

**Midea Group Co., Ltd.**  
**Report for the Third Quarter of 2014**



**October 2014**

## **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 is factual, accurate and complete without any false records, misleading statements or material omission. The Company shall be jointly and severally liable for this.

1.2 All directors have attended the Q3 report review board session

1.3 This report has not been audited by a Certified Public Auditor (CPA) firm.

1.4 Mr. Fang Hongbo, Chairman of the Board and President of the Company, and Ms. Yuan Liqun, (Chief Financial Officer) responsible person for the Company’s financial affairs, have represented and warranted that the financial statements in this report are factual, accurate and complete.

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

## Section II. Financial Highlights & Change of 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

	30 Sept. 2014	31 Dec. 2013	Increase/decrease (%)	
Total assets (RMB'000)	115,822,866.87	96,946,024.77	19.47%	
Net assets attributable to shareholders of the Company (RMB'000)	38,088,008.32	32,847,431.04	15.95%	
	Jul.-Sept. 2014	YoY increase/decrease (%)	Jan.-Sept. 2014	YoY increase/decrease (%)
Sales revenues (RMB'000)	31,753,306.09	14.19%	109,084,157.93	16.36%
Net profit attributable to shareholders of the Company (RMB'000)	2,342,823.51	70.86%	8,952,956.27	122.82%
Net profit attributable to shareholders of the Company after extraordinary gains and losses (RMB'000)	1,960,777.55	93.17%	8,628,423.12	174.52%
Net cash flows from operating activities (RMB'000)	--	--	13,853,704.08	155.29%
Basic EPS (RMB Yuan/share)	0.56	24.44%	2.12	42.28%
Diluted EPS (RMB Yuan/share)	0.56	24.44%	2.12	42.28%
Weighted average ROE (%)	6.35%	0.16%	25.35%	2.81%

Notes:

1. Midea Group granted 15 additional shares for every 10 shares using the capital reserve on 30 Apr. 2014. As required, the EPS for the corresponding period of last year is measured on the basis of the share capital after the increment, which was calculated according to 4.216 billion shares after the increment.

2. Midea Group merged with GD Midea Holding through share issuance and share exchange in Sept. 2013. Pursuant to the accounting standards for income statement preparation, net profit for the current period is shown on a post-merger basis whilst the comparable figure for last year, which is used to calculate the YoY increase/decrease, is on pre-merger basis. In order to help investors compare and analyze the overall business performance of Midea Group on a comparable basis, the following pro-forma income statement shows the relevant items adjusted as if the merger of Midea Group and GD Midea Holding had taken place on 1 Jan. 2013:

	Jan.-Sept. 2014			Jul.-Sept. 2014		
	Jan. -Sept. 2014	Jan. -Sept. 2013	YoY increase/decrease (%)	Jul. - Sept. 2014	Jul. - Sept. 2013	YoY increase/decrease (%)
Net profit attributable to shareholders of the Company (RMB'000)	8,952,956.27	6,000,088.32	49.21%	2,342,823.51	1,821,136.55	28.65%
Minority interest income (RMB'000)	886,514.94	754,658.98	17.47%	279,019.63	191,769.80	45.50%
EPS (RMB Yuan/share)	2.12	1.42	49.30%	0.56	0.43	30.23%

## Items and amounts of extraordinary gains and losses

√Applicable □Inapplicable

Unit: RMB Ten Thousand Yuan

Item	Amount as of Jan.-Sept. 2014	Note
Gains/losses on the disposal of non-current assets (including the offset part of asset impairment provisions)	-129,824.96	
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	532,787.73	
Gain/loss on entrusting others with investments or asset management	519,020.14	
Gain/loss on debt restructuring	1,688.20	
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	-405,864.35	
Reversal of impairment provisions for the accounts receivable on which impairment tests were carried out separately	5,548.24	
Non-operating income and expenses other than the above	52,992.03	
Other gain/loss items that meet the definition of an extraordinary gain/loss	-150,549.03	
Less: Income tax effects	89,861.92	
Minority interests effects (after tax)	11,402.93	
Total	324,533.15	

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

**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	114,907					
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		
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	90,995,247		
Tianjin CDH Jiatai Equity Investment Partnership (limited partnership)	Domestic non-state-owned corporation	1.85%	78,000,000	0		
Huang Jian	Domestic individual	1.80%	75,700,000	75,000,000		
Ningbo Meisheng Equity Investment Partnership (limited partnership)	Domestic non-state-owned corporation	1.78%	75,000,000	75,000,000		
Yuan Liqun	Domestic	1.44%	60,500,000	60,375,000		

	individual					
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	52,213,366		
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			
National Social Security Fund 104 Portfolio	50,988,858	RMB ordinary shares	50,988,858			
Ningbo Kailian Industrial Development Co., Ltd.	48,451,743	RMB ordinary shares	48,451,743			
MERRILL LYNCH INTERNATIONAL	41,045,576	RMB ordinary shares	41,045,576			
National Social Security Fund 103 Portfolio	37,531,918	RMB ordinary shares	37,531,918			
China Construction Bank- Boseru Thematic Sectors securities investment funds	31,064,455	RMB ordinary shares	31,064,455			
China Construction Bank- Penghua Value Advantage Stock-based	30,481,463	RMB ordinary	30,481,463			

Securities Investment Fund		shares	
Explanation of the associated relationship or/and persons acting-in-concert among the above-mentioned shareholders	Two natural person shareholders, Mr. Fang Hongbo and Ms. Yuan Liqun, serve as director and senior executive. CDH Jiatai, CDH M-Tech and CDH Spark hold 4.63% shares of Midea Group have an associated relationship and are shareholders acting-in-concert. Ningbo Kailian Industrial Development Co., Ltd. acts-in-concert with Midea Holding Co., Ltd. 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".		
Top ten non-restricted common shareholders taking part in margin financing and securities lending (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 shareholder of the Company carried out any agreed buy-back in the reporting period.

**2. Total number of preferred share holders and shareholdings of the top ten preferred share holders 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	30 Sept. 2014	31 Dec. 2013	Increase/ decrease (%)	Main reason for the change
Due from the Central Bank	1,337,565.99	923,632.22	44.82%	Operational changes of the finance subsidiary
Due from banks and other financial institutions	372,984.83	1,746,284.24	-78.64%	Operational changes of the finance subsidiary
Financial assets measured at fair value and of which the changes are recorded into current gains and losses	226,091.63	759,565.22	-70.23%	Fair value changes of derivative financial instruments
Accounts receivable	10,471,852.19	7,928,438.25	32.08%	Sales increased
Dividends receivable	51,018.44	25,863.84	97.26%	Dividends from associates
Other current assets	22,802,244.49	463,107.71	4823.75%	Bank wealth management products increased
Deferred income tax assets	3,533,606.95	2,567,204.45	37.64%	The deductible temporary difference increased
Financial liabilities measured at fair value and of which the changes are recorded into current gains and losses	73,347.19	11,260.18	551.39%	Fair value changes of derivative financial instruments
Taxes payable	2,387,089.94	1,028,015.10	132.20%	Sales increased and income tax and VAT increased accordingly
Dividends payable	256,657.70	94,046.21	172.91%	Profit allocation in the current period
Non-current liabilities due within 1 year	698,552.22	1,617,370.17	-56.81%	Non-current liabilities due within 1 year were repaid
Other current liabilities	21,804,593.33	12,608,380.03	72.94%	Sales increased and rebate and installation expenditure increased accordingly
Long-term borrowings	22,913.44	711,464.64	-96.78%	Long-term borrowings became due within 1 year
Specific payables	856,341.10	52,073.96	1544.47%	An alteration and relocation amount was received in the



				current period
<b>Income statement items (Jan.-Sept.)</b>	<b>Jan.-Sept. 2014</b>	<b>Jan.-Sept. 2013</b>	<b>Increase/Decrease (%)</b>	<b>Main reason for the change</b>
Interest income	503,212.87	173,853.18	189.45%	The business of the finance subsidiary expanded
Interest expenses	243,027.70	140,859.52	72.53%	The business of the finance subsidiary expanded
Financial expenses	-11,698.64	631,080.06	-101.85%	Interest expenses and exchange losses decreased
Gains on fair value changes	-598,637.76	397,072.61	-250.76%	Fair value changes of the derivative financial instruments
Investment gains	839,388.23	635,272.83	32.13%	Wealth management gains increased
Income tax expenses	2,035,610.94	1,417,018.12	43.65%	Profits increased
<b>Cash flow statement item (Jan.-Sept.)</b>	<b>Jan.-Sept. 2014</b>	<b>Jan.-Sept. 2013</b>	<b>Increase/decrease (%)</b>	<b>Main reason for the change</b>
Net cash flows from operating activities	13,853,704.08	5,426,595.05	155.29%	Operating profits increased and capital management was enhanced
Net cash flows from investing activities	-24,179,641.66	-453,029.52	5237.32%	Wealth management investment increased
Net cash flows from financing activities	-1,314,530.93	-1,079,902.44	21.73%	Changes in borrowings

According to the <Notice of the Ministry of Finance on Making Arrangements for Financial Information Disclosure Concerning the Newly Promulgated or Amended Accounting Standards>, we restated the long-term equity investments formerly measured at the cost method as available-for-sale financial assets, and adjusted the year-beginning data accordingly.

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

Applicable  Inapplicable

On 7 Jun. 2014, we released the <Suggestive Announcement on Making a Partial Tender Offer to All Shareholders of Wuxi Little Swan Co., Ltd.>. As mentioned in the announcement, we intended to, with TITONI (a wholly-funded overseas subsidiary) as the acting-in-concert party, make a partial tender offer to Little Swan shareholders for 126,497,553 shares, which accounted for 20% of the total shares of Little Swan. The tender offer

was approved by CSRC with no dissent on the 27<sup>th</sup> of the same month. The tender offer would last for 30 natural days from 3 Jul. 2014 to 1 Aug. 2014. The final tender offer price was RMB 10.45/share for Little Swan A-shares and HKD 10.05 for Little Swan B-shares.

As of 1 Aug. 2014 when the tender offer expired, we had accepted 16,286,546 Little Swan A-shares and 63,353,228 Little Swan B-shares, with the combined number accounting for 12.59% of the total shares of Little Swan. The ownership transfer formalities were completed, marking the completion of the tender offer. After the transfer, we directly and indirectly held 333,153,059 shares of Little Swan, representing a stake of 52.67% in it. This would further promote business collaboration between us and Little Swan, and enhance the core competitiveness of our washing machine business.

Overview of the significant event	Date of disclosure	Index to the relevant announcement disclosed on the website
Suggestive Announcement on Making a Partial Tender Offer to All Shareholders of Wuxi Little Swan Co., Ltd.	7 Jun. 2014	<a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a>
Suggestive Announcement on CSRC Approving and Unveiling the Tender Offer Report	30 Jun. 2014	<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	Party/Parties involved in the undertaking	Details of undertaking	Date of Undertaking	Term	Particulars on the performance
Undertaking made in the offering documents or shareholding alteration documents	Controlling shareholders 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., in relation to a Lock-Up Share Agreement.</b></p> <p>He Xiangjian and Midea Holding have given an undertaken as follows: Neither party will transfer or entrust others to manage their directly and indirectly held Midea Group shares issued prior to this issuance, nor sell them to Midea Group within 36 months of the listing date of Midea Group's stocks,. 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</p>	28 March. 2013	<p>Apart from the first item of commitments whose legal duration covers 36 months from the date of Midea Group's listing (18 Sept. 2013 to 18 September, 2016 inclusive), all other items are indefinite</p>	<p><b>1. There has been no violation of commitments.</b></p> <p><b>2. There has been no violation of these commitments.</b></p>

	<p>with relevant laws and regulations and regulatory documents. They will faithfully fulfill the 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, 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 identical or similar business areas as the existing main business of Midea Group and its controlled companies. They are not or will not be engaged or are not currently participating in any such business areas that is competitive to the existing main business area 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 scope within existing areas to those where the above mentioned related entities or individuals have already commenced production and operation, as long as He Xiangjian is still the</p>			<p><b>3. There has been no violation of these commitments.</b></p>
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	<p>actual controller of Midea Group, and Midea Holding the controlling shareholder, they will agree on solving the problem of competition within the industry arising therefrom, within a reasonable period;</p> <p>(3). If Midea Group and its controlled companies expand their business scope within existing areas to those where the above mentioned related parties have not yet commenced 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 competitive business contrary to the any new business area 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 any 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-party transactions.</b></p>			<p><b>4. There has been no violation of these commitments.</b></p>
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	<p>In order to regulate matters of related-party transactions that may occur in the future between Midea Group and Midea Holding and its controlled companies as well as He Xiangjian, his immediate family and his controlled companies, He Xiangjian and Midea Holding have undertaken as follows:</p> <p>(1) They will regulate related-party transactions with Midea Group and its controlled companies using their utmost efforts to minimize them. For unavoidable related-party transactions with Midea Group and its controlled companies, including but not limited to commodity trading, providing services to each other or as an 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-party transactions, and fulfill all information disclosure obligations in respect of the related-party 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 for their own advantage during these related-party transactions.</p> <p>(2) They shall fulfill the obligation of withdrawing from all voting that involves the above mentioned related-party transactions at general meetings of Midea Group;</p> <p>(3) The related parties mentioned above shall not require Midea Group to offer more</p>			
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	<p>favorable conditions than those offered to any independent third party in any fair market transactions.</p> <p>(4) In accordance with effective laws, regulations or other regulatory documents of People's Republic of China, as long as He Xiangjian is identified as the actual controller 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, Midea Trade Union Committee signed the "Equity Transfer Contract" with five people, namely He Xiangjian, Chen Dajiang, Feng Jingmei, Chen Kangning and Liang Jieyin, where it would transfer all of its 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</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>opinions, therefore there was no dispute or any potential future dispute.</p> <p>On 28 June. 2013, Foshan Shunde Beijiao General Union, superior department of Midea Trade Union Committee, issued a confirmation letter supporting the fact that the Midea Trade Union Committee funded the establishment of Midea Group Co., Ltd. Furthermore, this letter also confirmed that the council of Midea Trade Union Committee is entitled to dispose of all the property of the committee, and that this property disposal does not need agreement from all staff committee members.</p> <p>(1). Midea Holding and He Xiangjian, the controlling shareholder and actual controller of Midea Group Co., Ltd., respectively have undertaken as follows: For any loss incurred by Midea Group, caused by any dispute or potential dispute arising from any 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 Staff Social Insurance and Housing Provident Fund involved in Midea Group's Overall Listing</b></p> <p>Midea Holding and He Xiangjian have both undertaken to be liable for</p> <p>(1) paying such expenses and related expenses on time based on the requirements of relevant state departments. However Midea Group is liable for the payment of staff social insurance and the housing provident fund and the payment required by relevant state authorities before this merger, (2) paying corresponding compensation for all direct and indirect losses of Midea Group and its subsidiaries due to this merger, (3)</p>			<p><b>6. So far, the payment of Staff Social Insurance and Housing Provident Fund has not brought about any controversy or potential disputes. There has been no violation of commitments.</b></p>
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	<p>indemnifying and including a holding-harmless clause absolving Midea Group and its subsidiaries from any such expenses where Midea Group and its subsidiaries are required to pay them in advance.</p> <p><b>7. Commitments on issues about asset modifications, asset damages and property leasing of Midea Group and its subsidiaries</b></p> <p>Midea Holding and He Xiangjian have undertaken as follows:</p> <p>(1) Midea Holding will do its utmost to assist and urge Midea Group (including its subsidiaries) to complete renaming procedures of related assets, such as land, house, trademark, patent and stock rights declared in the related files of this merger. Midea Holding will also be liable for all compensation for losses to Midea Group caused by any issues regarding the renaming procedures of related assets set out above.</p> <p>(2) Midea Holding shall do its utmost to assist Midea Group (including its subsidiaries) in applying for ownership certificates of land and buildings declared in any related files of this merger.</p> <p>(3) Midea Holding shall assist Midea Group (including its subsidiaries) in re-applying for corresponding construction procedures and uncompleted property ownership certificates due to historical reasons. If the competent authorities require Midea Group to dismantle any properties that are not successful in their re-application for real estate registration procedures, Midea Holding shall do its utmost to provide assistance and will also be liable for any related expenses used in the dismantling of such buildings</p>			<p><b>7.1 The Process of Property Ownership Certificate:</b></p> <p>The "Report" discloses that our company owns 177 properties, which cover an area of 2,148,485.65 square meters (m<sup>2</sup>). Property Ownership Certificates are being processed for properties 65 (m<sup>2</sup>) in size. So far, 46 applications have been approved covering an area of 1,531, 504.83 (m<sup>2</sup>), which accounts for 71.28% of the total area; 17 applications are under process, which covers an area of 556,819.28 (m<sup>2</sup>) accounting for 25.92% of the total area. Those properties under process of ownership certificates have not brought about any controversy or dispute. The remaining 115 properties, an area of which covers 60161.54 (m<sup>2</sup>), accounts for 2.8% of the total area. These</p>
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	<p>by Midea Group (including its subsidiaries).</p> <p>(4) If under any circumstances Midea Group suffers any loss through no longer using or in the present way using the land or property above caused by failing to obtain or collect in time the ownership certificates of the land or property above or loss caused by other reasons, Midea Holding shall compensate any loss for these reasons in time and fully. Midea Holding shall compensate any actual loss Midea Group suffers from where the circumstances above result in punishments by competent authorities or claims by any third party.</p> <p>(5) Based on issues of defective property leasing declared in the related files of this merger, Midea Holding shall provide sufficient compensation for all economic losses to Midea Group (including its subsidiaries) where the leasehold relations above have either become invalid or where other disputes occur, (a 3<sup>rd</sup> party rights claim or an administrative department exercises a right or option) and therefore results in any economic loss caused by the necessary rental of other property through penalties subjected to by competent government departments or through recourse of related parties.</p> <p>(6) Based on issues of defective land leasing declared in the related files of this merger where leasehold relations become invalid due to defective land leasing or other disputes occur resulting in economic losses to Midea Group (including its subsidiaries) or through penalties subjected to by competent government departments.</p>			<p>properties are all small auxiliary facilities such as: security booths, transformer rooms, power rooms, pump rooms, gas stations for which property ownership certificates cannot be applied for. As yet these 115 properties have not been required to be dismantled by competent departments so these buildings are still in regular use. No controversies or any company losses caused by disputes have been incurred. There has been no violation of commitments.</p> <p><b>7.2 The Use of Rental Houses of This Company</b></p> <p>The "Report" discloses that as of 31 December 2012, our company had 113 leasing houses in use, of which 100 were unable to get the property certificate from the leasing party. So far, the contracts of 60 of the 113 rental houses have not signed an extension to the leasehold. Of the remaining 53 properties 6 have received</p>
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		<p>Additionally if the lessor cannot compensate any losses caused by defective leasing, Midea Holding shall compensate Midea Group any for losses caused by such defective land leasing</p> <p>Midea Holding will compensate Midea Group where any losses are incurred due to a violation of guarantees and commitments as noted above or such guarantees and commitments are inconsistent in reality.</p>		<p>the property certificate while the other 47 certificates have yet to be obtained. These 53 rental properties have not rendered any economic loss or penalty caused by defective property rights to the company, which results in the relocation to other rental properties.</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 rental property issue (Total Area 57,506.95 m<sup>2</sup>).The lessor of the rental land mentioned above has not provided any ownership files pertaining to the ownership of this land. So far this rental land has not rendered any controversies to our company or these disputes caused any losses. There has been no violation of commitments.</p> <p><b>7.4 The Procedures for Renaming Land Ownership Under Process Caused by the Alteration of the Company's Name</b></p> <p>The "Report" discloses that there are still 10</p>
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					<p>renaming land ownership cases under process caused by changing the company name of our company and its subsidiaries. So far, five cases have been approved and the other five cases are still under process, which have not rendered any loss to our 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, of the 62 trademarks involved in the "Report" 8 cases are currently in the process of being cancelled by their owners and will 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. There has been no violation of commitments.</p>
	Other shareholders	1. Shareholders of Midea Group, Ningbo Meisheng, Fang Hongbo, Huang Jian, Cai Qiwu, Yuan Liqun, Huang Xiaoming, Li Jianwei, Zheng Weikang, promise that since	28 Mar. 2013	Apart from the first item of	<b>1. There has been no violation of commitments.</b>

	<p>Midea Group has been listed on the Shenzhen Stock Exchange Center, the transferal or delegation of others to manage these shares issued before this time to members that have either direct or indirect ownership of Midea Group is prohibited for a period of 36 months. Midea Group is also not allowed to buy back those shares.</p> <p>2. Zhuhai Rongrui and Jiazhao Holding are in a relation of persons acting-in-concert. They jointly hold 7.9% shares of Midea Group and have made commitments to lock-up these shares. CDH Jiatai, CDH M-Tech and CDH Spark are in a relation of persons acting-in-concert. They jointly hold 4.63% shares of Midea Group and have made commitments on these locked-up shares. Since Midea Group was listed on the Shenzhen Stock Exchange Center, the transfer of shares issued before this time to members with direct or indirect ownership of Midea Group is forbidden for a period of 12 months. In addition the delegation and management of said shares issued before this time to members with direct or indirect ownership of Midea Group is also forbidden for a period of 12 months. Midea Group is also not allowed to buy back those shares.</p> <p>3. A former Midea Group Supervisor, Liao Wenjian, holds 7,000 shares of Midea Electrical Appliances (6,033 after a stock-for-stock swop and transfers) and promises that since Midea Group was listed on the Shenzhen Stock Exchange Center, the transfer of shares issued before this time to members with direct or indirect ownership of Midea Group is forbidden for a period of 12 months. In addition the delegation and</p>	<p>commitments whose legal duration covers 36 months from the date of Midea Group's listing (18 Sept. 2013 to 18 September, 2016 inclusive), all other items are indefinite</p>	<p><b>2-4. The execution of these commitments has been completed and there have been no violation of commitments.</b></p>
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		<p>management of said shares issued before this time to members with direct or indirect ownership of Midea Group is also forbidden for a period of 12 months. Midea Group is also not allowed to buy back those shares.</p> <p>4. The mother of Midea Group Secretary of the Board- Jiang Peng, Huang Lazhen, holds 7,100 shares of Midea Electric Appliances (6,117 after a stock-for-stock swap and transfer) and promises that since Midea Group was listed on the Shenzhen Stock Exchange Center, the transfer of shares issued before this time to members with direct or indirect ownership of Midea Group is forbidden for a period of 12 months. In addition the delegation and management of said shares issued before this time to members with direct or indirect ownership of Midea Group is also forbidden for a period of 12 months. Midea Group is also not allowed to buy back those shares.</p>			
<p>Whether to fulfill the commitment in time</p>	<p>Yes</p>				

#### IV. Predicting the operating results of 2014

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

Performance prediction: Sharp year-on-year rise

Performance data type: Interval number

Statement of 2014 Business Performance Forecast (based on income statement)

	From the beginning of the year to the end of the next reporting period		Same period in the last year	Increase/decrease (%)				
Estimated amount of aggregate net profit (RMB 100 million)	100	--	110	53.17	YoY increase	88%	--	107%
Basic earnings per share (RMB Yuan/share)	2.37	--	2.61	1.26	YoY increase	88%	--	107%
Explanations for business performance forecast	<p>In Sept. 2013, Midea Group merged with GD Midea Holding through a share exchange. The income statement has been compiled based on accounting standards. The net profit for the period resulted from the data generated following the merger, while the figure in the same period of the previous year was calculated based on 41.17% shares held by Midea Group in GD Midea Holding before the merger and the figure after the merger should be calculated based on 100%.</p> <p>On 30 Apr. 2014, Midea Group accomplished the capitalization of capital reserve, resulting in 10 shares converted to 15 shares. According to related rules, the basic earnings per share as at the same period of last year shall be calculated by share capital after adjustment.</p>							

To facilitate contrastive analysis dependent on the same statistical standards for investors, based on the pro-forma profit statement (the merger of GD Midea Holding is deemed as to have been completed on 1 Jan. 2013), the Company's business performance is expected to improve in 2014 as follows:

Statement of 2014 Business Performance Forecast (based on pro-forma profit statement)

	From the beginning of the year to the end of the next reporting period		Same period in the last year	Increase/decrease				
Estimated amount of aggregate net profit (RMB 100 million)	100	--	110	73	YoY increase	37%	--	51%
Basic earnings per share	2.37	--	2.61	1.73	YoY increase	37%	--	51%

(RMB Yuan/share)							
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## V. Securities investment

Applicable  Inapplicable

The Company was not involved in any securities investment during the reporting period.

## VI. Investments in derivatives

Applicable  Inapplicable

Unit: RMB Ten Thousand Yuan

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	0.00	01/01/14	31/12/14	0.00	0.00	170.19	0.00	28.37
Bank	No	No	Forward exchange contract	80,370.80	01/01/14	31/12/14	80,370.80	0.00	-1,052.53	0.00	-64,904.65
Total				80,370.80			80,370.80	0.00	-882.34	0.00	-64,876.28
Capital source for derivative investment				All self-owned funds							
Disclosure date of the board announcement approving the derivative investment (if any)				29 Mar 2014							
Disclosure date of the general meeting announcement approving the derivative investment (if any)				22 Apr 2014							
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>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</p>							



	<p>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>
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 relevant assumptions and parameters.	<p>1. Profit/loss from futures hedging contracts incurred during the Reporting Period was RMB 283,700;</p> <p>2. Profit/loss from forward forex contracts incurred during the Reporting Period was RMB -649,046,500;</p> <p>3. Public quotations in futures market or forward forex quotations announced by Bank of China are used in the analysis of the derivatives fair value.</p>
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	The Company's independent directors are of the view that: the futures hedging business is an

on the Company's derivatives investment and risk control	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.
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## VII. Research, visits and interviews conducted during the reporting period

√Applicable □Inapplicable

Time	Place	Way of reception	Visitor type	Visitor	Main discussion and materials provided by the Company
8 Jul. 2014	Hong Kong	Road Show	Institution	Fidelity Investments, Allianz Dresdner Asset Management, Och-Ziff Capital Management Group , Blackrock, Keywise Capital, AMP Capital Investors, Principal Global Investors, Value Partners, Eton Park Capital, AllianceBernstein	The main contents of the Company's reception of investors included: (1) Industry status and development condition; (2) The Company's business situation and development strategy; (3) Related content in regular reports, and announcements published by the other companies. (4) Information provided by the Company: regular reports, announcements and other public data of the Company.
10 Jul. 2014	Hong Kong	Road Show	Institution	Yiheng Capital, China International Alternative Association, AP Asset 、 Doric Capital, Samsung Investment, Value Partners	
17 Jul. 2014	The Company	Field Research	Institution	Han Lun Investment	
18 Jul. 2014	The Company	Field Research	Institution	Essence Securities, Wellington Management Company	
21 Jul. 2014	The Company	Telephone Communication	Institution	Kai Yu Capital	
30 Jul. 2014	The Company	The Second Term of Investors Open Day	Institution	Greenwoods Asset Management, UBS Securities, Sinolink Securities, Changsheng fund, CICC, Guotai Junan Securities, Founder Securities, Haitong Securities, Bosera Fund, Upstone, Guosen Securities, SCB, Eastern bay, ICBC Credit Suisse, Xinhua Asset, Dongguan Securities, Hongyuan Securities, CITICS, Galaxy Securities, Shenyin &Wanguo, Penghua Fund, Changjiang Securities, China Orient Asset Management, Essence Fund, Hua An Fund, Harvest Fund, UBS SDIC, Great Wall Fund, Anbang Asset, ChinaAMC, China Universal Asset Management, CICC Asset Management, E fund, ,Guodu Securities, Paktek Asia, BNP Paribas SA	
19 Aug. 2014	Shenzhen	Mid-Term	Institution	CICC, Changjiang Securities, Citic securities,	

		Performance Presentation		Sinolink Securities, Guotai Junan Securities, Minsheng Securities, Essence Securities, Shenyin & Wanguo, UBS Securities, Guosen Securities, Founder Securities, Industrial Securities, Bohai Securities, China Merchants Securities, Essence Securities, Dongxing Securities, Telecom Funds, Bosera Funds、 Dachang Fund, E fund, ChinaAMC, ABC-CA Fund, Fortune SG Fund, Penghua Fund, China Merchants Fund, Baoying Fund, Everbright Pramerica, Soochow Fund, QHKY Fund, Morgan Stanley Huaxin Fund, Yinhua Fund, Baishan Investment, Huashang Fund, Galaxy Fund, China Life Insurance, CPIC, Yongjin Group, Eastern Bay, Century Securities, Paktek Asia, GF Securities proprietary trading, Bosston Capital, Gaoguan Invesatment, Value Partners, Orient Securities Asset Management, Keywise Investment, Neo-Criterion, Gemboom Investment, Chinalion Securities, Guangzhou Long-term Investment, Qianhe Capital, Huatai Securities, Ping An Asset, Hillview Capital, Hua An Insurance, Ganyuan Capital, Shenzhen Co-power Venture, Pine River
20 Aug. 2014	The Company	Telephone Communication	Institution	CICC, Asia Value Capital, Bepinver Fund、 Comgest Investment、 East Capital, IBN, J.P. Morgan, NCC Fund, Pramerica Fund, Pichon investment, Bisheng Investment, OFI Asset, HanHua Capital, HSBC asset, Value Partners, BOCOM International Trust, Goal Headspring Capital, Morgan Stanley Huaxin Fund, Samsung Assets, Xingguang Life Insurance, Nomura Investment, Pioneer Investments 、 Jupiter Asset Management, Sloane Robinson, Investec Asset Management, Carrhae Capital, Alandsbanken Asset Management, Nordea Investment Management, Hermes Fund, Pictet Asset Management, Robeco Fund
21 Aug. 2014	The Company	Field Research	Institution	Fortune Investment, Mirae Asset, Houde Investment, Liuhe Capital, Shenzhen Economic Construction Investment, Essence Securities
22 Aug. 2014	The Company	Field Research	Institution	E Fund, Bosera Funds
26 Aug. 2014	Taiwan	Road Show	Institution	Fuh Hwa Securities Investment Trust, Xinshou, Hua Nan Securities, China RE Insurance, Shin Kong Investment Trust , Huamei, Fubon Life Insurance, Prudential Investment Trust, FSITC, SinoPac SITC、

				Cathay Pacific Investment Trust, Value Partners Concord Investment Trust, Fubon Securities Investment Trust, Nan Shan Life Insurance, Mercuries Life Insurance, Cathay United Bank
28 Aug. 2014	The Company	Field Research	Institution	Youshan Fund
2 Sep. 2014	Suzhou	Strategy Meeting	Institution	First-trust Fund, CathayUnited, Khazanah Nasional Berhad, Orient Assent Management, Sunshine Insurance, CITIC Assent Management
3 Sep. 2014	The Company	Telephone Communication	Institution	Capital World Investors
3 Sep. 2014	Shanghai	Strategy Meeting	Institution	Value Partners, Nomura International, Tiger Pacific Capital, Happy Dragon Fund, UBS SDIC, Mitsubishi J-WORKS Investment Services (Hong Kong), The Government Of Singapore Investment Consulting, Pine River, Schroders, Sumitomo Mitsui Trust, Daiwa Asset Management, Fullerton investment, South Korea Investment, Boc Hong Kong Asset Management, DNB
3 Sep. 2014	Hong Kong	Strategy Meeting	Institution	Boyu Capital, Libang Investment, Credit Suisse, Taconic Capital, INDUS Capital, Manulife Asset Management, PrinceT Asset Management, Ashmore, Robert Lloyd George investment, Yongrong Asset, Aberdeen Asset, Julius Baer, Oriental capital, Pine River, China Everbright, Daiwa Investment Trust Investment, Credit Suisse, Myriad Asset, Nordea, Pangu Capital, Allianz Global Investors, QHKY Fund, JiaFu Asset, China Capital, Wellington Global Investment, Desheng Investment, Value Partners, Pei Da Investment, OOCL, Eurizon Capital, ChinaRock Capital, Tianping, Asset Management, IMPAX, Trilogy, Winnington Capital, COMGEST, Bosston Capital, Morgan Stanley (Asia), Xiang Ying Capital, CICC, ChinaAMC, Viking, Xiangjian, Wellington Global, Heqi Capital, JK Capital, Och-Ziff Capital Management, Hill House Capital, OWL CREEK
4 Sep. 2014	The Company	Field Research	Institution	GF Securities
9 Sep. 2014	The Company	Field Research	Institution	Australia JCP Investment, National Australia Bank Management, MLC, Ibbotson Associates, William Blair
10 Sep. 2014	The	Field Research	Institution	Credit Suisse

	Company			
10 Sep. 2014	Singapore	Road Show	Institution	Aberdeen Asset, Changli Capital, Everest Capital, Putman, PINE BRIDGE, UBS, Polunin Capital, Moon Capital, Farallon Capital, Smith Tan asset management, Tahan Capital, New Ideas Investment, Broad Peak, GMO, Aberdeen, Lazard, Fidelity Investments
11 Sep. 2014	The Company	Field Research	Institution	Merrill Lynch International, International Investment Trust, Wang San international
12 Sep. 2014	The Company	Telephone Communication	Institution	Merrill Lynch International,
16 Sep. 2014	The Company	Field Research	Institution	The National Social Security Fund, Kaiyu Investment
16 Sep. 2014	Shenzhen	Strategy Meeting	Institution	AMP Capital Investors, BOSVALEN, LIGHTHOUSE, Goldhorse Capital, UBS Global, Tree Line, Macquarie Fund, BESTINVER, DNB ASSET, Morgan Stanley, Evenstar Advisors, Jianan Investment, Libang Investment, Balyasny Asset, Leiya Investment, YiHeng Capital
24 Sep. 2014	Shanghai	Strategy Meeting	Institution	Mingyu Asset, Huashang Fund
29 Sep. 2014	The Company	Telephone Communication	Institution	Kai Yu Capital
30 Sep. 2014	The Company	Telephone Communication	Institution	Fidelity Investments

## Section IV. Financial Statements

### I. Financial statements

### Balance Sheet

Prepared by: Midea Group Co., Ltd.

Unit: RMB'000

Assets	30 Sep. 2014		31 Dec. 2013	
	Consolidated	The Company	Consolidated	The Company
Current Assets:				
Monetary funds	8,470,307.05	10,995,040.04	15,573,683.04	14,309,967.73
Deposits at central bank	1,337,565.99		923,632.22	
Deposits at other banks	372,984.83		1,746,284.24	
Financial assets measured at fair value and for which changes are recorded into current gains and losses	226,091.63		759,565.22	
Notes receivable	18,343,120.20	2,463,819.18	14,150,532.20	2,176,916.60
Accounts receivable	10,471,852.19		7,928,438.25	
Accounts paid in advance	1,871,967.71	814.94	2,432,420.54	349,358.36
Loans and advances	7,433,770.01		5,100,085.71	
Interest receivable				
Dividends receivable	51,018.44	561,542.04	25,863.84	286,507.04
Other accounts receivable	818,157.88	861,551.08	1,025,395.19	3,519,029.46
Inventories	10,970,974.88		15,197,723.84	
Assets held for sale				
Non-current assets due within 1 year				
Other current assets	22,802,244.49	20,486,257.36	463,107.71	
<b>Total current assets</b>	<b>83,170,055.30</b>	<b>35,369,024.64</b>	<b>65,326,732.00</b>	<b>20,641,779.19</b>
Non-current assets:				
Available-for-sale financial	844,627.29	895,725.80	844,439.05	895,725.80

assets				
Held-to-maturity investments				
Long-term accounts receivable				
Long-term equity investment	930,071.74	16,518,983.98	912,427.64	16,065,073.90
Investment property	196,844.56	469,489.16	205,834.70	891,732.65
Fixed assets	19,590,976.08	1,436,171.08	19,572,161.32	788,783.72
Construction in progress	528,028.24	41,336.74	612,601.28	46,985.28
Engineering materials				
Disposal of fixed assets				
Intangible assets	3,469,529.85	263,490.21	3,325,738.40	177,196.73
R&D expense				
Goodwill	2,931,003.59		2,931,003.59	
Long-term deferred expenses	628,123.27	69,538.39	647,882.34	109,960.04
Deferred income tax assets	3,533,606.95	10,045.90	2,567,204.45	7,222.31
Other non-current assets				
<b>Total of non-current assets</b>	<b>32,652,811.57</b>	<b>19,704,781.26</b>	<b>31,619,292.77</b>	<b>18,982,680.43</b>
<b>Total assets</b>	<b>115,822,866.87</b>	<b>55,073,805.90</b>	<b>96,946,024.77</b>	<b>39,624,459.62</b>

Legal representative:

Person-in-charge of the accounting work:

Chief of the accounting division:

## Balance Sheet (Continued)

Prepared by: Midea Group Co., Ltd.

Unit: RMB'000

Liabilities and Shareholders' Equity	30 Sep. 2014		31 Dec. 2013	
	Consolidated	The Company	Consolidated	The Company
Current liabilities:				
Short-term borrowings	10,914,688.74		8,872,173.98	140,000.00
Borrowings from the Central Bank	29,998.40		89,708.03	
Customer bank deposits and due to banks and other financial institutions	165.31		61.00	
Intra-group borrowings				
Financial liabilities measured at	73,347.19	35,657.94	11,260.18	

fair value and for which changes are recorded into current gains and losses				
Notes payable	6,868,061.43		6,308,478.45	
Accounts payable	18,330,442.21	2,331.59	17,508,099.66	7,831.48
Accounts received in advance	5,816,324.11		4,983,346.26	
Employees' compensation payable	1,601,517.13	3,911.39	1,968,837.73	21,717.74
Tax payable	2,387,089.94	59,543.99	1,028,015.10	16,856.22
Interest payable	51,788.07	127,940.18	69,823.87	144,847.77
Dividends payable	256,657.70		94,046.21	
Other accounts payable	1,527,675.60	39,212,604.92	1,487,781.02	23,082,573.69
Liabilities held for sale				
Non-current liabilities due within 1 year	698,552.22		1,617,370.17	999,942.58
Other current liabilities	21,804,593.33	875.94	12,608,380.03	875.94
<b>Total current liabilities</b>	<b>70,360,901.38</b>	<b>39,442,865.95</b>	<b>56,647,381.69</b>	<b>24,414,645.42</b>
Non-current liabilities:				
Long-term borrowings	22,913.44		711,464.64	
Bonds payable	160,929.09		152,716.59	
Long-term payables				
Specific payables	856,341.10		52,073.96	
Estimated liabilities	26,990.29		33,466.19	
Deferred income tax liabilities	66,306.92		123,797.62	
Other non-current liabilities	153,664.58		144,561.80	
<b>Total non-current liabilities</b>	<b>1,287,145.42</b>		<b>1,218,080.80</b>	
<b>Total liabilities</b>	<b>71,648,046.80</b>	<b>39,442,865.95</b>	<b>57,865,462.49</b>	<b>24,414,645.42</b>
Owners' equity				
Share capital	4,215,808.47	4,215,808.47	1,686,323.39	1,686,323.39
Capital reserves	13,005,367.80	5,355,482.75	15,566,756.01	7,880,598.46
Less: Treasury stock				
Other comprehensive income	-151,445.70		54,034.77	
Surplus reserves	569,544.32	569,544.32	569,544.32	569,544.32



Retained profits	20,885,298.71	5,490,104.41	15,304,989.21	5,073,348.03
Foreign exchange differences	-436,565.28		-334,216.66	
Total equity attributable to owners of the Company	38,088,008.32	15,630,939.95	32,847,431.04	15,209,814.20
Minority interests	6,086,811.75		6,233,131.24	
<b>Total owners' (or shareholders') equity</b>	<b>44,174,820.07</b>	<b>15,630,939.95</b>	<b>39,080,562.28</b>	<b>15,209,814.20</b>
<b>Total liabilities and owners' (or shareholders') equity</b>	<b>115,822,866.87</b>	<b>55,073,805.90</b>	<b>96,946,024.77</b>	<b>39,624,459.62</b>

Legal representative:

Person-in-charge of the accounting work:

Chief of the accounting division:

## Income Statement

Prepared by: Midea Group Co., Ltd.

Unit: RMB'000

Item	Jul.-Sept. 2014		Jul.-Sept. 2013	
	Consolidated	The Company	Consolidated	The Company
<b>I. Total operating revenues</b>	<b>31,880,719.37</b>	<b>168,600.18</b>	<b>27,873,177.72</b>	<b>16,318.47</b>
Including: Sales income	31,753,306.09	168,600.18	27,807,250.53	16,318.47
Interest income	126,354.65		65,927.19	
Handling charges and commission income	1,058.63			
<b>II. Total operating costs</b>	<b>29,419,094.89</b>	<b>331,256.12</b>	<b>25,923,773.64</b>	<b>72,529.59</b>
Including: Cost of sales	24,138,196.09	12,106.43	21,101,081.92	
Interest expenses	51,474.27		60,995.29	
Handling charges and commission expenses	477.12		222.43	
Business taxes and surcharges	174,283.28	5,829.08	142,852.88	168.12
Selling and distribution expenses	3,138,092.30		2,930,548.95	
Administrative expenses	1,734,117.98	84,042.66	1,606,731.18	25,078.13
Financial expenses	276,855.06	230,522.71	49,491.46	44,613.39
Asset impairment losses	-94,401.21	-1,244.76	31,849.53	2,669.95
Add: Gain from change in fair value	189,715.92	-27,328.82	65,752.73	
Income from investment	412,941.14	372,323.97	197,797.21	-87,461.03
Including: share of profits in associates and joint ventures	14,212.71	1,170.91	-18,339.96	-4,356.52
<b>III. Business profit</b>	<b>3,064,281.54</b>	<b>182,339.21</b>	<b>2,212,954.02</b>	<b>-143,672.15</b>

Add: non-operating income	153,047.67	5,103.51	286,482.88	530.70
Including: gain from non-current asset disposal	12,000.30		14,547.96	
Less: non-operating expenses	90,590.60	836.98	49,565.12	0.77
Including: loss from non-current asset disposal	75,335.81		27,559.52	0.42
<b>IV. Total profit</b>	<b>3,126,738.61</b>	<b>186,605.74</b>	<b>2,449,871.78</b>	<b>-143,142.22</b>
Less: Income tax expense	504,895.47	50,670.52	436,965.43	
<b>V. Net profit</b>	<b>2,621,843.14</b>	<b>135,935.22</b>	<b>2,012,906.35</b>	<b>-143,142.22</b>
Including: Net profit achieved by combined parties before the combinations				
Attributable to owners of the Company	2,342,823.51	135,935.22	1,371,199.78	-143,142.22
Minority shareholders' income	279,019.63		641,706.57	
<b>VI. The after-tax net income of other comprehensive income</b>	<b>52,659.54</b>		<b>-1,436.07</b>	
(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 incomes will be reclassified into the profits and losses	52,659.54		-1,436.07	
1. The share of other comprehensive income, under the equity method, in the invested entity, that will be reclassified into profits and losses				
2. Changes in fair value of available-for-sale financial assets	41.98		-236.67	
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	193,800.36		21,033.18	
5. Foreign exchange differences	-141,182.80		-22,232.58	
<b>VII. Total comprehensive income</b>	<b>2,674,502.68</b>	<b>135,935.22</b>	<b>2,011,470.28</b>	<b>-143,142.22</b>
Attributable to owners of the Company	2,459,237.75	135,935.22	1,386,892.79	-143,142.22
Attributable to minority shareholders	215,264.93		624,577.49	
<b>VIII. Earnings per share</b>				
(I) Basic earnings per share	0.56		0.45	
(II) Diluted earnings per share	0.56		0.45	

Legal representative:

Person-in-charge of the accounting work:

Chief of the accounting division:

## Income Statement

Prepared by: Midea Group Co., Ltd.

Unit: RMB'000

Item	Jan.-Sept. 2014		Jan.-Sept. 2013	
	Consolidated	The Company	Consolidated	The Company
<b>I. Total operating revenues</b>	<b>109,588,937.73</b>	<b>534,175.93</b>	<b>93,920,582.83</b>	<b>45,817.45</b>
Including: Sales income	109,084,157.93	534,175.93	93,746,729.65	45,817.45
Interest income	503,212.87		173,853.18	
Handling charges and commission income	1,566.93			
<b>II. Total operating costs</b>	<b>98,437,374.16</b>	<b>529,872.11</b>	<b>87,224,993.77</b>	<b>236,421.59</b>
Including: Cost of sales	81,481,479.40	20,174.08	71,919,645.67	
Interest expenses	243,027.70		140,859.52	
Handling charges and commission expenses	1,204.73		904.70	
Business taxes and surcharges	621,111.05	10,663.23	487,724.62	7,359.29
Selling and distribution expenses	10,761,772.36		9,064,801.58	
Administrative expenses	5,083,442.38	257,056.21	4,764,709.77	81,599.66
Financial expenses	-11,698.64	247,659.87	631,080.06	143,520.48
Asset impairment loss	257,035.18	-5,681.28	215,267.85	3,942.16
Add: Gain from change in fair value	-598,637.76	-35,657.94	397,072.61	
Income from investment	839,388.23	3,871,395.51	635,272.83	938,064.63
Including: share of profits in associates and joint ventures	49,190.10	1,215.68	7,327.65	559.43
<b>III. Business profit</b>	<b>11,392,314.04</b>	<b>3,840,041.39</b>	<b>7,727,934.50</b>	<b>747,460.49</b>
Add: non-operating income	706,470.73	13,581.02	641,158.35	35,000.21
Including: gain from non-current asset disposal	52,031.73	42.01	38,148.66	
Less: non-operating expenses	223,702.62	9,707.07	197,327.43	3,500.65
Including: loss from non-current asset disposal	175,127.20	8,769.43	112,845.33	3.37
<b>IV. Total profit</b>	<b>11,875,082.15</b>	<b>3,843,915.34</b>	<b>8,171,765.42</b>	<b>778,960.05</b>
Less: Income tax expense	2,035,610.94	54,512.17	1,417,018.12	
<b>V. Net profit</b>	<b>9,839,471.21</b>	<b>3,789,403.17</b>	<b>6,754,747.30</b>	<b>778,960.05</b>
Including: Net profit achieved by combined parties before the combinations				
Attributable to owners of the Company	8,952,956.27	3,789,403.17	4,018,034.39	778,960.05

Minority shareholders' income	886,514.94		2,736,712.91	
<b>VI. The after-tax net income of other comprehensive income</b>	<b>-338,546.68</b>		<b>-169,887.65</b>	
(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	-338,546.68		-169,887.65	
1. The share of other comprehensive income, under the equity method, in the invested entity, that will be reclassified into profits and losses				
2. Changes in fair value of available-for-sale financial assets	-10.00		-274.66	
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	-205,863.79		-22,717.72	
5. Foreign exchange differences	-132,672.89		-146,895.27	
<b>VII. Total comprehensive income</b>	<b>9,500,924.53</b>	<b>3,789,403.17</b>	<b>6,584,859.65</b>	<b>778,960.05</b>
Attributable to owners of the Company	8,645,107.20	3,789,403.17	3,984,738.14	778,960.05
Attributable to minority shareholders	855,817.33		2,600,121.51	
<b>VIII. Earnings per share</b>				
(I) Basic earnings per share	2.12		1.49	
(II) Diluted earnings per share	2.12		1.49	

Legal representative:

Person-in-charge of the accounting work:

Chief of the accounting division:

## Cash Flow Statement

Prepared by: Midea Group Co., Ltd.

Unit: RMB'000

Item	Jan.-Sept. 2014		Jan.-Sept. 2013	
	Consolidated	The Company	Consolidated	The Company
<b>I. Cash flows from operating activities:</b>				
Cash received from sale of commodities and	78,057,006.28		63,042,320.83	

rendering of service				
Net increase of deposits from customers and dues from banks	104.31			
Net increase of loans from central bank	-59,709.63		299,999.68	
Cash received from interest, handling charges and commissions	504,779.80		173,853.18	
Tax refunds received	2,909,213.40		2,976,349.07	
Other cash received relating to operating activities	1,754,268.97	19,292,418.87	2,268,416.28	6,255,985.98
<b>Subtotal of cash inflows from operating activities</b>	<b>83,165,663.13</b>	<b>19,292,418.87</b>	<b>68,760,939.04</b>	<b>6,255,985.98</b>
Cash paid for goods and services	38,895,396.31		35,561,619.90	
Net increase of customer lendings and advances	2,362,954.65		3,579,159.30	
Net increase of funds deposited at central bank and amounts due from banks	417,840.83		308,896.35	
Cash for paying interest, handling charges and commissions	245,672.29		141,188.81	
Cash paid to and for employees	7,876,851.14	29,958.39	6,692,571.59	48,239.38
Various taxes paid	6,913,017.12	6,722.99	5,183,832.04	9,894.04
Other cash payment relating to operating activities	12,600,226.71	1,632,429.98	11,867,076.00	730,255.64
<b>Subtotal of cash outflows from operating activities</b>	<b>69,311,959.05</b>	<b>1,669,111.36</b>	<b>63,334,343.99</b>	<b>788,389.06</b>
<b>Net cash flows from operating activities</b>	<b>13,853,704.08</b>	<b>17,623,307.51</b>	<b>5,426,595.05</b>	<b>5,467,596.92</b>
<b>II. Cash flows from investing activities:</b>				
Cash received from retraction of investments	5,440,020.00	24,901.98	1,000.00	
Cash received from return on investments	682,830.12	3,492,060.54	713,005.52	1,025,474.57
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,299,396.24	36,984.39	545,749.16	
Net cash received from disposal of subsidiaries or other business units			106,514.71	20,000.00
Other cash received relating to investing activities				
<b>Subtotal of cash inflows from investing activities</b>	<b>7,422,246.36</b>	<b>3,553,946.91</b>	<b>1,366,269.39</b>	<b>1,045,474.57</b>
Cash paid to acquire fixed assets, intangible assets and other long-term assets	1,610,167.83	179,619.71	1,798,517.26	75,716.16
Cash paid for investments	29,296,675.30	22,372,749.70	20,781.65	95,781.65
Net cash paid to acquire subsidiaries and other business units	695,044.89			

Other cash payments relating to investing activities				
<b>Subtotal of cash outflows from investing activities</b>	<b>31,601,888.02</b>	<b>22,552,369.41</b>	<b>1,819,298.91</b>	<b>171,497.81</b>
<b>Net cash flows from investing activities</b>	<b>-24,179,641.66</b>	<b>-18,998,422.50</b>	<b>-453,029.52</b>	<b>873,976.76</b>
<b>III. Cash flows from financing activities:</b>				
Cash received from capital contributions			11,596.04	
Including: Cash received from minority shareholder investments by subsidiaries			11,596.04	
Cash received from borrowings	36,914,176.05	2,700,000.00	28,224,100.12	4,600,000.00
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>36,914,176.05</b>	<b>2,700,000.00</b>	<b>28,235,696.16</b>	<b>4,600,000.00</b>
Cash repayment of borrowings	33,441,969.54	2,840,000.00	23,409,485.87	3,450,000.00
Cash for repaying medium term notes	1,000,000.00	1,000,000.00	2,000,000.00	2,000,000.00
Cash for repaying short-term financing bonds			1,000,000.00	1,000,000.00
Cash paid for interest expenses and distribution of dividends or profit	3,786,737.44	3,950,745.81	1,904,912.73	406,409.27
Including: dividends or profit paid by subsidiaries to minority shareholders	342,464.38		1,585,032.21	
Other cash payments relating to financing activities			1,001,200.00	1,001,200.00
<b>Sub-total of cash outflows from financing activities</b>	<b>38,228,706.98</b>	<b>7,790,745.81</b>	<b>29,315,598.60</b>	<b>7,857,609.27</b>
<b>Net cash flows from financing activities</b>	<b>-1,314,530.93</b>	<b>-5,090,745.81</b>	<b>-1,079,902.44</b>	<b>-3,257,609.27</b>
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>	<b>-8,090.92</b>		<b>-14,881.40</b>	
<b>V. Net increase in cash and cash equivalents</b>	<b>-11,648,559.43</b>	<b>-6,465,860.80</b>	<b>3,878,781.69</b>	<b>3,083,964.41</b>
Add: Opening balance of cash and cash equivalents	16,763,873.80	13,809,135.41	12,544,078.77	1,483,866.89
<b>VI. Closing balance of cash and cash equivalents</b>	<b>5,115,314.37</b>	<b>7,343,274.61</b>	<b>16,422,860.46</b>	<b>4,567,831.30</b>

Legal representative:

Person-in-charge of the accounting work:

Chief of the accounting division:

## II. Audit report

Is this report audited?

 Yes  No

The Company's report is not audited.

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

**24 October 2014**