

Short Form of Stock: Little Swan A

Stock Code: 000418

Public Notice No.: 2012-16

# WUXI LITTLE SWAN COMPANY LIMITED

## THE FIRST QUARTERLY REPORT FOR 2012

### § 1. Important Notice

1.1 The Board of Directors, the Supervisory Committee, directors, supervisors and senior executives of Wuxi Little Swan Company Limited (hereinafter referred to as "the Company") hereby guarantee that this report carries no false information, misleading statements or major omissions, and will accept, individually and collectively, the responsibility for the factuality, accuracy and completeness of the information set forth herein.

1.2 The 1st Quarterly Financial Report of the Company has not been audited by an accounting firm.

1.3 Mr. Fang Hongbo, the company principal, Mr. Chai Xinjian, GM, Ms. Xiao Li, CFO, and Mr. Zhong Fangliu, the person-in-charge of the accounting department, hereby confirm that the financial statements enclosed in the quarterly report are factual and complete.

[English Translation for Reference Only. Should there be any discrepancy between the two versions, the Chinese version shall prevail.]

### § 2. Company Profile

#### 2.1 Main accounting data and financial indices

Unit: (RMB) Yuan				
	31 Mar. 2012	31 Dec. 2011	Increase/decrease (%)	
Total assets (Yuan)	7,724,987,853.76	9,145,185,476.94	-15.53%	
Owners' equity attributable to shareholders of the Company (Yuan)	3,559,675,048.10	3,441,144,937.45	3.44%	
Share capital (share)	632,487,764.00	632,487,764.00	0.00%	
Net assets per share attributable to shareholders of the Company (Yuan/share)	5.63	5.44	3.44%	
Unit: (RMB) Yuan				
	Jan.-Mar. 2012	Jan.-Mar. 2011	Increase/decrease (%)	
Gross revenues (Yuan)	1,629,565,324.87	3,831,419,221.99	-57.47%	
Net profit attributable to shareholders of the Company (Yuan)	118,581,048.80	135,433,479.99	-12.44%	
Net cash flows from operating activities (Yuan)	-1,660,902.67	-735,923,388.16	99.77%	
Net cash flows per share from operating activities (Yuan/share)	0.00	-1.16	99.77%	
Basic EPS (Yuan/share)	0.19	0.21	-9.52%	
Diluted EPS (Yuan/share)	0.19	0.21	-9.52%	
Weighted average ROE (%)	3.39%	4.33%	-0.94%	
Weighted average ROE after deducting non-recurring gains and losses (%)	3.35%	3.38%	-0.03%	

Items of non-recurring gains and losses

✓Applicable    ☐Inapplicable

Unit: RMB Yuan		
Items of non-recurring gains and losses	Amount from the year—begin to the period-end	Notes (if applicable)
Gains and losses from disposal of non-current assets	-4,680,025.00	
Government subsidies recorded into current gains and losses, excluding those related closely to the routine business of the Company and continuously enjoyed by the Company at fixed amounts or ratios according to state policies and regulations	3,449,986.35	
Other non-operating incomes and expenses	3,565,160.48	
Income tax effects	-350,268.27	
Minority interests effects	-544,079.51	
Total	1,440,774.05	-

2.2 Total number of shareholders at the end of the reporting period, as well as the shares held by the top ten shareholders holding shares not subject to trading moratorium

Unit: Share			
Total number of shareholders at the end of the reporting period		34,612	
Shares held by the top ten shareholders not subject to trading moratorium			
Full name of shareholder	Shares not subject to trading moratorium held at the period-end	Type of share	
GAOLING FUND,L.P.	50,869,524	Domestically listed foreign shares	
FINANCE BUREAU OF WUXI	22,057,657	RMB ordinary shares	
BOCI SECURITIES LIMITED	20,976,486	Domestically listed foreign shares	
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	12,895,197	Domestically listed foreign shares	
NATIONAL SOCIAL SECURITY FUND PORTFOLIO 102	10,500,857	RMB ordinary shares	
SUN HUNG KAI INVESTMENT SERVICES LTD-CUSTOMERS A/C	6,986,181	Domestically listed foreign shares	
CHINA CONSTRUCTION BANK – PENGCHUA VALUE ADVANCED STOCK SECURITIES INVESTMENT FUND	6,933,828	RMB ordinary shares	
INDUSTRIAL AND COMMERCIAL BANK OF CHINA –SOO-CHOW JIAHE ADVANCED SELECTED MIXED TYPE OPEN-ENDED SECURITIES INVESTMENT FUND	6,386,482	RMB ordinary shares	
UBS CUSTODY SERVICES SINGAPORE PTE. LTD.	5,965,705	Domestically listed foreign shares	
TRISKELE CHINA FUND	5,917,524	Domestically listed foreign shares	

### § 3. Significant Events

3.1 Significant changes in main accounting statement items and financial indicators as well as reasons for these changes

✓Applicable    ☐Non-applicable

Unit: RMB Ten thousand					
Statement items	31 Mar. 2012	31 Dec. 2011	Movement	Movement rate	Reason for movement
Transactional financial assets	141.91	429.23	-287.33	-67%	Forward foreign exchange contracts were due.
Notes receivable	165,013.12	275,792.40	-110,779.28	-40%	Some notes were due and some were used for goods payments.
Prepayments	19,138.95	25,005.20	-5,866.25	-23%	Inventories decreased and prepayments for materials decreased.
Inventories	61,838.88	80,940.07	-19,101.20	-24%	Effect of the production and sale cycle
Construction in progress	123.16	-	123.16	-	The sewer network improvement project newly launched by the Company did not reach settlement yet.
Construction in progress	123.16	-	123.16	-	The sewer network improvement project newly launched by the Company did not reach settlement yet.
Other current assets	8,582.51	11,205.27	-2,622.75	-23%	Months for production were amortized and their value decreased.
Notes payable	70,319.80	153,931.95	-83,612.15	-54%	Some notes payable were cleared.
Accounts payable	201,049.61	281,548.82	-80,499.21	-29%	Mature goods payments were made.
Payroll payable	10,090.03	13,548.07	-3,449.03	-25%	The payroll payable for 2011 was paid in this quarter.

Taxes and fares payable	5,998.60	146.39	5,852.22	3998%	Effect of the production and sale cycle
Deferred income tax liabilities	23.73	67.15	-43.42	-65%	Fair value decreases of transactional financial assets and available-for-sale financial assets
Statement items					
	Jan.-Mar. 2012	Jan.-Mar. 2011	Movement	Movement rate	Reason for movement
Gross operating revenues	162,956.53	383,141.92	-220,185.39	-57%	The sales volume decreased due to the market environment.
Operating costs	131,205.54	320,905.56	-189,700.03	-59%	It decreased as the sales income decreased.
Business taxes and surtaxes	1,184.17	947.54	236.63	25%	Due to the production and sale cycle, it increased as the turnover tax increased.
Selling expense	9,878.25	26,541.77	-16,663.52	-63%	Expenses decreased as the sales income decreased.
Administrative expense	6,536.86	19,511.84	-12,974.99	-66%	It was effectively reduced due to adjustment of the Company's management structure.
Financial expense	-1,617.45	375.66	-1,993.11	-531%	Increase of interest on deposits
Gains on fair value changes	-287.33	1,222.70	-1,510.02	-123%	Gains on fair value changes of forward foreign exchange contracts decreased.
Investment income	353.80	2,164.69	-1,810.89	-84%	Earnings were obtained from disposing the subsidiary Huayin Electric Appliances in the same period of last year.
Non-operating income	788.29	2,483.52	-1,695.23	-68%	Governmental subsidies received decreased.
Non-operating expense	743.91	429.00	314.91	73%	Some scrap was disposed and the loss on fixed asset disposal increased.
Total profit	15,330.76	19,689.99	-4,359.23	-22%	The sales decreased.
Income tax expense	2,375.83	3,276.86	-901.04	-27%	The total profit decreased.
Net profit	12,954.93	16,413.13	-3,458.20	-21%	The total profit decreased.
Minority shareholder income	1,096.83	2,869.78	-1,772.95	-62%	Profit achieved by non-wholly-funded subsidiaries decreased.
Other comprehensive incomes	-5.09	-29.90	24.81	-83%	With smaller fluctuations of the exchange rates, the foreign-currency statement translation difference decreased.
Net cash flows from operating activities	-166.09	-73,592.34	73,426.25	100%	Cash paid for goods and services decreased.
Net cash flows from investing activities	-5,198.62	-911.94	-4,286.68	-470%	Cash paid to acquire fixed assets decreased.
Net cash flows from operating activities	-	7,619.19	-7,619.19	-100%	Short-term borrowings secured decreased.

3.2 Progress of significant events as well as their influence and solutions

3.2.1 Non-standard audit opinion

☐Applicable    ☒Inapplicable

3.2.2 The Company provides funds for the controlling shareholder or its related parties or provides external guarantees in violation of the prescribed procedure

☐Applicable    ☒Inapplicable

3.2.3 Significant contracts signed and executed concerning routine operation

☐Applicable    ☒Inapplicable

3.2.4 Other

☐Applicable    ☒Inapplicable

3.3 Commitments made by the Company, its shareholders and actual controller

Commitments made by the Company, its directors, supervisors, senior executives, shareholders holding over 5% of the Company's shares, actual controller and other related parties in the reporting period, or such commitments carried down into the reporting period

✓Applicable    ☐Inapplicable

Commitment	Item	Contents of commitment	Implementation
Commitment on share repurchase	Controlling shareholder	Where the controlling shareholder GD Midea Holding Co., Ltd. (Midea Holding) plans to sell the Company's shares released from trading moratorium held by it via the list trading system of the Shenzhen Stock Exchange, and Midea Holding decreases over 5% shares within six months since the first resolution of the holdings, Midea Holding will disclose the suggestive announcement on share selling through the Company two trading days before its first resolution of the holdings.	In the process of implementation
Commitment in the acquisition report or the report on equity changes	Naught	Naught	Naught
Commitment made in the significant asset reorganization	Controlling shareholder and actual controller	1. As for Midea Holding's commitment on share lock-up, it has committed that it will not transfer Little Swan shares held by it within 36 months since the date of the private share offering deal to close. 2. As for the commitment of avoiding horizontal competition, Midea Holding (the controlling shareholder) and Mr. He Xiangjun (the actual controller) has promised that, for the period after the said transaction when the Company's controlling shareholder and actual controller remain unchanged, Midea Holding, Mr. He Xiangjun and other subsidiary companies under their control excluding the Company and the Company's subordinate companies will not increase business or establish new subsidiary companies engaged in business which is the same with or similar to the Company's main business or forms substantial horizontal competition with the Company. If they act against the commitment above, profits thus generated will be attributable to the Company. 3. As for the commitment for regulating related-party transactions, GD Midea Holding (the controlling shareholder) and Mr. He Xiangjun (the actual controller) have promised that when there are inevitable related-party transactions or such transaction incurred with natural reasons after the completion of the transaction, they will follow the fair, reasonable and market principles in formulating and signing relevant agreements on such related-party transactions and ensure that no harm will be done to interests of the Company and other shareholders. Where GD Midea Holding and Mr. He Xiangjun act against the promise above and damage interests of the Company and other shareholders, they will assume liabilities for compensation according to relevant provisions. 4. As for the commitment on independence, GD Midea Holding has promised to prevent Little Swan's independence in terms of assets, staff, finance, organization and business. 5. As for the commitment on related-party deposits and borrowings, up to 8 Apr. 2010, the Financial Settlement Center of GD Midea Holding had settled all internal deposits and borrowings with Hefei Royalstar Washing Equipment Manufacturing Co., Ltd. and GD Midea Holding has promised that there will be no more deposits, borrowing or other fund flows incurred between the Financial Settlement Center and Hefei Royalstar Washing Equipment Manufacturing Co., Ltd. 6. The commitment by GD Midea Holding on housing properties with no ownership certificates of the target company for sale is detailed as follows. Two pieces of the buildings of Royalstar Washing Equipment assessed and sold to the Company are of no ownership certificates-the warehouse for half-finished products (176 square meters) and the workshop for injection molding (834 square meters), both located in the old factory of Royalstar Washing Equipment, Hefei, Anhui. GD Midea Holding has promised that if loss occurs due to the said two buildings without ownership certificates in the asset disposal process in the future, it will assume the loss on its own and make compensation to the Company. 7. The commitment by GD Midea Holding on trademarks is detailed as follows. (1) Concerning trademark "Midea": Upon approval and implementation of the equity transfer transaction, GD Midea Holding has promised that it will make sure that Royalstar Washing Equipment uses the "Midea" trademark in a proper manner. Royalstar Washing Equipment will be allowed to use the "Midea" trademark with a trademark use fee not more than that paid by Midea Holding (the controlling shareholder of GD Midea Holding) and its subsidiaries (excluding fully 9% of the annual sales income generated by products using the "Midea" trademark), and upon registration and signing of the "Agreement for trademark use". The related-party transactions occurred due to the said use of the "Midea" trademark will be submitted to the decision-making organ of the Company for approval according to the stipulated procedure. As such, interests of the Company and its minority shareholders will be safeguarded. (2) Concerning the "Royalstar" trademark: GD Midea Holding has signed the "Contract for Trademark Use" with Royalstar Group and obtained the exclusive use rights of the "Royalstar" (or "皇家星") trademark. As the trademark in the transfer transaction of equity interests of Royalstar Washing Equipment, GD Midea Holding has promised that within the scope as agreed in the "Contract for Trademark Use", if any dispute arises between Royalstar of Royalstar Washing Equipment and Royalstar Group over the former's execution of the "Contract for Trademark Use", Little Swan will not be involved. If Royalstar, Star Washing Equipment and Little Swan have to assume any responsibility or loss due to the aforesaid dispute, GD Midea Holding is willing to take on the responsibility instead and make compensation to Royalstar Washing Equipment and Little Swan at full amount. As such, interests of the Company and its minority shareholders in a timely manner and assume any other liability. If any loss thus occurs to Royalstar Washing Equipment or Little Swan, GD Midea Holding is willing to assume relevant responsibilities for compensation. Upon the completion of the said equity transfer deal, if income tax evasion or any other tax risk is found in Royalstar Washing Equipment, GD Midea Holding is willing to assume relevant legal responsibilities and risks and pay relevant taxes in a timely manner to relevant government authorities, and if any loss thus occurs to Little Swan, GD Midea Holding will assume the corresponding responsibility for compensation. 9. The agreement on compensations in relation to coming interests is detailed as follows. As recognized both by Little Swan and GD Midea Holding, net profits achieved by Royalstar Washing Equipment for 2009, 2010 and 2011 as estimated in the "Asset Evaluation Report" by adopting the income present value method are RMB 65,532 million, 81,521 million and 91,153 million respectively. As such, estimated net profits for 2009, 2010 and 2011 attributable to the holder of the 69.47% equity interests of Royalstar Washing Equipment are RMB 45,377,800, RMB 56,631,900 and RMB 63,585,900 respectively. If Royalstar Washing Equipment achieves actual annual profits less than net annual profits as estimated in the "Asset Evaluation Report" by adopting the income present value method in any year of 2009, 2010 and 2011, the difference thereof will be paid, at the rate of 69.47% of the rate of equity interests of Royalstar Washing Equipment sold by GD Midea Holding to Little Swan, by GD Midea Holding to Little Swan in cash. And the corresponding difference will be paid to the bank account designated by Little Swan within 10 working days since the date when the corresponding annual report of Little Swan is disclosed.	

Commitment made in the issuance	Naught	Naught
Other commitments (including supplementary ones)	Naught	Naught

3.4 Warnings of possible losses or significant changes of the accumulative net profit made during the period from the year-begin to the end of the next reporting period compared to the same period of last year according to prediction, as well as explanations on the reasons

☐Applicable    ☒Inapplicable

3.5 Other significant events

3.5.1 Securities Investment

✓Applicable    ☐Inapplicable

Unit: RMB Yuan						
No.	Type	Securities code	Short form of Stock	Initial Investment (Yuan)	Share held at the period-end (share)	Book value at the period-end (Yuan)
1	Stock	400038	Huaxin Gaoke	100,300.00	235,200	263,424.00
Other securities investment held at the period-end				0.00	-	0.00
Gains and losses from securities investment sold in the reporting period				-	-	-
Total				100,300.00	-	263,424.00

Explanation on securities investment

Naught

3.5.2 Reception of interviews and visits in the reporting period

Time	Place	Way of reception	Type of visitor	Visitor	Main discussion and information provided by the Company
9 Jan. 2012	The Company's meeting room	Field research	Institution	Sinolink Securities	Overall operation of the Company
12 Mar. 2012	The Company's meeting room	Field research	Institution	Sinolink Securities, E Fund Management	Overall operation of the Company
22 Mar. 2012	The Company's meeting room	Field research	Institution	Huatai United Securities, Bosera Funds	Overall operation of the Company

3.6 Investment on derivative products

✓Applicable    ☐Inapplicable

Analysis on risks and control measures of derivative products held in the reporting period (including but not limited to market risk, liquidity risk, credit risk, operation risk, law risk, etc.)	The Company has formulated the Management Methods for Futures Hedging Business and the Management Methods for Exchange Funds upon review to thoroughly assess and control derivative investment risks, which are detailed as follows: 1. Market risk: Price movements of bulk raw materials and fluctuations of exchange rates may incur a great market risk in the futures business and the foreign exchange funds business. Meanwhile, if the Company fails to input enough funds in time to create and maintain hedging positions in its futures hedging operations, or fails to input foreign exchanges on time for contract execution in the foreign exchange funds business, hedging loss and contract breach risk may incur. Counter-measures: The Company will not carry out speculative trading in its futures hedging business and foreign exchange funds business. And the Company will stick to the principle of being prudent in operations. As for the futures hedging business, the hedging volume should be determined and futures trading applications should be filed in strict accordance with production and operation needs. In principle, the hedging volume shall not exceed one third of the planned volume for the year. And a stop-loss mechanism is adopted. Guarantee deposits are paid as required and increased according to production and operation needs. As for the foreign exchange funds business, a from-the-bottom-up management mechanism is adopted. When subsidiaries or product enterprises file applications for funds business, they will give a risk analysis on conditions or circumstances that might affect gains and losses, estimate the maximum gain and loss, and state the ratio or total amount of guarantee deposits they can bear. And the Company will, according to their applications, update operations in time in its funds business and make funds managements before the maturity date. 2. Operation risk: The Company may suffer loss in its hedging business and foreign exchange funds business due to faulty internal procedures, staff systems and external events. Counter-measures: Responsibility division and approval procedures for the hedging and foreign exchange business have been specified in relevant management rules. And a sound supervision mechanism has been established. And operation risk can be effectively reduced by enhancing risk control over procedures for operation, decision-making and trading. 3. Risk concerning laws and regulations: The Company carries out its hedging and foreign exchange business in compliance with applicable laws and regulations, with rights and duties between the Company and agencies being stated clearly. Counter-measures: The Company urges responsible departments to understand better about relevant laws, regulations and market rules; be strict in contract re-checks; make clear relevant rights and duties; and enhance compliance checks to make sure that the Company operates derivative investments in compliance with applicable laws, regulations and the Company's internal management rules.
Changes of market prices or fair values in the reporting period of the invested derivatives.	The gain on the Company's forward foreign exchange contracts was recognized at RMB 531,850 in the reporting period. The Company adopts public quotations in the futures market or forward foreign exchange quotations declared by the People's Bank of China in its analysis on fair values of derivative products.
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 significant changes.
Specific opinion from independent directors on the Company's derivatives investment and risk control	Independent directors of the Company believe that: The hedging business on forward FX settlement and sale launched by the Company for the purposes of avoiding exchange rate fluctuation risk and control exchange loss is closely related to the Company's routine operations and in compliance with applicable laws and regulations. Meanwhile, the Company has formulated the Management Methods for Exchange Funds and the Management Methods for Futures Hedging Business to enhance risk control. Therefore, the Company is agreed to carry out the said derivatives investments.

3.6.1 Number of derivative products held at the end of the reporting period

✓Applicable    ☐Inapplicable

Unit: RMB Yuan				
Type of contract	Opening contract amount	Closing contract amount	Gain or loss in the reporting period	Proportion of the closing contract amount in the closing net assets of the Company (%)
Forward foreign exchange contracts	234,646,900.00	57,410,500.00	551,850.00	1.61%
Total	234,646,900.00	57,410,500.00	551,850.00	1.61%

Chairman of the Board: Fang Hongbo  
Wuxi Little Swan Company Limited  
23 April 2012



您的營商最佳夥伴

Your Business Partner for Success

18間分行網絡遍佈中港

始創於1995年 · 用心服務 · 誠信專業



公司註冊

- 香港及海外公司
- 公司秘書服務
- 辦理周年申報
- 撤銷註冊



企業管理

- 商務辦公室，即租即用
- 商務通訊組合
- 信託及代理人服務
- 代辦銀行開戶
- 企業貸款諮詢服務
- 註冊文件律師簽證
- 註冊商標



會計 · 稅務

- 理賬報稅 審計安排
- 庫存盤點 稅務顧問

九龍灣 德京中心 · 8206 3139

尖沙咀 新港中心 · 3519 6338

尖沙咀 加拿芬廣場 · 2734 0418

灣仔 安盛中心 · 8206 9319

灣仔 胡忠大廈 · 8206 0218

旺角 柏裕商業中心 · 2782 8118

香港：九龍灣 | 尖沙咀 | 旺角 | 灣仔 | 中國：深圳 | 廣州 | 上海 | 北京 | 南京 | 杭州 | 成都

www.sbc.com.hk

申請酒牌續期啟事

Viva Ana Tapas & Wine

「現特通告：黃文源其地址為香港銅鑼灣謝斐道414-424號中望商業中心23樓現向酒牌局申請位於香港灣仔皇后大道東222號Gardeneast地下1號舖 Viva Ana Tapas & Wine 的酒牌續期。凡反對是項申請者，請於此公告登報之日起十四天內，將已簽署及申明理由之反對書，寄交香港灣仔軒尼詩道225號駱克道市政大廈8字樓酒牌局秘書收。」

日期：2012年4月23日

APPLICATION FOR RENEWAL OF LIQUOR LICENCE

Viva Ana Tapas & Wine

"Notice is hereby given that Wong Man Yuen of 23/F, Chinaweal Center, 414-424 Jaffe Road, Causeway Bay, Hong Kong is applying to the Liquor Licensing Board for renewal of the Liquor Licence in respect of Viva Ana Tapas & Wine at Shop 1, G/F, Gardeneast, 222 Queen's Road East, Wanchai, Hong Kong. Any person who knows any reason why this renewal should not be granted should send a written and signed statement of the facts to the Secretary, Liquor Licensing Board, Lockhart Road Municipal Services Building, 8/F, 225 Hennessy Road, Wan Chai, Hong Kong within 14 days from the date of this notice."

Date:23-4-2012

申請酒牌續期啟事

AI Dente

「現特通告：霍國榮先生其地址為新界沙田乙明邨乙明村街3號明信樓3樓69室現向酒牌局申請位於香港灣仔港灣道23號鷹君中心1樓102-105號舖 AI DENTE 的酒牌續期。凡反對是項申請者，請於此公告登報之日起十四天內，將已簽署及申明理由之反對書，寄交香港灣仔軒尼詩道225號駱克道市政大廈8字樓酒牌局秘書收。」

日期：2012年4月23日

APPLICATION FOR RENEWAL OF LIQUOR LICENCE

AI Dente

"Notice is hereby given that Mr. Fok Kwok Wing of Flat 69, 3/F, Ming Shun Lau, Jat Min Chuen, 3 Jat Min Chuen Street, Shatin, N.T. is applying to the Liquor Licensing Board for renewal of the Liquor Licence in respect of AI DENTE at Shops No. 102-105, 1/F, Great Eagle Centre, 23 Harbour Road, Wan Chai, Hong Kong. Any person who knows any reason why this renewal should not be granted should send a written and signed statement of the facts to the Secretary, Liquor Licensing Board, 8/F, Lockhart Road Municipal Services Building, 225 Hennessy Road, Wanchai, Hong Kong within 14 days from the date of this notice."

Date：23 April, 2012

申請酒牌續期及更改啟事

前門飯莊

現特通告：張艷其地址為香港灣仔謝斐道414-424號中望商業中心23樓，現向酒牌局申請把位於新界青衣青衣城3樓322B號舖阿拉廚房的酒牌續期及作出以下更改：「更改事項：店號名稱更改為前門飯莊」。凡反對是項申請者，請於此公告登報之日起十四天內