

**Midea Group Co., Ltd.**  
**Report for the First Quarter of 2015**



**April 2015**

## **Section I. Important Reminders**

1.1 The Board of Directors, the Supervisory Committee as well as all directors, supervisors and senior management staff of Midea Group Co., Ltd. (hereinafter referred to as the “Company”) warrant that this report contains no false records, misleading statements or material omission. And they shall be jointly and severally liable for the factuality, accuracy and completeness of the contents of this report.

1.2 All directors have attended the Q1 report review board meeting.

1.3 The Q1 Financial Report has not been audited by a CPAs firm.

1.4 Mr. Fang Hongbo, Chairman of the Board and President of the Company, and Ms. Yuan Liquan, responsible person for the Company’s financial affairs, have represented and warranted that the financial report in this report is factual, accurate and complete.

1.5 This report has been prepared in both Chinese and English. Should there be any misunderstanding between the two versions, the Chinese version shall prevail.

## Section II. Financial Highlights & Changes in Shareholders

### I. Major accounting data and financial indexes

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

Yes  No

	Jan.-Mar. 2015	Jan.-Mar. 2014	+/- (%)
Sales revenues (RMB'000)	42,426,713.97	38,351,110.06	10.63%
Net profit attributable to shareholders of the Company (RMB'000)	3,342,134.83	2,538,849.11	31.64%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB'000)	3,019,956.04	2,889,535.17	4.51%
Net cash flows from operating activities (RMB'000)	2,498,715.37	3,223,813.31	-22.49%
Basic EPS (RMB Yuan/share)	0.79	0.60	31.67%
Diluted EPS (RMB Yuan/share)	0.79	0.60	31.67%
Weighted average ROE (%)	8.11%	7.47%	0.64%
	31 Mar. 2015	31 Dec. 2014	+/- (%)
Total assets (RMB'000)	135,830,927.66	120,292,088.16	12.92%
Net assets attributable to shareholders of the Company (RMB'000)	42,939,219.43	39,470,499.84	8.79%

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

Total share capital of the Company on the last trading session before disclosure (share)	4,215,808,472
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Whether the Company's share capital changed and the change affected the owners' equity due to reasons like the issuance of new shares, allotment of shares, equity incentive plans, and repurchases during the time from the end of the reporting period to the date when this report was released

Yes  No

Items and amounts of extraordinary gains and losses

Applicable  Inapplicable

Unit: RMB'000

Item	Jan.-Mar. 2015	Note
Gains/losses on the disposal of non-current assets (including the	-24,085.96	

offset part of asset impairment provisions)		
Government grants recognized in the current period, except for those acquired in the ordinary course of business or granted at certain quotas or amounts according to the country's unified standards	50,679.86	
Gain/loss on entrusting others with investments or asset management	327,797.78	
Gains and losses on change in fair value from tradable financial assets and tradable financial liabilities, as well as investment income from disposal of tradable financial assets and tradable financial liabilities and financial assets available for sale, except for effective hedging related to the normal businesses of the Company	226,393.76	
Non-operating income and expenses other than the above	18,487.37	
Less: Income tax effects	172,995.55	
Minority interests effects (after tax)	104,098.47	
Total	322,178.79	--

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

Applicable  Inapplicable

No such cases in the reporting period.

## II. Total number of shareholders and shareholdings of the top ten shareholders at the period-end

### 1. Total number of common shareholders and shareholdings of the top ten common shareholders at the period-end

Unit: share

Total number of common shareholders at the period-end	90,553					
Shareholdings of the top ten common shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage (%)	Number of the shares held	Number of restricted shares held	Pledged or frozen shares	
					Status of shares	Number of shares

Midea Holding Co., Ltd.	Domestic non-state-owned corporation	35.49%	1,496,250,000	1,496,250,000	Pledged	205,205,500
Rongrui Equity Investment (Zhuhai) Partnership (limited partnership)	Domestic non-state-owned corporation	7.22%	304,500,000	0		
Fang Hongbo	Domestic individual	2.17%	91,326,995	90,000,000		
Tianjin CDH Jiatai Equity Investment Partnership (limited partnership)	Domestic non-state-owned corporation	1.85%	78,000,000	0		
Huang Jian	Domestic individual	1.78%	75,160,057	75,000,000		
Ningbo Maysun Equity Investment Partnership (limited partnership)	Domestic non-state-owned corporation	1.78%	75,000,000	75,000,000		
Yuan Liquan	Domestic individual	1.44%	60,500,000	60,000,000		
CDH M-Tech (HK) Co., Ltd.	Overseas corporation	1.42%	60,000,000	0		
CDH Spark (HK) Co., Ltd.	Overseas corporation	1.36%	57,500,000	0		
Huang Xiaoming	Domestic individual	1.24%	52,213,366	50,000,000	Pledged	8,993,000
Shareholdings of the top ten non-restricted common shareholders						
Name of shareholder	Number of non-restricted common shares held at the period-end	Type of shares				
		Type	Number			
Rongrui Equity Investment (Zhuhai) Partnership (limited partnership)	304,500,000	RMB ordinary shares	304,500,000			
Tianjin CDH Jiatai Equity Investment Partnership (limited partnership)	78,000,000	RMB ordinary shares	78,000,000			
CDH M-Tech (HK) Co., Ltd.	60,000,000	RMB ordinary shares	60,000,000			
CDH Spark (HK) Co., Ltd.	57,500,000	RMB ordinary shares	57,500,000			
Merrill Lynch International	44,005,222	RMB ordinary shares	44,005,222			
China Life Insurance Company Ltd. – Dividend – Individual Dividend-005L-FH002Shen	41,465,007	RMB ordinary shares	41,465,007			
UBS AG	39,177,207	RMB ordinary shares	39,177,207			

National Social Security Fund 104 Portfolio	35,488,888	RMB ordinary shares	35,488,888
New China Life Insurance Company Ltd. — Dividend — Individual Dividend-018L-FH002Shen	32,837,906	RMB ordinary shares	32,837,906
Morgan Stanley & Co. International Plc.	31,494,873	RMB ordinary shares	31,494,873
Related-parties or acting-in-concert parties among the above-mentioned shareholders	<p>Two individual shareholders, Mr. Fang Hongbo and Ms. Yuan Liqun, serve as a director and as a senior executive in Midea Group. CDH Jiatai, CDH M-Tech and CDH Spark, which hold a total stake of 4.63% in Midea Group, are related parties.</p> <p>The company has not confirmed if any associated relationship exists among other shareholders of tradable shares and whether other shareholders of tradable shares belong to persons acting-in-concert specified in the "Management of Information Disclosure for Shareholding Alteration in a Listed Company".</p>		
asTop ten non-restricted common shareholders taking part in securities margin trading (if any)	Inapplicable		

Did any of the top 10 common shareholders or the top 10 non-restricted common shareholders of the Company carry out any agreed buy-back in the reporting period?

Yes  No

No such cases in the reporting period.

**2. Total number of preference shareholders and shareholdings of the top ten preference shareholders at the period-end**

Applicable  Inapplicable

## Section III. Significant Events

### I. Major changes in main accounting statement items and financial indicators within the reporting period, as well as reasons for the changes

√ Applicable □ Inapplicable

Unit: RMB'000

Balance sheet items	31 Mar. 2015	31 Dec. 2014	Increase/ Decrease (%)	Main reason for the change
Monetary funds	9,210,123.97	6,203,282.81	48.47%	Business grew and the operating efficiency improved.
Due from banks and other financial institutions	1,046,502.02	2,126,444.99	-50.79%	Operating changes in Midea Group Finance
Derivative financial assets	308,051.02	162,513.84	89.55%	Changes in the fair value of derivative financial assets
Notes receivable	27,551,795.43	17,097,233.37	61.15%	Sales increased.
Accounts receivable	13,487,865.88	9,362,102.75	44.07%	Sales increased.
Prepayments	2,093,978.64	1,414,470.45	48.04%	Procurement increased.
Dividends receivable	61,603.82	45,943.22	34.09%	Dividends receivable from associates increased.
Short-term borrowings	8,238,588.50	6,070,879.03	35.71%	Short-term borrowings from outside increased.
Customer bank deposits due to banks and other financial institutions	213.58	7,493.81	-97.15%	Operating changes in Midea Group Finance
Derivative financial liabilities	103,679.33	74,960.70	38.31%	Changes in the fair value of derivative financial assets
Notes payable	18,522,639.98	12,648,496.99	46.44%	Procurement increased.
Payroll payable	1,208,350.59	2,199,776.95	-45.07%	Remuneration for employees was paid.
Taxes and fares payable	4,908,100.78	3,280,150.71	49.63%	Sales increased and income tax and VAT increased accordingly.
Dividends payable	11,703.66	93,799.03	-87.52%	The dividends for last year were paid in the current period.
Non-current liabilities due within 1 year	17,061.66	611,900.00	-97.21%	Some non-current liabilities due within 1 year were repaid.
Income statement items	Jan.-Mar. 2015	Jan.-Mar. 2014	Increase/Dec rease (%)	Main reason for the change

Interest expenses	98,854.06	68,558.65	44.19%	The business scale of Midea Group Finance expanded.
Business tax and surtaxes	329,869.89	215,272.48	53.23%	Sales increased.
Selling expenses	5,363,077.42	3,710,417.81	44.54%	Sales increased.
Financial expenses	195,782.99	-44,139.27	-543.56%	Exchange losses increased.
Asset impairment losses	241,604.72	353,776.63	-31.71%	Accounts receivable grew slower.
Gains on fair value changes	153,580.51	-776,075.05	-119.79%	Changes in the fair value of derivative financial instruments
Investment gains	527,790.47	272,930.60	93.38%	Financial management gains increased.
Gains on disposal of non-current assets	8,650.10	17,633.87	-50.95%	Gains on disposal of non-current assets decreased.
Non-operating expense	43,517.96	81,111.66	-46.35%	Losses on disposal of non-current assets decreased.
Losses on disposal of non-current assets	26,312.08	62,182.41	-57.69%	Losses on disposal of non-current assets decreased.
Income tax expenses	776,836.83	594,390.32	30.69%	Profits increased.
<b>Cash flow statement items</b>	<b>Jan.-Mar. 2015</b>	<b>Jan.-Mar. 2014</b>	<b>Increase/Decrease (%)</b>	<b>Main reason for the change</b>
Net cash flows from investing activities	-1,175,368.57	257,253.68	-556.89%	Investments and financial management increased.
Net cash flows from financing activities	1,325,027.56	4,571,664.18	-71.02%	Borrowings secured decreased.

## II. Progress and influence of significant events, as well as the analysis and explanation on solutions

Applicable  Inapplicable

1. The Company and Beijing Jingdong Century Trading Co., Ltd., a subsidiary of Jingdong Group, signed on 31 Dec. 2014 a letter of intent for strategic cooperation in 2015, confirming the annual business goal of RMB10 billion between Midea and Jingdong as well as the wish to deepen cooperation in intelligent homes and channel expansion. Jingdong, with its expertise in logistics, Internet technology, big data analysis and the intelligent cloud platform, is beneficial to Midea's e-commerce business.

2. On 12 Dec. 2014, the Proposal for the Plan for Private A-share Offering to Specific Entities was reviewed and approved at the 25<sup>th</sup> Meeting of the 1<sup>st</sup> Board of Directors. The Company intended to issue RMB ordinary shares



(A-share) of 55,000,000 in number to Xiaomi Technology Co., Ltd. at RMB23.01/share, with the par value per share at RMB1.00/share and the total raised funds not exceeding RMB1,265,550,000.

On 23 Jan. 2015, the Company received the CSRC Notice of Acceptance of Administrative Permission Application (No. 150067) issued by China Securities Regulatory Commission (“CSRC”) dated 22 Jan. 2015. On 24 Apr. 2015, the Company disclosed the Announcement about Implementation of the 2014 Annual Profit Distribution, with the date recorded as 29 Apr. 2015 and the ex-right and ex-dividend date on 30 Apr. 2015. Upon completion of the profit distribution, the price for the said private A-share offering to Xiaomi Technology was adjusted from RMB23.01/share to RMB22.01/share.

3. On 27 Mar. 2015, the Core Management Team Shareholding Plan and Midea Group Partners Plan (Draft) was reviewed and approved at the 26<sup>th</sup> Meeting of the 1<sup>st</sup> Board of Directors, which was initiated to further improve the corporate governance mechanism, increase the overall value, promote transformation of “managers” towards “partners” and improve and reform the remuneration and incentive structure. The shareholding plan would be rolled out to 31 core management personnel who have played and will play an important role in the Company’s overall performance and its medium to long-term development, with capital from the Shareholding Plan special fund, the holders’ own funds and the funds raised through financing under the staff shareholding plan. The special fund provided for the first phase of the shareholding plan stood at RMB115 million. As the shareholding plan’s Phase One holders’ meeting resolved, China International Capital Co., Ltd. (CICC) agreed to serve as the administrator for the shareholding plan’s Phase One. On 21 Apr. 2015, the shareholding plan was reviewed and approved at the 2014 Annual General Meeting.

4. On 27 Mar. 2015, the Proposal for Adjustments to the Incentive Receivers and Exercised Option Number of the Stock Option Incentive Plan was reviewed and approved at the 26<sup>th</sup> Meeting of the 1<sup>st</sup> Board of Directors, agreeing to the adjustments to the incentive receivers and exercising any option number for the equity incentive plan Phase One due to resignations, position changes, disqualification in performance appraisal, by some incentive receivers. After adjustments, the number of incentive receivers changed from 681 to 626 and the number of stock options entitled but not yet exercised fell from 99,862,500 to 90,660,000. Meanwhile, the Proposal for the Exercise-related Matters for the First Exercise Period for the Stock Option Incentive Plan Phase One was also reviewed and approved at the Meeting. The exercise conditions for the first exercise period for the Stock Option Incentive Plan Phase One were satisfied. 613 incentive receivers were confirmed and passed the appraisal for the Stock Option Incentive Plan Phase One, with 29,840,000 exercisable stock options in the first exercise period.

5. On 27 Mar. 2015, the Proposal for the Stock Option Incentive Plan Phase II (Draft) and its abstract were reviewed and approved at the 26<sup>th</sup> Meeting of the 1<sup>st</sup> Board of Directors. In order to further improve the corporate

governance structure, perfect the incentive mechanism, increase the sense of duty and mission of the management team and key business personnel for the Company's sustained and healthy development, and ensure the realization of development objectives, the Company intended to grant 84,300,000 stock options to 738 incentive receivers, which accounted for 2% of the totally issued shares. The exercise price for the said stock options was RMB31.54/share. The Stock Option Incentive Plan Phase II can only be carried out when the Company files it to CSRC with no dissent from the latter and after it is reviewed and approved by the General Meeting.

Overview of the significant event	Date of disclosure	Index to the relevant announcement disclosed on the website
Announcement about Midea and Jingdong Signing a Letter of Intent for Strategic Cooperation	6 Jan. 2015	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Announcement about CSRC's Acceptance of the Private Offering Application	24 Jan. 2015	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Core Management Team Shareholding Plan & "Midea Group Partners Plan" (Draft)	31 Mar. 2015	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Announcement about Adjustments to the Incentive Receivers and Exercised Option Number of the Stock Option Incentive Plan	31 Mar. 2015	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Announcement about the Exercise-related Matters for the First Exercise Period for the Stock Option Incentive Plan Phase I	31 Mar. 2015	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Stock Option Incentive Plan Phase II (Draft) of Midea Group Co., Ltd.	31 Mar. 2015	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>

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

√ Applicable □ Inapplicable

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

	<p>above undertaking, and assume the corresponding legal liability. If they fail to fulfill their obligations and responsibilities conferred by the undertaking, they will bear the corresponding legal liabilities according to relevant laws, rules, regulations and regulatory documents.</p> <p><b>3. Undertaking of Midea Holding and the actual controller He Xiangjian towards avoiding competition within the industry.</b></p> <p>In order to avoid possible competition within the industry between Midea Group and Midea Holding and its controlled enterprises as well as He Xiangjian, his immediate family and his controlled companies, He Xiangjian and Midea Holding have undertaken as follows:</p> <p>(1). None of the entities or individuals mentioned above is or will be engaged in the same or similar business as the existing main business of Midea Group and its controlled companies. They are not or will not engage or participate in such business that is competitive to the existing main business of Midea Group and its controlled companies by controlling other economic entities, institutions or economic organizations;</p> <p>(2). If Midea Group and its controlled companies expand their business on the basis of the existing ones to those where the above mentioned related entities or individuals are already performing production and operation, as long as He Xiangjian is still the actual controller of Midea Group, and Midea Holding the controlling shareholder, they will</p>			<p><b>3. There has been no violation of commitments.</b></p>
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	<p>agree on solving the problem of competition within the industry arising therefrom, within a reasonable period;</p> <p>(3). If Midea Group and its controlled companies expand their business scope on the basis of the existing ones to those where the above mentioned related subjects have not gone into production or operation, as long as He Xiangjian is still the actual controller of Midea Group, and Midea Holding the controlling shareholder, they would undertake as not to engage in any business competing with the new ones of Midea Group and its controlled companies;</p> <p>(4). In accordance with effective laws, regulations or other regulatory documents of People's Republic of China, as long as He Xiangjian is identified as the actual controller of Midea Group, and Midea Holding the controlling shareholder, they will not change or terminate this undertaking.</p> <p>(5). He Xiangjian and Midea Holding shall faithfully fulfill the above undertaking, and assume the corresponding legal responsibilities. If they fail to fulfill their obligations and responsibilities conferred by the undertaking, they would bear the corresponding legal responsibilities according to relevant laws, rules, regulations and regulatory documents.</p> <p><b>4. Undertaking of Midea Holding and the actual controller He Xiangjian towards the regulation of related transactions.</b></p> <p>In order to regulate matters of related transactions that may occur in the future between</p>			<p><b>4. There has been no violation of commitments.</b></p>
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	<p>Midea Group and Midea Holding and its controlled companies as well as He Xiangjian, his immediate family and his controlled companies, He Xiangjian and Midea Holding have undertaken as follows:</p> <p>(1) They will regulate any related transactions with Midea Group and its controlled companies using their utmost efforts to reduce them. For unavoidable related transactions with Midea Group and its controlled companies, including but not limited to commodity trading, providing services to each other or as agent, they will sign legal normative agreements with Midea Group, and go through approval procedures in accordance with related laws, regulations, rules, other regulatory documents, and relevant provisions of the Articles of Association of Midea Group. They guarantee to offer fair prices for related transactions, and fulfill the information disclosure obligations in respect of the related transactions according to related laws, regulations, rules, other regulatory documents, and relevant provisions of the Articles of Association of Midea Group. They also guarantee not to illegally transfer funds or profits from Midea Group, or damage the interests of its shareholders at their advantages during the related transactions.</p> <p>(2) They shall fulfill the obligation of withdrawing from voting that involves the above mentioned related transactions at the general meeting of Midea Group;</p> <p>(3) The related subject mentioned above shall not require Midea Group to offer more favorable conditions than those to any independent third party in any fair market</p>			
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	<p>transactions.</p> <p>(4) In accordance with effective laws, regulations or other regulatory documents of People's Republic of China, as long as He Xiangjian is identified as the actual controller of Midea Group, and Midea Holding the controlling shareholder, they shall not change or terminate this undertaking.</p> <p>(5) He Xiangjian and Midea Holding will faithfully fulfill the above undertaking and assume the corresponding legal liabilities. If they fail to fulfill their obligations and responsibilities conferred by the undertaking, they will bear the corresponding legal responsibilities according to relevant laws, rules, regulations and regulatory documents.</p> <p><b>5. Related undertaking by He Xiangjian, the actual controller of Midea Group, on Midea Trade Union Committee transferring its limited equity of Midea Group.</b></p> <p>On 4 January , 2001, the Midea Trade Union Committee signed the "Equity Transfer Contract" with five people, i.e. He Xiangjian, Chen Dajiang, Feng Jingmei, Chen Kangning and Liang Jieyin, where it transferred all limited equity of Midea Group (22.85%) respectively to those five people. According to the confirmation letter issued by members of the Midea Trade Union Committee at that time, the equity transfer price was determined after mutual discussion on the basis of their true opinions, therefore there was no dispute or potential dispute.</p> <p>On 28 June, 2013, Foshan Shunde Beijiao General Union, superior department of Midea Trade Union Committee, issued a confirmation letter to the fact that Midea</p>			<p><b>5. So far, this shareholding transfer has not brought about any loss caused by any dispute or potential disputes. There has been no violation of commitments.</b></p>
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	<p>Trade Union Committee funded the establishment of Midea Group Co., Ltd. In addition, the letter also confirmed that the council of Midea Trade Union Committee is entitled to dispose any property of the committee, and such property disposal does not need agreement from all staff committee members.</p> <p>Midea Holding and He Xiangjian, respectively the controlling shareholder and actual controller of Midea Group Co., Ltd. have undertaken as follows: For any loss of Midea Group caused by any dispute or potential dispute arising from the matters of equity transfer mentioned above, they are willing to assume full liability for such loss.</p> <p><b>6. Commitments on Issues about Payment of the Staff Social Insurance and the Housing Provident Fund involved in Midea Group's Overall Listing</b></p> <p>Midea Holding and He Xiangjian: Midea Holding have undertaken to be liable for (1) paying such expenses and related expenses on time based on the requirements of relevant state departments, if Midea Group is required to be liable for the payment of staff social insurance and the housing provident fund and the payment required by relevant state authorities prior to this merger, (2) paying corresponding compensation for all direct and indirect losses incurred by Midea Group and its subsidiaries due to this merger, (3) indemnifying and holding harmless Midea Group and its subsidiaries in time from such expenses where Midea Group and its subsidiaries are required to pay them in advance.</p> <p><b>7. Commitments on issues about asset alteration, asset flaw and house leasing of</b></p>		<p><b>6. So far, the payment of the staff social insurance and the housing provident fund has not brought about any controversy or potential disputes. There has been no violation of commitments.</b></p> <p><b>7.1 The Process of Property Ownership Certificate:</b></p> <p>The Report discloses that the Company is trying to get the Property Ownership Certificate for 177 of its properties, which cover an area of 2,148,485.65 square</p>
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	<p><b>Midea Group and its subsidiaries</b></p> <p>Midea Holding and He Xiangjian have undertaken as follows:</p> <p>(1) Midea Holding will do its utmost to assist and urge Midea Group (including its subsidiaries) to complete renaming procedures of related assets, such as land, houses, trademarks, patents and stock rights, declared in the related files of this merger. Midea Holding will be liable for all compensations of losses caused by issues about renaming procedures of related assets mentioned above to Midea Group.</p> <p>(2) Midea Holding shall do its utmost to assist Midea Group (including its subsidiaries) to apply for ownership certificates of land and property declared in related files of this merger.</p> <p>(3) For those houses without ownership certificates due to incomplete formalities in the past, Midea Holding shall assist Midea Group (including its controlled subsidiaries) in going through relevant construction-related formalities again and obtaining the corresponding house ownership certificates. If the competent authorities require Midea Group to dismantle buildings that can not acquire the real estate registration procedures re-application, Midea Holding shall do its utmost to provide assistance and be liable for any related expenses used in dismantling such buildings by Midea Group (including its subsidiaries).</p> <p>(4) Under any circumstances that Midea Group suffers from losses incurred through no longer using those properties or failing to obtain or collect in time, the ownership</p>		<p>meters. So far, 51 applications have been approved, the total area covers 1,638,892.27 square meters, which accounts for 76.28% of total area; 12 applications are under process, covering an area of 449,431.84 square meters, accounting for 20.92% of total area. These 12 properties are in possession of ownership certificates have not brought about any controversy or dispute. The remaining 114 properties, spanning an area of 60,161.54 square meters account for 2.8% of the total area. These properties are all small unit size auxiliary facilities such as security booth, transformer room, power room, pump room, gas station and so on, for which property ownership certificates cannot be granted or applied for. So far these 114 properties have not been required to be dismantled by competent departments so that these buildings are still in regular use, which has not brought about any controversy or any company loss caused by disputes. There is no violation of commitments.</p> <p><b>7.2 The Use of Rental Houses of This Company</b></p>
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	<p>certificates of those properties currently being used or any losses caused by other reasons, Midea Holding shall compensate any loss for these reasons in time and in full. Midea Holding shall compensate the actual loss Midea Group suffers, from any circumstances above resulting from penalties subjected to by competent authorities or through claims by any third party.</p> <p>(5) Based on issues of defective house leasing declared in related files of this merger, Midea Holding shall provide sufficient compensations for all economic losses incurred by Midea Group (including its subsidiaries) where the leasehold relations above become invalid or other disputes occur, which are caused by rights claims from a third party or by means of an administrative authority exercising a right and therefore results in any economic losses due to eviction from rental houses, or any penalties subjected to by competent government departments or any recourse from related parties.</p> <p>(6) Based on the issues of defective land leasing declared in related files of this merger, when leasehold relations become invalid caused by defects of land leasing or when other disputes occur, resulting in any economic losses to Midea Group (including its subsidiaries) or through any penalties administered by competent government departments. Likewise if the lessor can't compensate for losses caused by such defective leasing, Midea Holding shall compensate Midea Group for losses caused by such defective land leasing</p> <p>Midea Holding will compensate any losses of Midea Group where a violation of</p>		<p>The Report discloses that as of 31 December, 2012 , our company used 113 leasing houses in total, of which our company can't get the property certificate of 100 leasing houses from the leasing party. So far the contracts of 77 out of the 113 rental houses haven't been signed to extend the leasehold. The property certificates of 2 of the remaining 36 houses have been obtained while the other 34 certificates haven't been obtained. These 34 rental houses haven't rendered our company any economic loss or penalty caused by defective property rights, which result in removing to other rental houses.</p> <p><b>7.3 Land Use Rights of Leasing Use</b></p> <p>The "Report" discloses that as of 31 December, 2012, our company has had one case of using rental houses, covering a total area of 57,506.95 square meters for which the lessor of the rental land mentioned above did not provide any legal ownership files showing or detailing ownership of this land. So far this rental land has not rendered our company any controversy or any loss caused by disputes. There has been no violation of</p>
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		<p>guarantees and commitments referred to previously occurs or such guarantees and commitments are not consistent with the reality.</p>		<p>commitments.</p> <p><b>7.4 The Procedures of Renaming Land Owner Under Process Caused by the Alteration of the Company's Name</b></p> <p>The Report discloses that there are still 10 cases in the process of registering a new land owner caused by changing the company's name of our company and its subsidiaries. So far, five cases have been approved and the other five cases are still under review, which have not rendered any loss to the company. There has been no violation of commitments.</p> <p><b>7.5 Processing the Renaming Procedures of Some Trademarks</b></p> <p>So far, 8 of the 62 trademarks cases involved in the Report have applied for cancellation of the subjects through their owners and these trademarks shall no longer be in use. The company will not apply for the renaming procedures for those trademarks. The renaming procedures of the remaining 54 cases have been processed and this commitment has been fulfilled.</p>
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					There has been no violation of commitments.
	Other shareholders	Shareholders of Midea Group, Ningbo Maysun, Fang Hongbo, Huang Jian, Cai Qiwu, Yuan Liqun, Huang Xiaoming, Li Jianwei, Zheng Weikang, promise that since Midea Group is listed on the Shenzhen Stock Exchange Center, the transferal or delegation of others to manage these issued shares who have direct or indirect ownership of Midea Group, has been forbidden for a period of 36 months. Midea Group is not allowed to buy back those shares either.	28 Mar. 2013	36 months from 18 Sept. 2013, the date of Midea Group's listing, to 18 Sept. 2016	<b>There has been no violation of commitments.</b>
Whether the undertaking is fulfilled in time	Yes				
Specific reasons for failing to fulfill any undertaking and plan for the next step (if any)	N/A				

**IV. Predicting the operating results for Jan.-Jun. 2015**

Warning of possible loss or considerable YoY change of the accumulated net profit made during the period-start until the end of the next reporting period according to predictions as well as any explanations for these reasons:

Applicable  Inapplicable

**V. Securities investment**

Applicable  Inapplicable

No such cases in the reporting period.

**VI. Shareholdings in other listed companies**

Applicable  Inapplicable

No such cases in the reporting period.

**VII. Investments in derivatives**

Applicable  Inapplicable

Unit: RMB'0,000

Operator	Relation	Related-party transaction or not	Type of derivative investment	Initial investment amount	Start date	End date	Opening investment amount	Impairment provision (if any)	Closing investment amount	Proportion of the closing investment amount in the Company's closing net assets	Actual gain/loss in reporting period
Futures company	No	No	Futures hedging contracts	-327.94	2015.01.01	2015.12.31	-327.94	0.00	341.90	0.01%	-402.35
Bank	No	No	Forward exchange contract	-19,490.04	2015.01.01	2015.12.31	-19,490.04	0.00	15,764.61	0.37%	46,898.32
<b>Total</b>				-19,817.98			-19,817.98	0.00	16,106.51	0.38%	46,495.97
Capital source for derivative investment				All self-owned funds							
Disclosure date of the board announcement approving the derivative investment (if any)				31 Mar. 2015							
Disclosure date of the general meeting announcement approving the derivative				22 Apr. 2015							

investment (if any)	
<p>Analysis of risks and control measures of derivative products held in the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)</p>	<p>In order to reduce the price risk of the Company's bulk purchases of raw materials as a result of significant fluctuations in raw material prices, the Company not only carried out futures business for some of the materials, but also made use of bank financial instruments and promoted forex funds business, with the purpose of reducing the risks associated with exchange and interest rate fluctuations, realizing the preservation and appreciation of forex assets, reducing forex liabilities, and achieving locked-in costs. The Company has undertaken extensive evaluation and risk control with regard to derivative investment positions, details of which are as follows:</p> <p>1. Legal risk: The Company's futures business and forex funds businesses are conducted in compliance with laws and regulations, with clearly defined responsibilities and obligations between the Company and agencies.</p> <p>Control measures: The Company has designated relevant departments with the responsibility for enhancing expertise in laws, regulations and market rules, conducting strict examination and verification of contracts, defining responsibility and obligations, and strengthening compliance checks, so as to ensure that the Company's derivatives investment and position operations meet the requirements of the laws and regulations and internal management system of the Company.</p> <p>2. Operational risk: Risks caused by imperfect internal processes, staff, systems and external issues may cause the Company to incur losses during the course of its futures business and forex funds business.</p> <p>Control measures: The Company has not only developed relevant management systems that clearly define the assignment of responsibility and approval process for the futures business and forex funds businesses, but has also established a well-developed monitoring mechanism, aimed at effectively reducing operational risk by strengthening its risk control over the business, decision-making and trading processes.</p> <p>3. Market risk: Uncertainties caused by changes in the prices of bulk commodities and exchange rate fluctuations in foreign exchange markets could lead to greater market risk in the futures business and forex funds business. Meanwhile, the inability to raise sufficient funds in a timely manner in order to establish and maintain hedging positions in futures operations, or forex funds required for performance in forex funds operations that are unable to be credited into account could also result in loss and default risks.</p> <p>Control measures: The futures business and forex funds business of the Company are always conducted by adhering to prudent operation principles. For futures business, futures transaction volumes and applications have been strictly determined according to the requirements for production and operations, and a stop-loss mechanism has been implemented. Furthermore, to determine the prepared margin amount which may be required to be supplemented, a futures risk measuring system has been established to measure and calculate the margin amount already in use, floating gains and losses, margin amount available and margin amount required for intended positions. As for forex funds business, a hierarchical management mechanism has been implemented, whereby the operating unit which has submitted applications for funds business should conduct a risk analysis on the conditions and environment that could affect the operating profit and loss, evaluate the possible greatest revenue and loss, and report the greatest acceptable margin ratio or total margin amount, so that the Company can update the operating status of the funds business on a timely basis thus ensuring the arrangement of proper funds before expiry dates.</p>
<p>Changes in market prices or fair values of the invested derivatives during the reporting period. Analysis of the derivative's fair value should include the specific methods of use and the</p>	<p>1. Profit/loss from futures hedging contracts incurred during the Reporting Period was RMB -4,023,500;  2. Profit/loss from forward forex contracts incurred during the Reporting Period was RMB 468,983,200;  3. Public quotations in futures market or forward forex quotations announced by Bank of China are used in</p>

relevant assumptions and parameters.	the analysis of the derivatives fair value.
Whether significant changes occurred to the Company's accounting policy and specific accounting principles of derivatives in the reporting period compared to the previous reporting period	No change
Specific opinion from independent directors on the Company's derivatives investment and risk control	The Company's independent directors are of the view that: the futures hedging business is an effective instrument for the Company to eliminate price volatility and implement risk prevention measures through enhanced internal controls, thereby improving the operation and management of the Company; the Company's foreign exchange risk management capability can be further improved through the forex funds business, so as to maintain and increase the value of foreign exchange assets; the abovementioned investment in derivatives can help the Company to fully realize its competitive advantages. Therefore, it is practical for the Company to carry out derivatives investment business when the risks are controllable.

### VIII. Research, visits and interviews received during the reporting period

√Applicable □Inapplicable

Time	Place	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
8 Jan. 2015	Hong Kong	Strategy meeting	Institution	China Universal Assets, Step Stone Assets, Investment Banking, Corporate Finance, Value Partners Funds, Ideapark, OCH-ZIFF Capital, Xijing, Tianma Assets, Indus, TPG-AXON CAPITAL, Farallon, MARSHALL WACE, Rays Capital, LBN, BAM, PINE RIVER, Full Vision Capital, Primero	<p>The main contents of the Company's reception of investors included:</p> <p>(1) Industry status and development condition;</p> <p>(2) The Company's business situation and development strategy;</p> <p>(3) Related content in regular reports, and announcements published by the other companies.</p> <p>Information provided by the Company: regular reports, announcements and other public data of the Company.</p>
12 Jan. 2015	Shanghai	Strategy meeting	Institution	Changli Capital, Goldman Sachs, BlackRock Assets, Henderson Global Investors (Hong Kong) Limited, Fedelity Fund, Invesco Ltd, Cathay Life, J.P. Morgan Asset, Shanghai Baoyin, China Universal Assets, Harvest Fund, Temasek, Yiheng Capital, PROTEK(HK), Prudence Investment Management, Nomura Securities, New Ideas Investment, UBP Asset Management, APS Asset Management, REYHER Investment, Springs Capital, Baring Assets BOSVALEN, Panah Fund, Kingsmead, Tiger Pacific, HIGHBRIDGE, WELLINGTON MANAGEMENT, SPARX, Carrhae Capital, Stone Forest Capital, Bestinver, Turiyacapital, Comgest, Bernstein, PIMCO, Matthews, Truck, Broad Peak	
16 Jan. 2015	The Company	Field research	Institution	Jingyuan Capital, Trivest Investment, Ideapark, SMC CHINA FUND, Pacific Eagle, BlueCrest, UG,	

				ACORN CAPITAL
21 Jan. 2015	The Company	Field research	Institution	Stock Department of China Life Insurance Asset
23 Jan. 2015	The Company	Field research	Institution	GLG
23 Jan. 2015	The Company	Field research	Institution	Carmignac Gestion
27 Jan. 2015	The Company	Field research	Institution	Tiger Fund
28 Jan. 2015	The Company	Telephone communication	Institution	Government of Singapore Investment Corp
28 Jan. 2015	The Company	Field research	Institution	Fedeliity Fund,
29 Jan. 2015	The Company	Telephone communication	Institution	Taiwan SinoPac Securities, Fuh Hwa Securities Investment Trust, Mega International Investment Trust, Taishin Securities Investment Trust, Fubon Securities Investment Trust, Nan Shan Life Insurance, MassMutual Mercuries Life, CTBC Life Insurance, Fubon Life Insurance, CENTRAL REINSURANCE CORPORATION, Ruiteng Investment
29 Jan. 2015	The Company	Field research	Institution	China Merchants Securities
29 Jan. 2015	The Company	Field research	Institution	Nikko Asset
30 Jan. 2015	Hong Kong	Field research	Institution	Shenyin & Wanguo Investment Management, Princeton Capital Management, Value Partners Fund, Blue Pool Capital, Janchor, The Bank of Tokyo-Mitsubishi UFJ Ltd., The Bank of China Life Insurance, Oberweis, Daiwa Asset Investment, VL Asset Investment, Taiping Assets, Xinsheng Assets, Hong Kong Huguang International Investment, BOSVALEN, Morgan Stanley, Karst Peak, Primero
2 Feb. 2015	The Company	Field research	Institution	Putnam Investment Management
4 Feb. 2015	The Company	Telephone communication	Institution	Yuanta Securities Investment Trust, KGI Securities
5 Feb. 2015	The Company	Field research	Institution	Capital World Investors



6 Feb. 2015	The Company	Field research	Institution	Singapore Jin Rong Assets
11 Feb. 2015	The Company	Telephone communication	Institution	Falcon Edge
11 Feb. 2015	The Company	Field research	Institution	Merrill Lynch
12 Feb. 2015	The Company	Telephone communication	Institution	BROAD PEAK
5 Mar. 2015	The Company	Field research	Institution	Merrill Lynch
10 Mar. 2015	The Company	Field research	Institution	Kora Capital
10 Mar. 2015	The Company	Field research	Institution	Excel Investment、Trilogy Partners, Farallon Capital, Myriad Asset, Azentus Capital
12 Mar. 2015	The Company	Field research	Institution	Investec
16 Mar. 2015	The Company	Field research	Institution	Broad Peak
18 Mar. 2015	The Company	Field research	Institution	Mercuries Life Insurance
31 Mar. 2015	Shenzhen	Performance presentation	Institution	Bank of China Investment Management, (CITIC Asset Management Corporation Ltd, CITICS, CICC, Zheng Xiang Investment, China Merchants investment Management, Great Wall Fund, Yuan Xin, Golden Trust Sinopac Fund Management, Galaxy Securities, E Fund, Aegon-industrial Fund Management, New China Assets, Co-power Capital, Century Securities, Rongtong Fund, Invesco Great Wall, Greenwoods Asset, Jin Niu Investment, Harvest Fund, Huili Assets, ChinaAMC, Huaqiang investment, Citibank, Hanxi Fund, Korea Investment Trust, Haitong Securities, Guosen Securities, Guotai Junan Security Assets Management, GuoDu Securities Institute, Guangzhou Long Term Investment, GF Securities, Everbright Prudential Fund, GUANJUN Asset, ICBC Credit Suisse, ICBCI - Circulation Capital, Gaoyi Capital, Goldman Sachs Gao Hua, ChinaVenture Investment, Fengling Capital, Soochow Fund, Orient Securities, Daoning

			Investment, Springs- Capital, Da Hong Assets, Bosera Fund, ESSENCE SECURITIES, Yiheng Capital, Ward Ferry, Value partner, Trilogy Partners, Sumeru Capital, Senrigan Capital Group Limited, RCM Asia Pacific Limited, Ozcap, Overlook capital, Norges, First State, Eton Park Asia Limited, Comgest, Cloud Ridge Capital, Central Asset, BOSVALEN ASSET MANAGEMENT, Black Rock, Axis Capital, APS Asset, etc. (120 institutions in total)	
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## Section IV. Financial Statements

### I. Financial statements

### Balance Sheet

Prepared by: Midea Group Co., Ltd.

Unit: RMB'000

Assets	30 Mar. 2015		31 Dec. 2014	
	Consolidated	The Company	Consolidated	The Company
<b>Current assets:</b>				
Monetary funds	9,210,123.97	13,017,745.12	6,203,282.81	8,452,623.95
Deposits at central bank	1,428,629.09		1,279,592.47	
Deposits at other banks	1,046,502.02		2,126,444.99	
Financial assets measured at fair value and for which changes are recorded into current gains and losses				
Derivative financial assets	308,051.02		162,513.84	
Notes receivable	27,551,795.43	519,825.93	17,097,233.37	693,828.61
Accounts receivable	13,487,865.88		9,362,102.75	
Accounts paid in advance	2,093,978.64	2,879.83	1,414,470.45	1,102.42
Loans and advances	7,074,277.66		5,940,800.47	
Interest receivable				
Dividends receivable	61,603.82	3,129.44	45,943.22	280,771.02
Other accounts receivable	866,643.28	2,639,024.15	1,180,767.53	2,418,306.21
Inventories				

	11,029,452.31		15,020,030.26	
Assets held for sale				
Non-current assets due within 1 year				
Other current assets	27,833,598.41	22,920,117.28	26,593,892.46	22,892,049.61
<b>Total current assets</b>	<b>101,992,521.53</b>	<b>39,102,721.75</b>	<b>86,427,074.62</b>	<b>34,738,681.82</b>
Non-current assets:				
Available-for-sale financial assets	1,709,070.34	1,218,277.80	1,655,494.72	1,230,277.80
Held-to-maturity investments				
Long-term accounts receivable				
Long-term equity investment	892,488.65	16,652,242.51	951,874.39	16,548,882.73
Investment property	152,145.97	298,877.58	171,634.90	323,355.75
Fixed assets	19,225,545.69	1,600,574.36	19,521,814.06	1,653,024.17
Construction in progress	565,298.63	42,386.34	661,882.29	42,386.34
Engineering materials				
Disposal of fixed assets				
Intangible assets	3,380,380.94	285,079.66	3,431,958.12	280,656.35
R&D expense				
Goodwill	2,931,791.41		2,931,791.41	
Long-term deferred expenses	843,137.29	79,507.00	758,576.10	68,787.68
Deferred income tax assets	4,138,547.21	1,061.99	3,779,987.55	4,483.56
Other non-current assets				
<b>Total of non-current assets</b>	<b>33,838,406.13</b>	<b>20,178,007.24</b>	<b>33,865,013.54</b>	<b>20,151,854.38</b>

<b>Total assets</b>	<b>135,830,927.66</b>	<b>59,280,728.99</b>	<b>120,292,088.16</b>	<b>54,890,536.20</b>
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Legal representative: Fang Hongbo

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

Chief of the accounting division: Chen Jianwu

## Balance Sheet (Continued)

Prepared by: Midea Group Co., Ltd.

Unit: RMB'000

Liabilities and Shareholders' Equity	30 Mar. 2015		31 Dec. 2014	
	Consolidated	The Company	Consolidated	The Company
<b>Current liabilities:</b>				
Short-term borrowings	8,238,588.50		6,070,879.03	500,000.00
Borrowings from the Central Bank				
Customer bank deposits and due to banks and other financial institutions	213.58		7,493.81	
Intra-group borrowings				
Financial liabilities measured at fair value and for which changes are recorded into current gains and losses				
Derivative financial liabilities	103,679.33	2,939.62	74,960.70	54.78
Financial assets sold and repurchased	210,153.27			
Notes payable	18,522,639.98		12,648,496.99	
Accounts payable	20,720,158.95	3,243.31	20,137,454.46	2,671.39
Accounts received in advance	4,178,809.48		3,992,540.46	
Employees' compensation payable	1,208,350.59	832.32	2,199,776.95	16,865.00
Tax payable	4,908,100.78	79,234.73	3,280,150.71	51,951.23
Interest payable	25,274.92	142,527.52	22,912.17	217,050.96

Dividends payable	11,703.66		93,799.03	
Other accounts payable	1,396,760.54	40,825,904.15	1,223,548.76	36,057,338.71
Liabilities held for sale				
Non-current liabilities due within 1 year	17,061.66		611,900.00	
Other current liabilities	25,497,009.90		22,778,936.05	
<b>Total current liabilities</b>	<b>85,038,505.14</b>	<b>41,054,681.65</b>	<b>73,142,849.12</b>	<b>36,845,932.07</b>
Non-current liabilities:				
Long-term borrowings	14,607.85		19,205.03	
Bonds payable	155,763.80		153,026.30	
Long-term payables				
Specific payables	847,394.36		851,825.49	
Estimated liabilities	24,428.61		25,573.83	
Deferred income tax liabilities	343,743.98		342,235.91	
Other non-current liabilities	27,748.86		25,917.24	
<b>Total non-current liabilities</b>				
<b>Total liabilities</b>	<b>1,413,687.46</b>		<b>1,417,783.80</b>	
<b>Shareholders' equity</b>	<b>86,452,192.60</b>	<b>41,054,681.65</b>	<b>74,560,632.92</b>	<b>36,845,932.07</b>
Share capital				
Notes payable	4,215,808.47	4,215,808.47	4,215,808.47	4,215,808.47
Other equity instruments				
Of which: preference shares				
Perpetual bonds				
Capital reserves	13,058,394.16	5,356,552.11	13,024,883.19	5,356,080.10
Less: Treasury stock				
Other comprehensive income	-681,225.04		-774,298.83	

Surplus reserves	1,189,791.32	1,189,791.32	1,189,791.32	1,189,791.32
Retained profits	25,156,450.52	7,463,895.44	21,814,315.69	7,282,924.24
Total equity attributable to shareholders of the Company	42,939,219.43	18,226,047.34	39,470,499.84	18,044,604.13
Minority interests	6,439,515.63		6,260,955.40	
<b>Total shareholders' equity</b>	<b>49,378,735.06</b>	<b>18,226,047.34</b>	<b>45,731,455.24</b>	<b>18,044,604.13</b>
<b>Total liabilities and shareholders' equity</b>	<b>135,830,927.66</b>	<b>59,280,728.99</b>	<b>120,292,088.16</b>	<b>54,890,536.20</b>

Legal representative: Fang Hongbo

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

Chief of the accounting division: Chen Jianwu

## Income Statement

Prepared by: Midea Group Co., Ltd.

Unit: RMB'000

Item	Jan.-Mar. 2015		Jan.-Mar. 2014	
	Consolidated	The Company	Consolidated	The Company
<b>I. Total operating revenues</b>	<b>42,574,425.37</b>	<b>126,937.94</b>	<b>38,533,256.41</b>	<b>137,257.35</b>
Including: Sales income	42,426,713.97	126,937.94	38,351,110.06	137,257.35
Interest income	146,675.78		182,146.35	
Handling charges and commission income	1,035.62			
<b>II. Total operating costs</b>	<b>38,878,820.78</b>	<b>321,306.78</b>	<b>34,616,054.15</b>	<b>156,249.60</b>
Including: Cost of sales	31,041,580.76	5,131.89	28,689,939.33	17,127.61
Interest expenses	98,854.06		68,558.65	
Handling charges and commission expenses	389.37		337.45	
Business taxes and surcharges	329,869.89	440.55	215,272.48	1,256.02
Selling and distribution expenses	5,363,077.42		3,710,417.81	
Administrative expenses	1,607,661.57	80,775.91	1,621,891.07	92,142.16
Financial expenses	195,782.99	235,496.85	-44,139.27	49,945.05
Asset impairment loss	241,604.72	-538.42	353,776.63	-4,221.24
Add: Gain from change in fair value	153,580.51	-2,884.84	-776,075.05	-3,556.74

Income from investment	527,790.47	390,492.65	272,930.60	233,441.94
Including: share of profits in associates and joint ventures	15,208.72	1,215.68	19,454.63	71.27
<b>III. Business profit</b>	<b>4,376,975.57</b>	<b>193,238.97</b>	<b>3,414,057.81</b>	<b>210,892.95</b>
Add: non-operating income	94,168.96	22,027.33	122,099.17	10,852.36
Including: gain from non-current asset disposal	8,650.10	354.15	17,633.87	41.11
Less: non-operating expenses	43,517.96	4,334.46	81,111.66	8,870.04
Including: loss from non-current asset disposal	26,312.08	3,734.46	62,182.41	8,769.38
<b>IV. Total profit</b>	<b>4,427,626.57</b>	<b>210,931.84</b>	<b>3,455,045.32</b>	<b>212,875.27</b>
Less: Income tax expense	776,836.83	29,960.65	594,390.32	5,685.39
<b>V. Net profit</b>	<b>3,650,789.74</b>	<b>180,971.19</b>	<b>2,860,655.00</b>	<b>207,189.88</b>
Including: Net profit achieved by combined parties before the combinations				
Attributable to owners of the Company	3,342,134.83	180,971.19	2,538,849.11	207,189.88
Minority shareholders' income	308,654.91		321,805.89	
<b>VI. The after-tax net income of other comprehensive income</b>	<b>-2,510.60</b>		<b>-234,564.28</b>	
The after-tax net income of other comprehensive income attributable to owners of the Company	93,073.79		-264,728.01	
(I) Other comprehensive income items that cannot be reclassified as gains and losses				
1. Changes in net liabilities or assets from re-measuring benefit plans				
2. The share of other comprehensive income under the equity method, in the invested entity, that cannot be classified into profits and losses				
(II) Other comprehensive income that will be reclassified into profits and losses	93,073.79		-264,728.01	
1. The share of other comprehensive income, under the equity method, in the invested entity, that will be reclassified into profits and losses	-5,514.27		16,022.30	
2. Changes in fair value of	-820.17		-14.42	



available-for-sale financial assets				
3. Held-to-maturity investments reclassified as gains and losses on available-for-sale financial assets				
4. Effective part of the gains and losses of cash flows through hedging	231,232.42		-293,971.99	
5. Foreign exchange differences	-131,824.19		13,236.10	
6. Other				
The after-tax net income of other comprehensive income attributable to minority shareholders	-95,584.39		30,163.73	
<b>VII. Total comprehensive income</b>	<b>3,648,279.14</b>	<b>180,971.19</b>	<b>2,626,090.72</b>	<b>207,189.88</b>
Attributable to owners of the Company	3,435,208.62	180,971.19	2,274,121.10	207,189.88
Attributable to minority shareholders	213,070.52		351,969.62	
<b>VIII. Earnings per share</b>				
(I) Basic earnings per share	0.79		0.60	
(II) Diluted earnings per share	0.79		0.60	

Legal representative: Fang Hongbo  
Chief of the accounting division: Chen Jianwu

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

## Cash Flow Statement

Prepared by: Midea Group Co., Ltd.

Unit: RMB'000

Item	Jan.-Mar. 2015		Jan.-Mar. 2014	
	Consolidated	The Company	Consolidated	The Company
<b>I. Cash flows from operating activities:</b>				
Cash received from sale of commodities and rendering of service	25,578,062.67		19,194,300.03	
Net increase of deposits from customers and dues from banks	-7,280.23		6,600.07	
Net increase of loans from central bank			110,291.66	
Cash received from interest,				

handling charges and commissions	147,711.40		182,146.35	
Tax refunds received	1,121,281.80		957,556.72	
Other cash received relating to operating activities	1,207,298.06	6,000,634.08	994,846.88	10,705,628.59
<b>Subtotal of cash inflows from operating activities</b>	<b>28,047,073.70</b>	<b>6,000,634.08</b>	<b>21,445,741.71</b>	<b>10,705,628.59</b>
Cash paid for goods and services	16,100,503.33		9,236,942.09	
Net increase of customer lendings and advances	1,115,647.70		-592,727.39	
Net increase of funds deposited at central bank and amounts due from banks	151,065.49		-133,591.68	
Cash for paying interest, handling charges and commissions	99,243.43		68,896.10	
Cash paid to and for employees	3,472,711.35	28,227.07	3,240,584.65	24,295.77
Various taxes paid	2,000,945.86	12,422.08	1,504,612.89	1,510.30
Other cash payment relating to operating activities	2,608,241.17	432,825.89	4,897,211.74	2,370,199.13
<b>Subtotal of cash outflows from operating activities</b>	<b>25,548,358.33</b>	<b>473,475.04</b>	<b>18,221,928.40</b>	<b>2,396,005.20</b>
<b>Net cash flows from operating activities</b>	<b>2,498,715.37</b>	<b>5,527,159.04</b>	<b>3,223,813.31</b>	<b>8,309,623.39</b>
<b>II. Cash flows from investing activities:</b>				
Cash received from retraction of investments	2,380.46	13,860.00		24,901.98
Cash received from return on investments	492,988.79	596,897.53	236,049.11	542,475.72
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	8,810.40	354.15	925,139.30	36,984.39
Net cash received from disposal of subsidiaries or other business units				
Other cash received relating to investing activities				
<b>Subtotal of cash inflows from</b>				

<b>investing activities</b>	<b>504,179.65</b>	<b>611,111.68</b>	<b>1,161,188.41</b>	<b>604,362.09</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	523,829.03	183,970.53	902,058.24	140,335.52
Cash paid for investments	1,155,719.19	475,952.90		330,000.00
Net cash paid to acquire subsidiaries and other business units			1,876.49	
Other cash payments relating to investing activities				
<b>Subtotal of cash outflows from investing activities</b>	<b>1,679,548.22</b>	<b>659,923.43</b>	<b>903,934.73</b>	<b>470,335.52</b>
<b>Net cash flows from investing activities</b>	<b>-1,175,368.57</b>	<b>-48,811.75</b>	<b>257,253.68</b>	<b>134,026.57</b>
<b>III. Cash flows from financing activities:</b>				
Cash received from capital contributions				
Including: Cash received from minority shareholder investments by subsidiaries				
Cash received from borrowings	5,883,038.37		14,420,203.63	1,100,000.00
Cash received from issuance of medium term notes				
Cash received from issuance of short-term financing bonds				
Other cash received relating to financing activities				
<b>Subtotal of cash inflows from financing activities</b>	<b>5,883,038.37</b>		<b>14,420,203.63</b>	<b>1,100,000.00</b>
Cash repayment of borrowings	4,433,876.85	500,000.00	8,595,134.47	340,000.00
Cash for repaying medium term notes			1,000,000.00	1,000,000.00
Cash for repaying short-term financing bonds				
Cash paid for interest expenses and distribution of dividends or profit	124,133.96	405,234.42	253,404.98	232,604.90

Including: dividends or profit paid by subsidiaries to minority shareholders	119,432.36		82,760.68	
Other cash payments relating to financing activities				
<b>Sub-total of cash outflows from financing activities</b>	<b>4,558,010.81</b>	<b>905,234.42</b>	<b>9,848,539.45</b>	<b>1,572,604.90</b>
<b>Net cash flows from financing activities</b>	<b>1,325,027.56</b>	<b>-905,234.42</b>	<b>4,571,664.18</b>	<b>-472,604.90</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	-80,698.63		-14,111.80	
<b>V. Net increase in cash and cash equivalents</b>	<b>2,567,675.73</b>	<b>4,573,112.87</b>	<b>8,038,619.37</b>	<b>7,971,045.06</b>
Add: Opening balance of cash and cash equivalents	5,272,238.35	6,879,717.05	16,763,873.80	13,809,135.41
<b>VI. Closing balance of cash and cash equivalents</b>	<b>7,839,914.08</b>	<b>11,452,829.92</b>	<b>24,802,493.17</b>	<b>21,780,180.47</b>

Legal representative: Fang Hongbo  
Chief of the accounting division: Chen Jianwu

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

## II. Auditor's report

Is this report audited by a CPAs firm?

Yes  No

The Company's report is un-audited by a CPAs firm.

Midea Group Co., Ltd.  
Legal Representative: Fang Hongbo

29 April 2015