains and losses

Unit: RMB

Item	Amount	Explanation
Gains/losses on the disposal of non-current assets	2,324,085.53	
Tax rebates, reductions or exemptions due to approval beyond authority or the lack of official approval documents	8,072,556.77	
Profit/loss on fair value changes of transactional financial assets and liabilities & investment income from disposal of transactional financial assets and liabilities as well as financial assets available for sale, except for effective hedges related to routine operations of the Company	7,572,093.13	
Other non-operating income and expenses other than the above	2,147,453.14	
Less: Income tax effects	2,446,093.57	
Minority interests effects	926,807.28	
Total	16,743,287.72	--

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

Applicable Not applicable

2. Return on equity and earnings per share

Profit as of Reporting Period	Weighted average ROE (%)	EPS (Yuan/share)	
		EPS-basic	EPS-diluted
Net profit attributable to common shareholders of the Company	11.69%	1.16	1.16
Net profit attributable to common shareholders of the Company after deduction of non-recurring profit and loss	11.42%	1.14	1.14

